

Minutes of the meeting of the **GOVERNANCE** Committee held at the Council Offices, Whitfield on Wednesday 30 June 2010 at 6.00 pm.

Present:

Chairman: Councillor D A Mayes

Councillors: B W Bano  
M D Conolly  
M R Eddy  
C E Kirby

Officers: Director of Finance and ICT  
Financial Services Manager  
Senior Accountant (Revenue)  
Senior Accountant (HRA and Projects)  
Senior Accountant (Capital and Treasury)  
Accountant (Revenue)  
Audit Manager, Audit Commission  
Principal Auditor, Audit Commission  
Senior Democratic Support Officer

An apology for absence was received from Councillor J C Record.

116 MINUTES

The Minutes of the meeting of the Committee held on 16 June 2010 were approved as a correct record and signed by the Chairman.

117 DRAFT STATEMENT OF ACCOUNTS 2009/2010 AND FINANCIAL OUTTURN 2009/2010

Prior to considering the Council's draft Statement of Accounts the Director of Finance and ICT and Accountancy Officers presented the Financial Outturn report, in accordance with the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment England) Regulations 2006 and 2009. Members received details of the process for producing the accounts, technical changes and preparation for International Financial Reporting Standards (IFRS) in 2010/11 and noted the predicted significant increase in the volume of accounts. The Audit Manager reported that the Audit Commission was holding workshops and briefings on IFRS to assist officers and Members and advised that only the accounts for the year 2009/10 would have to be re-stated; those for 2010/11 would be in the IFRS format alone. The new Government had de-commissioned Comprehensive Area Assessments and Use of Resources and it appeared that Audit Commission findings on work already completed would be reported but not scored.

(1) Format and changes to the 2009/10 Accounts

The Director of Finance and ICT reported on the main changes to the accounts, none of which had made a significant impact on the Council's financial position.

- (a) The Statement of Recommended Practice (SORP) recognised that this Council acted as an agent for Kent County Council, Kent Police and Kent Fire and Rescue but the accounts only showed the amounts in respect of this Council's proportion of the Council Tax;

- (b) As with (a) above the accounts only showed amounts owed to or by the Government in respect of non-domestic rates;

(2) General Fund Revenue Outturn

The Financial Services Manager explained the main points of the General Fund Revenue Outturn and the table of variations from original budget. The original budget for 2009/10 had shown a deficit of £23k. Financial pressures previously reported to Members throughout the year, increased the projected outturn to a deficit of £538k as shown in Appendix A(i). The outturn was a deficit of £163k, but if all requests to carry forward £285k of unspent budget to 2010/11 were approved the deficit would increase to £448k, which would give an underlying variance of £90k. The Director believed that not all requests would be granted. The windfall receipt of VAT returns was being allocated to assist in funding shared services set-up costs.

(3) General Fund Reserves and Balances

The underlying General Fund balances of £1.9m reflected the outturn position but did not include the impact of carry forward request. The calculation of direct variances was set out in Appendix B, with the main variances explained in Appendix C.

(4) Housing Revenue Account Outturn

The HRA Outturn details shown at Appendix D to the report showed an increase in the HRA surplus for the year from the original budget of £463k to the outturn of £512k. Contributory factors included reductions in expenditure on repairs and maintenance, supervision and management, and Government revision of the inflationary rate applied to rents which had been offset by the level of negative subsidy payable. The valuation supplied in respect of the properties previously used for sheltered housing reflected the change of valuation basis from individual flats to one single unit in preparation for their disposal.

(5) Collection Fund Outturn

The Fund recorded the collection of Council Tax and Non-Domestic Rates and showed a surplus of £1.3m but this was an accrued figure, not cash. Members were advised that there was no significant cash balance to distribute to the precepting authorities: DDC, KCC, Kent Police and Kent & Medway Fire Authority.

(6) Capital Programme Outturn

The Director reported that there was a favourable variance of £758k for 2009/10, mainly due to slippage in application of funds from SEEDA which had been allocated to the DTIZ development but not yet spent. However the overall cost of the programme remains virtually unchanged.

Although SEEDA would be dissolved by the new Government and its successor had not yet been set up, the monies would still need to be spent on projects which met the earlier criteria. Monies held under an agreement with ASDA had recently been paid back.

(7) Special Projects Outturn

It was confirmed that the special projects listed were 'one-offs' and all were fully financed.

(8) Treasury Management

The Director advised that KCC was working with the LGA on recovering investments made by local authorities including DDC in the Icelandic Bank Landsbanki but the outcome was uncertain. A reserve of £450k had been established to ensure adequate provision for any losses until the position was clearer.

(9) Summary of Assets and Liabilities

Committee discussed the share of pension scheme liabilities owed by DDC, the effects of recent changes to the scheme and the demographic of the staff, together with the returns on investments and interest paid on borrowings.

The Director of Finance and ICT then submitted the draft statement of accounts and reminded the Committee that when it was satisfied with all details the Chairman would be asked to sign page 11 of the document certifying that the accounts presented fairly the financial position of the Council as at 31 March 2010.

Clarification was given on the figures shown in the Remuneration Bands table and the Director undertook to provide a further detailed analysis for inclusion in the Final Accounts in September. It had been cost effective to employ a professional advisor to help with reclaiming VAT and a net total of £756k had been received. The Chairman noted that the Audit Commission Fee had increased by 10% and the Audit Manager reported that the Audit Letter originally presented to Committee on 16 June would be re-presented in September. In addition details of the day rates for the Audit Commission would be provided together with the number of days worked; this information was already provided by the EK Audit Partnership in respect of internal audit work carried out.

RESOLVED: (a) That the Financial Outturn for 2009/10 be received and the following be noted:

- (i) significant changes to be taken into account when considering the accounts;
  - (ii) reasons for the main variations between the budgets and outturn for the General Fund Revenue Account, Housing Revenue Account and Capital Programme;
  - (iii) movements between reserves within the Statement of Accounts.
- (b) That the draft Statement of Accounts for 2009/10 be approved and the Chairman of the Governance Committee be authorised to sign the Statement.

(Councillor B W Bano declared a personal interest for the reason that he was a beneficiary of the Local Government Pension Scheme.)

The meeting ended at 8.00 pm.