

AUDIT & RISK COMMITTEE

27 September 2011

STATEMENT OF ACCOUNTS 2010/11

Report of the Strategic Director for Resources

STRATEGIC AIM:	To be a well managed organisation
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1. PURPOSE OF THE REPORT

- 1.1 This report presents the statutory Statement of Accounts 2010/11 in the form prescribed by regulation (Appendix A).

2. RECOMMENDATIONS

- 2.1 That the Committee approves the Statement of Accounts for 2010/11 at Appendix A.

3. BACKGROUND

- 3.1 The statement of Accounts for 2010/11 is the first to be produced in line with International Financial Reporting Standards (IFRS) requirements and the format has changed significantly compared to previous years.

- 3.2 The IFRS requirements also result in three areas where items within the accounts for Rutland are treated differently:

- staff costs now include provision for holiday entitlement and similar items due but not taken at the year end;
- capital grants and contributions are recognized in the comprehensive Income and Expenditure Statement immediately rather than being deferred and matched to expenditure;
- the components of property, plant and equipment fixed assets have to be considered separately, impairments are taken to the Revaluation Reserve and the classification of assets into types has changed.

4. KEY ISSUES

4.1 General Fund

The Movement in Reserves Statement on page 3 of the Statement of Accounts summarizes the position on the General Fund for 2010/11 and reconciles to the financial outturn reported to Cabinet on 5 July 2011 (report 81/2011, paragraph 4.1) as shown in the table below:

Movement in Reserves	£000	Outturn report	£000
Balance at 31 March 2010	2,258	General Fund 1 April 2010	(2,258)
Deficit on provision of services	(11,606)	Net operating expenditure	30,877
Adjustments between accounting and funding	<u>14,199</u>	Resources:	
	2,593	Area based grant	(3,808)
Deduct:		Revenue support grant	(978)
School balances held under scheme of delegation	<u>(723)</u>	Redistributed non-domestic rates	(6,738)
	<u>1,870</u>	Council tax	(20,782)
		Collection Fund surplus	(76)
		Local Area Agreement reward grant	<u>(377)</u>
			<u>(1,882)</u>
		Minor adjustments arising from audit (see note below)	12
Transfer to earmarked reserves	(683)	Transfer from HRA	(199)
Add back transfers to schools	<u>723</u>	Transfer to earmarked reserves	<u>153</u>
	<u>40</u>		<u>(46)</u>
		Minor adjustments arising from audit (see note below)	6
Increase in balance in year	1,910	Net spending	(1,928)
Balance at 31 March 2011	4,168	General Fund 31 March 2011	(4,186)

Note: The minor adjustments covered three items:

- An adjustment of outstanding costs relating to the transfer of the housing stock in 2009/10;
- An adjustment for a capital grant repaid to the Council;
- An adjustment of the provision for the impairment of investments.

4.2 Housing Revenue Account (HRA)

The HRA is a ring-fenced account within the General Fund used to record expenditure and income relating to the council's housing stock. Following the transfer of the Council's housing stock during 2009/10 the Council received consent from the Secretary of State for communities and Local Government to close its HRA on 31 March 2011.

The only transactions in 2010/11 relate to residual items arising from the stock transfer. The balance on the HRA at 31 March 2011 of £199,000 is transferred into the General Fund.

4.3 Capital

Within the Statement of Accounts capital spending and financing are summarized in Note 40 which replicates in a slightly different format the information in paragraph 6.1 of the outturn report to Cabinet on 5 July 2011 (report 81/2011).

Capital spending then feeds into Fixed Assets within the Balance Sheet (Property, Plant and Equipment and Investment Property) and in Notes 12 and 13 as 'Additions'.

4.4 Reserves

The Movement in Reserves Statement on page 3 of the Statement of Accounts shows, in addition to the General Fund and the HRA, the movement in other usable reserves and a total for unusable reserves. The Capital Receipts Reserve and Capital Grants Unapplied Reserve show the sums available to finance future capital spending; Earmarked Reserves are sums set aside for specific purposes to finance revenue spending in future years (details in Note 8, page 27).

The unusable reserves are detailed in Note 24 on page 35. These reserves are generated largely through revaluation of Balance Sheet assets and are not usable unless gain is realized through the disposal of the asset. These reserves are not available to the Council to finance future spending.

5. RISK MANAGEMENT

Risk	Impact	Comments
Time	Low	The statutory deadline for publication of the Statement of Accounts is 30 September
Viability	Low	There are no significant issues within the report
Finance	Low	The Council's financial position is sound
Profile	Low	There are no significant issues that are likely to be of interest either locally or nationally
Equality and diversity	Low	Initial Equality Impact assessment completed; there are no significant issues arising from this report

Background Papers
None

Report Author
Debbie Mogg
Tel No: (01572) 722577
e-mail: enquiries@rutland.gov.uk

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.