

WEST DUNBARTONSHIRE COUNCIL
Report by Executive Director of Corporate Services
Council – 26 August 2009

Subject : Draft Annual Accounts 2008/2009

1. Purpose

1.1 The purpose of this report is to provide Council with a copy of the draft Annual Accounts for 2008/2009 and to highlight matters of interest.

2. Background

2.1 The Council is required by law to produce its draft financial statements for audit by 30 June each year.

2.2 A copy of the draft financial statements for the year ended 31 March 2009 is annexed to this report.

2.3 A bound copy of the accounts was forwarded to each Member on 14 August 2009.

2.4 The accounts have to be audited by 30 September 2009. A full report on the audited accounts will be presented to Council on 28 October 2009, along with a separate report where KPMG LLP will report their findings to Members.

3. Main Issues

3.1 The accounts were prepared before the statutory deadline and passed to the Accounts Commission in good time.

3.2 However, following submission of these accounts and prior to the commencement of the audit, the requirement for a late adjustment to the draft accounts was identified. This adjustment has now been processed and, with the agreement of KPMG, incorporated within the revised draft circulated to Members.

3.3 The accounts show that the Council has been successful in managing its expenditure within the income available to the Council:

- In relation to the General Fund, the accounts show a General Fund balance of £5.036m as at 31 March 2009. Of this balance, £4.778m is earmarked for ringfenced grant purposes, leaving an unearmarked balance of £0.258m.

- The level of unearmarked balance of £0.258m compares with that of £2.277m at 31 March 2008 and confirms that the reserve position has reduced by £2.019m during the year. This can be summarised as follows :

	<u>£m</u>	<u>£m</u>	<u>£m</u>
Un-earmarked balance at 31 March 2008			2.277
Planned surplus for the year		0.436	
Less			
Clydebank re-banding	0.980		
Pay Modernisation	1.000		
Revision of bad debt provision	<u>0.593</u>	<u>(2.573)</u>	<u>(2.137)</u>
			0.140
In year surplus against budget			<u>0.118</u>
Un-earmarked balance at 31 March 2009			<u>0.258</u>

- The unearmarked balance of £0.258m is 5.22% of the recommended prudential level of reserve of £4.940m which is considered necessary to safeguard assets and to protect services against financial risk.
- In relation to the Housing Revenue Account, the accounts show an HRA balance of £1.839m as at 31 March 2009. Of this balance £0.380m was applied to 2008/09 leaving an unearmarked balance of £1.459m. This compares with the recommended prudential level of HRA reserve of £0.627m.

- 3.4** The Council maintains statutory accounts for two trading operations under the provisions of the Local Government Scotland Act 2003: Housing Maintenance and Grounds Maintenance/Street Cleaning. These operations returned a collective surplus in the year of £1.569m and both operations have achieved a break even performance over the last three years in line with their statutory requirements.
- 3.5** The in year collection rate for council tax was 93.0%, which was 0.2% higher than in 2007/08. This performance, which was approximately double the average national in year increase, has allowed the Council to rise two places to 26 in the comparative table of collection rates.
- 3.6** This is the fourth year the Council has had to prepare Group Accounts in addition to its Annual Accounts. Group Accounts are prepared when a Council has a material interest in other organisations. The purpose of the accounts is to combine its financial information with other organisations within its group. The Council's group consists of:
- (a) Valuation Joint Board
 - (b) Police Joint Board
 - (c) Fire & Rescue Joint Board
 - (d) Strathclyde Partnership for Transport
 - (e) Strathclyde Concessionary Travel
 - (f) Dumbarton Common Good and Trust Funds

4. Personnel Implications

4.1 There are no personnel implications.

5. Financial Implications

5.1 There are no financial implications.

6. Risk Analysis

6.1 No risk analysis was required.

7. Conclusions & Officer's Recommendations

7.1 The draft annual accounts have been prepared in accordance with the statutory timetable. The accounts may change depending upon the audit and a full report on the audited accounts will be submitted to Council in October 2009.

7.2 Despite the significant and exceptional pressures faced during the year, detailed within para 3.3, the Council has been successful in managing its expenditure within both the budget set and the financial objectives prescribed.

7.3 The two statutory trading operations have exceeded their statutory breakeven targets during the year.

7.4 It is recommended that Council notes the content of this report and the draft accounts for 2008/09

7.5 The level of unearmarked balance is significantly less than the recommended prudential level of £4.940m and proposals to address this will be presented to the Strategic Finance Working Group.

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Date: 6 August 2009

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Appendix: Draft Financial Statements 2008/2009

Background Papers: Nil

Wards Affected: Nil