

Accounts Committee

Thursday, 29 June 2006

Present: Councillor Peter Goldsworthy (Chair), Councillor Mrs Pat Case (Vice Chair) and Councillors Catherine Hoyle, Greg Morgan, Ralph Snape and John Wilson

Officers Present: Donna Hall (Chief Executive), Gary Hall (Director of Finance), Tony Uren (Democratic Services Officer) and Dianne Scambler (Trainee Democratic Services Officer).

06.AC.01 APOLOGIES FOR ABSENCE

No apologies for absence were received.

06.AC.02 DECLARATIONS OF ANY INTERESTS

No declarations of interest were declared.

06.AC.03 MINUTES

RESOLVED – That the minutes of the meeting of the Accounts Committee held on 20 September 2005 be confirmed as a correct record and signed by the Chair.

06.AC.04 FINAL ACCOUNTS FOR 2005/06

The Committee received the draft Annual Accounts for 2005/06, which had been prepared in accordance with the Code of Practice on Local Government Accounting to show the overall financial position of the Council.

The Accounts comprised:

Statement of Internal Control

This set out the financial control systems in place in the Authority, The Audit Committee approved the Statement of Internal Control and the Audit Commission representatives confirmed that they were satisfied with the robust procedures used to compile the statement.

The Director of Finance reported that the Council were in the process of mitigating identified issues to strengthen internal control.

Consolidated Revenue account

This brings together expenditure and income for all the Authority's functions. Overall the Council managed to deliver the General Budget it had set itself at the beginning of the financial year. Initial forecasts of overspend were dealt with by the Council and as a result general working balances were anticipated and to be maintained within the range set in the Council's Financial Strategy.

Clarification was sought from the Members as to the amount of money set aside for Job Evaluation. The Director of Finance confirmed that this amount was only intended for completion of the process and had not taken account of any subsequent financial implications of the results of the evaluation exercise.

Balance Sheet

This set out the Authority's assets and liabilities at the end of the financial year. The Director of Finance drew Members attention to an increase in the value of the authority's non-operational assets as a result of asset revaluations.

Liquidity Ratios

The report set out a current and quick ratio of working capital to demonstrate the organisations liquidity or access to cash.

Pension Liability

The Authority's most significant long-term liability on the balance sheet is the liability related to the defined benefit pension scheme for officers and employees. While overall liability had reduced, mainly as a result of performance on the investment markets, there are plans to increase employer's contributions to 15.8% over the next triennial period.

Members queried the current position of the Pension Fund as to whether the situation was better or worse than last year, this was answered within the content of the report and was expanded upon by the Director of Finance.

A question was raised to ascertain if the Lancashire Pension Fund were still investing on the Stock Exchange. The Director of Finance reported that they had made changes to adapt to the situation and had moved back to this type of investment, in recent times to take advantage of the increase in returns on equities.

Deferred Liabilities

These balances related to payments made to the Council by developers under Section 106 agreements for the authority to provide additional or improved services.

Housing Revenue Account

The Housing Revenue Account (HRA) showed the income and expenditure involved in the management and maintenance of the Authority's housing stock.

The Director of Finance reported that the surplus of £150,000 achieved on the Account had been greater than anticipated. The report indicated a number of reasons for the variance including a reduction in the sale of Council Houses, which had increased rental income.

Members expressed concerns over the Repairs and Maintenance Trading Account deficit, whereby the Director of Finance explained that the impact of the stock transfer on productivity and the reduction of the Capital Programme, due to the inherent overspend had affected the trading account significantly.

Cashflow

The cashflow summarises inflows and outflows of cash to the Authority in the accounting period. The Director of Finance reported that there was some room for improvements as cashflow had been negative over the period but that the reduction in the number of Council House Sales had not helped cashflow levels. Members noted the proposed actions to improve cashflow.

RESOLVED – That the report be noted and that the draft Statement of accounts for 2005/06 be approved.

Chair