

AUDIT AND GOVERNANCE COMMITTEE
26TH JUNE 2012
AGENDA ITEM 6 STATEMENT OF ACCOUNTS

The papers that were originally circulated contained a number of missing figures.

These figures have now been completed and the relevant pages are attached overleaf.

A full and final version of the Statement will be sent to Members in the next few days.

The Statement will not be approved until after the September meeting of this Committee once the external audit of the accounts has been completed.

CASH FLOW STATEMENT

2010-2011 £'000		2011-2012 £'000 £'000	
-34,878	Net Deficit on the Provision of Services	-100,475	
37,667	Adjustments for non-cash movements	16,312	
-976	Adjustments for items that are investing or financing activities	-514	
1,813	Net Cash Flows from Operating Activities	-84,677	
-3,285	Investing Activities (note 23)	-5,635	
679	Financing Activities (note 24)	90,228	
-793	Change in Cash and Cash Equivalents		-84
5,904	Cash & Cash Equivalents at start of period		5,111
5,111	Cash & Cash Equivalents at end of period		5,027

18. **DEBTORS**

	2011/2012	2010/2011
	£'000	£'000
General Government Bodies	1,758	3,314
Other Local Authorities	2,402	1,909
Trade Debtors	2,421	2,614
Other Debtors	2,026	1,832
Payments in Advance	244	336
Sub total	8,851	10,005
Provision for impairments	-2,897	-2,698
Total	5,954	7,307

19. **CASH AND CASH EQUIVALENTS**

	2011/2012	2010/2011
	£'000	£'000
Cash and Bank	401	111
Money at call	5,200	2,000
Short term deposits	0	3,000
Sub total	5,601	5,111
Bank overdraft	-574	0
Total	5,027	5,111

20. **CREDITORS**

	2011/2012	2010/2011
	£'000	£'000
General Government Bodies	471	632
Other Local Authorities	711	683
Trade Creditors	5,043	4,322
Other Creditors	200	196
Total	6,425	5,833

21. **PROVISIONS**

	2011/2012	2010/2011
	£'000	£'000
Opening balance	202	167
Additional provisions made	107	166
Amounts used	-15	-38
Unused amounts reversed	-50	-93
Closing balance	244	202

The main provisions held by the Council include:

- Potential claims for the repayment of Land Charges income following a change in the statutory rules on charging
- Disputed utility costs on a leased Investment Property
- Potential costs arising from a legal case

24. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2011/2012 £'000	2010/2011 £'000
Interest received	-183	-254
Interest paid	116	120

25. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2011/2012 £'000	2010/2011 £'000
Purchase of property, plant and equipment, investment property and intangible assets	-6,826	-7,482
Purchase of short term and long term investments	-32,000	-39,700
Proceeds from the sale of non-current assets	509	944
Proceeds from short term and long term investments	31,500	41,900
Other receipts from investing activities	1,182	1,052
Net cash flows from investing activities	-5,635	-3,286

26. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2011/2012 £'000	2010/2011 £'000
Receipts from financing activities	2,453	1,116
Cash payments for the reduction of outstanding liabilities relating to finance leases and deferred liabilities	-437	-437
New borrowing	88,212	0
Net cash flows from financing activities	90,228	679

27. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However decisions about resource allocation are made by the Council and its Cabinet on the basis of budget reports analysed across Services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's contributions) rather than current service cost of benefits accrued in the year
- DSO activity is included within service budgets rather than being outside the net cost of services
- HRA reports include all HRA items rather than just those within the net cost of services
- Certain contributions to and from reserves are included within service reports

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

	2011/2012 £'000	2010/2011 £'000
Net expenditure in the Service Analysis	19,419	19,148
Net expenditure of services and support services not included in the analysis	298	1,081
Amounts in the Income and Expenditure Statement not reported to management in the Analysis	-1,630	-7,962
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	95,866	38,000
Cost of Services in the Income and Expenditure Statement	113,953	50,267

The income and expenditure of the Authority's principal services recorded in the budget reports are shown overleaf. These figures reflect the new management structure that was implemented part way through the 2011-12 financial year.

Statement of Accounts 2011/2012

Income and Expenditure	Community Services £'000	Corporate Services £'000	Housing & Regeneration £'000	HRA £'000	Planning Services £'000	Street Scene £'000	Total £'000
Service Income and Expenditure 2011-12							
Fees, charges and other service income	3,439	13,836	5,428	121,777	1,937	10,092	156,509
Government grants	1,630	38,169	149	0	19	1,337	41,304
Total income	5,069	52,005	5,577	121,777	1,956	11,429	197,813
Employee expenses	2,484	6,180	1,141	4,086	1,536	4,890	20,317
Other service expenses	4,812	41,792	2,385	14,995	278	9,900	74,162
Capital Charges	706	151	3,058	100,461	12	424	104,812
Support service recharges	2,022	8,876	1,109	2,235	1,995	1,704	17,941
Total expenditure	10,024	56,999	7,693	121,777	3,821	16,918	217,232
Net expenditure	4,955	4,994	2,116	0	1,865	5,489	19,419
Service Income and Expenditure 2010-11							
Fees, charges and other service income	3,435	11,869	4,508	63,743	1,931	10,140	95,626
Government grants	1,131	36,828	156	0	111	1,364	39,590
Total income	4,566	48,697	4,664	63,743	2,042	11,504	135,216
Employee expenses	2,609	5,680	1,196	3,953	1,500	4,805	19,743
Other service expenses	4,312	40,038	2,207	15,086	488	10,191	72,322
Capital Charges	676	365	1,247	42,475	12	384	45,159
Support service recharges	1,981	8,214	1,173	2,229	1,856	1,687	17,140
Total expenditure	9,578	54,297	5,823	63,743	3,856	17,067	154,364
Net expenditure	5,012	5,600	1,159	0	1,814	5,563	19,148

Statement of Accounts 2011/2012

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Service Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Subjective Analysis 2011-12		Service Analysis £'000	Services not in Mngt Analysis £'000	Amounts not reported to management £'000	Amounts not included in I&E statement £'000	Allocation of recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges and other service income	156,509	1,125	-850	-7,638	-119,760	29,386	1,147	30,533	
Interest and investment income						0	224	224	
Income from council tax	41,304					0	7,408	7,408	
Government grants and contributions			-50			41,254	8,790	50,044	
Other Items						0	541	541	
Total income	197,813	1,125	-900	-7,638	-119,760	70,640	18,110	88,750	
Employee expenses	20,317	576	-945	-3,146		16,802		16,802	
Other service expenses	74,162	776	-233	92,591	-119,760	47,536		47,536	
Capital Charges	104,812		-1,539	-377		102,896		102,896	
Support service recharges	17,941	71	187	-840		17,359		17,359	
Interest payments						0	154	154	
Precepts						0	504	504	
Payments to Housing Capital Receipts Pool						0	348	348	
Other Items						0	3,626	3,626	
Total expenditure	217,232	1,423	-2,530	88,228	-119,760	184,593	4,632	189,225	
Surplus or deficit on the provision of services	19,419	298	-1,630	95,866	0	113,953	-13,478	100,475	

Statement of Accounts 2011/2012

Reconciliation to Subjective Analysis 2010-11	Service Analysis	Services not in Mngt Analysis	Amounts not reported to management	Amounts not included in I&E statement	Allocation of recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and other service income	95,626	658	6,092	-7,749	-60,556	34,071	1,000	35,071
Interest and investment income						0	283	283
Income from council tax						0	7,406	7,406
Government grants and contributions	39,590					39,590	10,365	49,955
Other Items						0	1,024	1,024
Total income	135,216	658	6,092	-7,749	-60,556	73,661	20,078	93,739
Employee expenses	19,743	484	-345	-3,151		16,731		16,731
Other service expenses	72,322	1,207	-1,325	34,491	-60,556	46,139		46,139
Support service recharges	45,159		-200	-339		44,620		44,620
Capital Charges	17,140	48		-750		16,438		16,438
Interest payments						0	120	120
Precepts						0	502	502
Payments to Housing Capital Receipts Pool						0	563	563
Other Items						0	3,504	3,504
Total expenditure	154,364	1,739	-1,870	30,251	-60,556	123,928	4,689	128,617
Surplus or deficit on the provision of services	19,148	1,081	-7,962	38,000	0	50,267	-15,389	34,878

Statement of Accounts 2011/2012

32. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

	2011/2012 £'000	2010/2011 £'000
<i>Credited to Taxation and Non Specific Grants</i>		
Revenue Support Grant	1,749	1,212
New Homes Bonus	192	0
Council Tax Freeze Grant	173	0
Other Grants	50	40
Total non ring fenced government grants	2,164	1,252
<i>Credited to Services</i>		
Benefit Payments and Administration	38,016	36,299
Concessionary Travel	0	317
Regeneration Grants	49	110
Capital Grants	1,215	736
Contributions to Refuse and Cleansing	999	1,067
Contribution to Highways	338	294
Other Grants and Contributions	637	767
Total	41,254	39,590

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that could require the monies to be returned to the provider. The balances at the year end are as follows:

	2011/2012 £'000	2010/2011 £'000
<i>Grants and Contributions Received in Advance</i>		
Section 106 Agreements	1,466	1,395
Commutated Sums	142	141
St Richards	170	170
Total	1,778	1,706

The Council does not have any investments in shares or any financial instruments denominated in foreign currencies. Consequently it does not have any direct risk from movements in stock prices or foreign exchange rates.

40. TRUST FUNDS

The Council acts as sole trustee for three trust funds. These funds do not represent assets of the Council and are not included in the balance sheet. There has been negligible expenditure and income on these trust funds over the last 2 years.

The Richard Berry Charity was established in 1906 to provide help for the aged poor in Skelmersdale. The assets of the trust are £2,712 and there are no liabilities.

The Jervis Charity was established in 1898 to provide help for the poor or ill associated with coal mining in Skelmersdale. The assets of the trust are £1,116 and there are no liabilities.

The Ruff Public Park and Pleasure Ground was conveyed to the former Ormskirk District Council on charitable trust to be used as a public park in perpetuity.

41. PRIOR YEAR ADJUSTMENTS

The Code of Practice for 2011/12 requires changes to be made to the Council's accounting policies on heritage assets. These assets will now be recognised at cost in the Council's balance sheet where this can be identified. The adoption of this new policy has resulted in the restatement of various balances, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2010-11.

A prior year adjustment has also been made to correct an error on the valuation of Council Dwellings, where the value of revaluation reductions made in 2010-11 was overstated.

The following tables explain the material differences between the amounts presented in the 2010-11 financial statements and the equivalent amounts presented in the 2011-12 financial statements.

Statement of Accounts 2011/2012

Prior year adjustments made to April 2010 Opening balances	Original Balance £'000	Heritage Assets £'000	Revised Balance £'000
Community Assets	1,901	-384	1,517
Heritage Assets	0	458	458
Total Net Assets	203,035	74	203,109
Revaluation Reserve	-8,658	-74	-8,732
Total Reserves	-203,035	-74	-203,109

Prior year adjustments made to 2010 -11 comparative Income and Expenditure	Original Balance £'000	Council Dwellings £'000	Revised Balance £'000
HRA impairment	41,897	-1,787	40,110
HRA depreciation	2,374	-9	2,365
Deficit on revaluation of non current assets	1,223	-2	1,221
Total Income and Expenditure	27,396	-1,798	25,598

Prior year adjustments made to April 2011 Opening balances	Original Balance £'000	Dwelling Valuation £'000	Heritage Assets £'000	Revised Balance £'000
Council Dwellings	152,196	1,798	0	153,994
Community Assets	2,058	0	-384	1,674
Heritage Assets	0	0	458	458
Total Net Assets	175,638	1,798	74	177,510
Revaluation Reserve	-7,109	-2	-74	-7,185
Capital Adjustment Account	-187,154	-1,796	0	-188,950
Total Reserves	-175,638	-1,798	-74	-177,510