

Audit and Risk Committee 25 September 2012

Updated Statement of Accounts - Note of Changes Made

The Audit and Risk Committee is being asked to approve the Statement of Accounts (agenda item 4) at this meeting. Since the Statement of Accounts were published and made available for this meeting, further changes have been made to the Statement of Accounts. These have been made following a meeting with our auditors to discuss any final outstanding points from their audit. These have been agreed with our auditors.

These changes are listed below. It should be noted that there is no impact on the General Fund and the changes are not material, with the exception of the inclusion of the Parks School site for which the valuation had been omitted in error

The changes made are highlighted below :

Note 9: Other Operating Expenditure

2010/11 £000		2011/12 £000
522	Parish council precepts	550
138	Pension losses on curtailments and settlements	(1,563)
59	External levies	66
26,009	(Surplus)/Deficit on disposal of Property, Plant & Equipment	<u>7,865</u>
26,728 <u>26,590</u>	Total	(947) <u>8,481</u>

The Pension losses on curtailments and settlements should have been included in 'Non-Distributed Costs' rather than 'Other Operating Expenditure'. The (Surplus)/Deficit on disposal of Property, Plant & Equipment had been previously included within the Services on the Comprehensive Income and Expenditure Statement, whereas it should have been included within 'Other Operating Expenditure'.

Note 13

~~Original Note 13: Heritage Assets~~

~~Financial Reporting Standard 30 sets out the reporting requirements for the accounting of all heritage assets. A heritage asset is defined as: A tangible asset with historical, artistic,~~

~~scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.~~

~~Operational heritage assets (i.e. those that in addition to being held for their heritage characteristics are also used for other activities or provide other services) are accounted for as operational assets and valued in the same way as other assets of that type. Operational heritage assets held by the Council include the Castle and the Museum which are included within the balance sheet at their depreciated replacement cost. The museum and castle exhibits have an insured value of £1,060,000 but as these items are by their very nature not replaceable they are not shown as fixed assets.~~

~~As the authority holds no assets that it deems to fall within the definition of Heritage Assets, FRS 30 does not apply.~~

This note is being replaced with the revised note 13 below. It is a rewording that explains what we've done and why more clearly.

Revised Note 13: Heritage Assets

A heritage asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

In Rutland the County Museum and Oakham Castle and the exhibits fall within this definition. The Council's policies for Heritage Assets are included within its Cultural Strategy and it complies with national Acquisitions and Disposals for accredited museums.

Operational heritage assets (i.e. those that in addition to being held for their heritage characteristics are also used for other activities or provide other services) are accounted for as operational assets and valued in the same way as other assets of that type. Both the Castle and the Museum are operational heritage assets held by the Council and are included within the balance sheet at their depreciated replacement cost.

The museum and castle exhibits have a total insured value of £1,060,000 but none of the items are valued individually and they are not included within fixed assets as the average value per item would be below the de minimis value of £10,000 that the council adopts for capital accounting purposes.

There have been no significant acquisitions, disposals or impairments of assets since 1 April 2010 (the date from which the new Accounting Standard applies) and it is not practical to provide information for the years before that date.

Note 29 - Amounts Reported for Resource Allocation Decisions

For this note there should be comparable figures for the previous year. This wasn't included as last year's figures are in the format of the old structure (i.e. with 5 directorates). In order to comply more fully with the disclosure requirements, the note has been amended to include a table with just the totals on for the previous year for comparative purposes and a note to explain why this has been done. The additional note and table are shown below:-

The major re-structuring of the council which took effect from 1st April 2011 reducing the number of Directorates from 5 to 3 means that total comparative figures for 2010/11 only are available; these are as follows:

	2011/12	2010/11
	£000	£000
Fees, charges and other service income	(4,920)	(7,363)
Government grants	(26,055)	(36,102)
Total Income	(30,975)	(43,465)
Employee Expenses	13,158	15,305
Other operating expenses	46,370	56,326
Support Service Recharges (reported to management)	0	0
Total operating expenses	59,528	71,631
Net Cost of Services	28,553	28,166

Note 40

Within the section about the Members of the Council within Note 40 about Related Parties an additional paragraph has been inserted to state that for those that responded there were no material transactions that required disclosure.

Note 40: Related Parties

Members of the Council

Members of the Council have direct control over the authority's financial and operating policies. The total of Members allowances paid in 2011/12 is shown in Note 35. During 2011/12 no significant works and services were made to parties where Members had an interest.

Grants and other exchanges were made between the authority and a number of voluntary organisations upon which the authority's Members served as trustees or similar. In most cases Members had been appointed by the authority to the organisation concerned to represent the authority's interests and oversee the use of the authority's funds.

Members are asked to make an annual declaration of related party transactions including those involving close family members and their households. From the declarations made there are no transactions in 2011/12 that are considered material and would require their disclosure.

Members make an annual declaration of any and declare interests in any items under discussion at meetings of the Council or any of its committees or panels or Cabinet. Details of all these transactions are recorded in the Register of Members Interest, which is open to public inspection at the council offices during office hours.

Note 46: Termination Benefits

For Note 46 the disclosure should have stated whether the terminations were compulsory or voluntary so this information has now been provided.

As part of the ongoing reorganization the Authority terminated by voluntary agreement the contracts of 35 employees in 2011/12, incurring liabilities of £241,000. The total cost above has been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

Four of the individual exit packages included above were in the range of £20,000 to £40,000, the remaining 31 were below £20,000 each.

In 2010/11 the contracts of 51 employees were terminated by voluntary agreement and 3 compulsorily as part of a major reorganisation incurring liabilities of £942,266. Of this total £174,753 was payable to the Director of Community Services in the form of compensation for loss of office and enhanced pension benefits; the individual exit packages of the other 53 employees fell into the following ranges:

Below £20,000	40
From £20,000 to £40,000	10
From £40,000 to £60,000	2
From £60,000 to £80,000	1

Changes to the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement and the Balance Sheet have been made to reflect the above changes and also bring the Parks Site back onto the Balance Sheet as a fixed asset. It had previously been de-recognised when the school closed and moved to a joint site with the Oakham C of E school.

Movement in Reserves Statement							
	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital Grants unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2011	4,168	4,282	343	9,265	18,058	37,430	55,488
Movement in 2011/12							
Surplus/(deficit) on provision of services	(426)	0	0	0	(426)	0	(426)
Other Comprehensive Income and Expenditure	0	0	0	0	0	(5,241)	(5,241)
Total Comprehensive Income and Expenditure	(426)	0	0	0	(426)	(5,241)	(5,667)
Adjustments							
Adjustments between accounting basis and funding basis under regulations (Note 7)	2,880	0	266	(4,700)	(1,554)	(526) 449	(2,080) (1,105)
Net increase/(decrease) before transfers to or from Earmarked	2,454	0	266	(4,700)	(1,980)	(5,767)	(7,747)

Reserves						<u>(4,792)</u>	<u>(6,772)</u>
Transfers to or from Earmarked Reserves (Note 8)	70	(70)	0	0	0	0	0
Other Movements	0	(414)	0	0	(414)	(118)	(532)
Increase/(decrease) in 2011/12	2,524	(484)	266	(4,700)	(2,394)	(5,885) <u>(4,910)</u>	(8,279) <u>(7,304)</u>
Balance at 31 March 2012	6,692	3,798	609	4,565	15,664	31,545 <u>32,520</u>	47,209 <u>48,184</u>

Comprehensive Income & Expenditure Statement

The changes made to the CIES are to move the (Surplus)/Deficit on the disposals of assets out of the services and to put them in Other Operating Expenditure and to move the Pension Losses on Curtailments and Settlements out of Other Operating Expenditure and move them to Non-Distributed Costs. There is no overall impact on the Total Comprehensive Income and Expenditure as all the entries are equal and opposite. So the bottom line figure of £5,667 remains unchanged.

2010/11				2011/12		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,696	(2,419)	277	Central services to the public	3,217	(2,425)	792
2,178	(569)	1,609	Cultural and related service	1,975	(478)	1,497
4,170	(543)	3,627	Environmental and Regulatory Services	3,957 <u>3,147</u>	(344)	3,613 <u>2,803</u>
2,292	(813)	1,479	Planning Services	1,989 <u>1,963</u>	(557)	1,432 <u>1,406</u>
				<u>32,774</u>		<u>14,451</u>
39,159	(43,116)	3,957	Education and children's services	<u>25,937</u>	(18,323)	<u>7,614</u>
6,257	(648)	5,609	Highways and transport services	5,954 <u>5,762</u>	(587)	5,367 <u>5,175</u>
124	(203)	(79)	Local authority housing (HRA)	0	0	0

7,043	(5,083)	1,960	Other housing services	5,906	(5,229)	677
10,550	(3,446)	7,104	Adult social care	10,487	(2,339)	8,148
2,469	(485)	1,984	Corporate and democratic core	2,352	(549)	1,803
<u>443,581</u>	(17)	<u>426,564</u>	Non distributed costs	166	(562) <u>(2,125)</u>	(396) <u>(1,959)</u>
0	(7,136)	(7,136)	Exceptional items relating to Pension scheme	0	0	0
<u>77,381</u>		<u>12,903</u>		<u>68,777</u>	<u>(31,393)</u>	<u>37,384</u>
<u>77,519</u>	(64,478)	<u>13,041</u>	Cost of Services	<u>60,912</u>	<u>(32,956)</u>	<u>27,956</u>
<u>26,728</u>		<u>26,728</u>				
<u>26,590</u>	0	<u>26,590</u>	Other operating expenditure (note 9)	<u>616,848</u>	<u>(1,563)0</u>	<u>(947),8,481</u>
1,824	(155)	1,669	Financing & investment income & expenditure (note 10)	1,213	(208)	1,005
0	(33,277)	(33,277)	Taxation and non-specific grant income (note 11)	0	(37,016)	(37,016)
105,933	(97,910)	8,023	(Surplus) or deficit on provision of services	70,606	(70,180)	426
		(20,552)	Surplus on revaluation of Property, Plant & Equipment assets			(704)
		(10,853)	Actuarial (gains)/losses on pension assets/liabilities			5,945
		(23,382)	Total comprehensive income and expenditure			5,667

Balance Sheet

31 March	Notes	31 March
2011		2012
£000		£000
		73,657
77,802	12	<u>74,632</u>
Property, Plant and Equipment		
2,114	14	2,658
Investment Property		
0	15	0
Intangible Assets		
124	16	57
Long term investments		
1,247	19	974
Long term debtors		
81,287		77,346
Long term assets		<u>78,321</u>
0	21	1,000
Assets Held for Sale		
6	17	75
Inventories		
5,604	19	4,111
Short term Debtors		
22,825	20	17,519
Cash and Cash Equivalents		
28,435		22,705
Current assets		
(4,991)	20	(2,682)
Cash and Cash Equivalents		
(10,689)	22	(7,432)
Short term creditors		
(449)	23	(195)
Provisions		
(16,129)		(10,309)
Current Liabilities		

(21,386)	Long term Borrowing	16	(21,386)
(16,719)	Other Long Term Liabilities	25	(21,147)
<u>(38,105)</u>	Long Term Liabilities		<u>(42,533)</u>
<hr/>			47,209
55,488	Net Assets		<u>48,184</u>
<hr/>			
(18,058)	Usable Reserves	24	(15,664)
(37,430)	Unusable Reserves	25	(31,545) <u>(32,520)</u>
<hr/>			(47,209)
(55,488)	Total Reserves		<u>(48,184)</u>
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The unaudited accounts were issued on 29 June 2012 and the audited accounts were authorised for issue on 25 September 2012.

Signed:

25 September 2012

Debbie Mogg

Strategic Director for Resources

The Note relating to the above changes on the Movement in Reserves Statement i.e. Note 7, the Note relating to the above changes on the Fixed Assets i.e. Note 12 and the Note relating to the above changes on the Unusable Reserves i.e. Note 25 have also been changed in line with the above.