

EAST AYRSHIRE COUNCIL

COUNCIL - 24 JUNE 2010

STATEMENT OF ACCOUNTS 2009/10

Report by Executive Director of Finance and Corporate Support

1 PURPOSE OF REPORT

- 1.1 To submit the Statement of Accounts for the year ended 31 March 2010 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 Director of Finance and Corporate Support 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 2009/10 and the equivalent amounts for 2008/09. 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 the first step in the move towards International Financial Reporting Standards with adjustments being made to incorporate the schools constructed under the PPP arrangements onto the Council's Balance Sheet. This has required the 2008/09 figures to be restated in order that comparison can be made between years.

4 2009/10 OUTTURN

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 £424m. 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 £37m which represents a continuing significant 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 £0.406m which takes into account expected redundancy costs and a transfer of £0.964m to the Renewals and Repairs Fund to meet the costs of future asset related expenditure.
- 4.1.5** When this amount is taken from the balance brought forward from 2008/09 there is a cumulative surplus of £26.603m of which £17.616m 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 £8.987m represents 2.7% 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 Capital Fund

- 4.2.1** 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 £0.093m for this purpose.

4.3 Renewals and Repairs Fund

- 4.3.1** It is proposed that in year reductions in capital financing costs of £0.964m are transferred to the Renewal and Repairs Fund for use on future asset related expenditure.

4.4 Group Accounts

- 4.4.1** The Council is required to include its interest in Trusts, joint ventures and joint boards as associates within the Statement of Accounts.
- 4.4.2** Some of the information necessary to include 2009/10 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 as submitted 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 unaudited Statement of Accounts for 2009/10 will be posted on the Council's website after approval by the Council.
- 5.2** The Council is required to make all supporting records used to compile the Statement of Accounts available for public inspection under Section 101 of the Local Government (Scotland) Regulations 1973 and the Local Authority Accounts (Scotland) Regulations 1985.
- 5.3** 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 FINANCIAL / POLICY / LEGAL IMPLICATIONS

- 6.1** It is a legal requirement that the annual accounts be submitted to a meeting of the Council and the Controller of Audit by 30 June 2010.

7 RECOMMENDATIONS

It is recommended that members:

- 7.1** approve the transfers of £0.093m from the Capital Fund as indicated in paragraph 4.2.1;
- 7.2** approve the transfer of £0.964m to the Renewals and Repairs Fund as indicated in paragraph 4.3.1;
- 7.3** approve the Statement of Accounts for 2009/10;
- 7.4** approve the submission of the Group Statement of Accounts to the Controller of Audit once the relevant information becomes available; and
- 7.5** Otherwise note the contents of this report.

Alex McPhee
Executive Director of Finance and Corporate Support
24 June 2010

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact
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