

ANGUS COUNCIL

28 JUNE 2001

ITEM No 5

ANNUAL ACCOUNTS 2000/2001

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

The Annual Accounts Statements for 2000/2001 are submitted under cover of this report. Members are asked to approve them prior to their submission to Audit Scotland. The report draws attention to a number of items contained within the accounts.

1. RECOMMENDATIONS

It is recommended that the Council:

- (i) note, approve and accept the accounts for 2000/2001; and
- (ii) agree to their submission to Audit Scotland on 29th June 2001.

2. INTRODUCTION

The Council completes Annual Accounts for its financial years ending 31st March. It does so for many reasons including demonstration of stewardship, performance and control. It is also obliged legally to complete accounts and submit them by 30th June to Audit Scotland.

The Accounts have been completed (with the Balance Sheet dated 18th June 2001) and a copy of the Accounting Statements is circulated with this report.

3. COMMENTARY**3.1 Director's Report**

The Director's Report is an introductory Statement commenting on the various Statements and also on budgetary performance during the year.

3.2 Principles Adopted in Compiling the Accounts – Statement 1.

This statement records the principles on which the accounts have been drawn up.

The Accounts have been drawn up in accordance with the Accounting Code of Practice (ACOP) issued by the Chartered Institute of Public Finance and Accountancy.

3.3 Consolidated Revenue Account – Statement 2

A report was submitted to the June meeting of the Finance and Information Technology (F & IT) meeting which included a draft of the Consolidated Revenue Account for the year. The report commented on spending performance of the various Committees and noted that once again Departments had worked within cash limited budgets and that overall the position for the year was more favourable than had been reflected in the budget as amended.

It was pointed out that the accounts were not then complete and there have been additional entries and presentation changes to the document. These changes have resulted in a further increase of £593k in the General Fund balance. The main reason for the changes relates to the partial reimbursement of loan charges by use of the Capital Fund and, following review, to release of provisions for bad debts on Council Tax and Community Charge. The above conclusions on the performance of the Departments for the year is unaltered.

3.4 Housing Revenue Account – Statement 3

The Housing Revenue Account statement covers the transactions arising from managing the Council's housing stock.

The final position shows a closing revenue surplus of £1.512m with only a minor difference from the draft position of £1.515m as reported to Finance and Information Technology Committee on 13 June 2001.

3.5 Direct Services Organisation – Statement 4

This statement shows the performance of the DSO and it will be noted that the statutory financial objectives have been met. It should also be noted that the return to the General Fund is in line with the adjusted budget contribution.

A separate document on the DSO accounts to be published in due course will give further detail.

3.6 Council Tax Income Account and Non Domestic Rate Income – Statements 5 and 6

These statements set out the detail of the gross charges, certain deductions and provisions made for possible bad debts arising from the charges. Reference to statement 2 will show that income arising is essentially as per budget.

It should be noted that in respect of non-domestic rate income local authorities participate in a national pooling arrangement. The Council is a net beneficiary from the arrangement – in other words the Council receives an amount from the pool over and above what is collected locally.

3.7 Consolidated Balance Sheet – Statement 7

Capital Assets

Relevant non-Council Housing assets were revalued in 1999/2000 in keeping with the terms of the capital accounting requirements. Messrs Lickley, Procter and Burnett were engaged to carry out this revaluation and their involvement continued into 2000/2001 to fine-tune various valuations. It is the intention that they will be further involved to effect revaluation on a rolling basis.

Council Houses, as in previous years, have been revalued by reference to benchmark valuations available from ongoing Right to Buy (RTB) sales. Account has been taken of estimated discount due to tenants under the RTB legislation.

Debtors and Provisions for Bad Debts

Under Long Term Debtors appears almost £13m of debt owed by external bodies. This relates in the main to the capital debt which the Council manages on behalf of the Police.

The provisions for possible bad debts for the main Revenues systems and general Sales Ledger debts have been reviewed and the amounts held as provisions at 31st March 2001 are £6.185m and £0.203m respectively - a total of £6.388m as shown on page 18 of the Statements.

Reserves

Page 20 of the Account Statements contains a summary of the Reserves and it will be noted that they are split between usable and non-usable.

The non-usable Reserves arise out of the operation of the Capital Accounting system and do not represent funds available to the Council for use.

The usable Reserves include the balances at the year end of £8.616m on the General Fund (including some £546k in respect of Devolved School Management monies) and £1.512m on the Housing Revenue Account.

3.7 Total Movements in Reserves – Statement 8

This statement gives greater detail as regards the various Reserves.

3.8 Cash Flow Statement – Statement 9

The inflow and outflow of cash to and from the Council are shown here.

3.9 Capital Expenditure – Statement 10

Details of the capital transactions are given in this statement.

Reporting capital expenditure to the F & IT and Housing Committees as appropriate is carried out throughout the financial year so that the Council is aware of progress.

As has been reported there was a degree of slippage on both the Composite Programme and also the Housing Revenue Account programme. However in neither case was there any loss of spending power as a result of the slippage.

It should be noted that payments due under various covenant agreements are not recorded in this statement as the capital expenditure on these schemes has been reflected in the accounts previously

3.10 Loans Pool Revenue Account – Statement 11

The Loans Pool is a corporate arrangement which lends and borrows funds to and from appropriate external organisations. It also borrows and lends funds internally – principally for the purposes of financing capital expenditure. Net interest incurred is pooled and charged out to relevant accounts – mainly the General Fund, the Housing Revenue Account and other accounts such as the Police.

The pool rate for interest for the year was 7.08% and 0.11% for expenses.

3.11 Charities – Statement 12

Transactions arising on Charities for which the Council is Trustee are shown here. The statement includes a Balance Sheet providing a snapshot of assets and liabilities as at 31st March 2001.

It will be noted that Charities as a whole have invested some £781k in the Council's Loans Pool. Naturally interest is paid on the use of that money.

3.12 Common Good – Statement 13

This final statement covers the Common Good Accounts.

Again it will be observed that some £2.252m is invested with the Loans Pool and again interest is paid on the use of that money.

The Capital Accounting Regime has been applied to the Common Goods in 2000/2001. Assets have been revalued with consequent adjustments to Reserves.

4. NEXT STEPS

With the Council's approval the accounts will be submitted to Audit Scotland on 29th June 2001.

Thereafter the Accounts will be advertised for public inspection affording opportunity for members of the public to examine the accounts and raise matters with the external auditors.

It is expected that the external audit will be complete and the certificate issued within 3 months of 29th June 2001.

5. ACKNOWLEDGEMENT

The accounts have again been completed in good time and I would like to record my thanks and congratulations to my staff and to fellow Heads of Departments and their staff who have contributed to this achievement.

The lack of surprise in the accounts is testimony to the good work undertaken in setting and subsequently monitoring budgets throughout the year. Financial discipline is an extremely important element of overall control and it is encouraging to see general and widespread commitment to this.

The general financial outlook is one of continuing restraint and the need for effective financial discipline continues.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

7. HUMAN RIGHTS

There are no Human Rights implications arising from this report.

8. CONSULTATION

The Chief Executive and the Director of Law and Administration have been consulted on this report.

9. CONCLUSION

The Accounts for 2000/2001 have been concluded on time and provide a snapshot of the Council's financial position at 31 March 2001. They will now be subjected to the public inspection/audit process.

DAVID S. SAWERS
Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

JC/AD/MN
22 June 2001