

EAST AYRSHIRE COUNCIL
COUNCIL MEETING – 25 JUNE 2009
STATEMENT OF ACCOUNTS 2008/09

Report by Executive Head of Finance and Asset Management

1 PURPOSE OF REPORT

- 1.1** To submit the Statement of Accounts for the year ended 31 March 2009 to the Council and to seek approval to forward them to the Controller of Audit.

2 BACKGROUND

- 2.1** The Local Authority Accounts (Scotland) 1985 Regulations require the Executive Head of Finance and Asset Management to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit these to the Authority and to the Controller of Audit by 30 June of the next financial year.

3 INTRODUCTION

- 3.1** The Statement of Accounts shows the actual figures for 2008/09 and the equivalent amounts for 2007/08. The Statement is set out in the format required by The Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice (SORP).
- 3.2** The 2009 SORP introduced minor accounting and presentational changes to the Statement of Accounts aimed at aligning public and private sector accounting.

4 2008/09 OUT-TURN

4.1 Overall Position

- 4.1.1** The Income and Expenditure Account includes a number of book entries which whilst complying with national commercial accounting standards are not relevant to Council Tax payers. The Statement of Movement on the General Fund Balance makes the necessary adjustments to show the true position for the year.
- 4.1.2** Gross revenue expenditure for the year was £429m. This represents the running costs of all Council services and illustrates the significant size and complexity of the Council's business.

- 4.1.3 The Statement of Accounts shows capital expenditure in the year of £39m which represents a considerable level of investment in Council assets including schools, roads and housing.
- 4.1.4 The Statement of Accounts as presented shows a decrease in the General Fund balance for the year of £5.968m which takes into account the expected costs for Equal Pay and the costs of the Icelandic banks impairment.
- 4.1.5 When this amount is taken from the balance brought forward from 2007/08 there is a cumulative surplus of £26.859m of which £20.258m is earmarked for use either by individual departments in terms of the Council's budgetary arrangements or in respect of estimated corporate liabilities. The Departmental underspends carried forward arise from a variety of sources including slippage against planned commitments, reduced cost of debt, income in excess of targeted levels, and limited national availability of staff in certain professional areas.
- 4.1.6 The uncommitted balance of £6.601m represents 2.1% of net budgeted expenditure and remains within the range set out in the Council's reserves strategy which sets the optimum level of between 2% and 4%.
- 4.1.7 The level and nature of earmarked balances carried forward will be the subject of a detailed examination by the Cabinet towards the end of the calendar year following the audit of the accounts.

4.2 Significant Trading Operations

- 4.2.1 The Local Government in Scotland Act 2003 requires significant trading operations to break even over a three year period and guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) defines those operations where disclosure of performance is required.
- 4.2.2 All of the Council's trading operations delivered an outcome better than their statutory financial target.

4.3 Capital Fund

- 4.3.1 The PPP Business Case included the requirement to finance schools' furniture and equipment from the Capital Fund and formal approval is now sought to transfer £1.773m for this purpose.

4.4 Group Accounts

- 4.4.1 The Council is required to include its interest in the Kilmarnock Leisure Centre Trust, joint ventures and joint boards as associates within the Statement of Accounts.

4.4.2 Some of the information necessary to include 2008/09 figures for the associates has still to be received and therefore the Statement of Accounts only contain details of the Council's single entity information. The information from the associates will be incorporated when received and Members are asked to approve the submission of the final group Statement of Accounts to the External Auditor.

5 PUBLIC INSPECTION

5.1 The Statement of Accounts once submitted to the Controller of Audit will, at her request, be made available for public inspection and will be the subject of audit for a period of up to three months.

6 RECOMMENDATIONS

It is recommended that Members:

6.1 approve the transfer of £1.773m from the Capital Fund as indicated in paragraph 4.3;

6.2 approve the Statement of Accounts for 2008/09;

6.3 approve the submission of the Group Statement of Accounts to the Controller of Audit once the relevant information becomes available; and

6.4 Otherwise note the contents of this report.

Alex McPhee

Executive Head of Finance and Asset Management

15 June 2009

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact
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