

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Council - 30 August 2006

Subject : Draft Annual Accounts 2005/06

1. Purpose

- 1.1** The purpose of this report is to provide Members with a copy of the draft annual accounts 2005/06 and to highlight matters of interest.

2. Background

- 2.1** The Council is required by law to produce its draft annual accounts for audit by 30 June each year. The accounts have to be audited by 30 September and Audit Scotland will report their findings to Members.
- 2.2** A copy of the Draft Abstract of Accounts for the Year Ended 31 March 2006 is annexed to this report.
- 2.3** A bound copy of the accounts was forwarded to each Member on 4 August 2006.

3. Main Issues

- 3.1** The accounts were prepared before the statutory deadline and passed to Audit Scotland in good time.
- 3.2** The accounts show that the Council has been successful in managing its expenditure within the income available to the Council:
- net expenditure for the year was £182.414m against a budget of £183.051m
 - During 2005/06 the Council settled equal pay claims amounting to £5.420m. Several actions were introduced during the year to help with the funding of this issue including a freeze on the filling of non essential vacancies, a review of the purchase of supplies and services and the transfer of £1.25m from the HRA balance into the general fund reserve. In addition, a staffing plan was introduced which deleted a number of vacant posts and allowed 70 employees to accept voluntary severance packages and leave the service early in 2006/07. In the event, although the Council's 2005/06 budget was constructed to break even using £0.650m of balances, a net annual deficit of £0.013m was actually achieved resulting in an overall favourable variance against budget of £0.637m.
 - the accumulated surplus at 31 March 2006 is £4.228m. Of this balance, £2.520m is earmarked for the payment during 2006/07 of both the

remaining equal pay claims and early severance costs, leaving £1.708m available for other purposes.

- 3.3** The in year collection rate for council tax was 90.4%, which was 1% higher than in 2004/05 (then, the highest rate in the Council's history) and 0.4% better than the target originally set for 2005/06.
- 3.4** This is the third year for which statutory trading accounts have been prepared. Three have been produced, Catering Services; Leisure Services and Housing Property Maintenance. Two of the operations have achieved a surplus in 2005/06 and a breakeven position over the last three years, consistent with their statutory obligations. However, the Catering Trading Account incurred a deficit in 2005/06 (leading to an overall deficit over three years) solely due to the inclusion of the cost of equal pay settlements. These payments were identified within the Accounts as an exceptional item.
- 3.5** This is the first 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 Joint Board
 - (d) Strathclyde Passenger Transport Authority
 - (e) Strathclyde Concessionary Travel
 - (f) Criminal Justice Social Work Partnership Joint Committee

4. Personnel Implications

- 4.1** There are no personnel implications.

5. Financial Implications

- 5.1** There are no financial implications.

6. Conclusion

- 6.1** The draft annual accounts have been prepared in accordance with the statutory timetable. The accounts may change depending upon the audit, but no changes to the unearmarked balance are planned at present. It is intended that the audited accounts will be submitted to Council in October 2006.
- 6.2** The accounts show that the Council has been successful in managing its expenditure within the income available to it and has improved its level of tax collection.

- 6.3** Two of three statutory trading operations have exceeded their statutory breakeven targets during the year. The third did not meet its statutory obligations due to the exceptional item of equal pay settlements.

7. Recommendations

- 7.1** It is recommended that Members note the contents of this report and the draft accounts.

Tim Huntingford
Chief Executive

Person to Contact: David Connell, Head of Finance, Garshake Road. Telephone (01389) 737191. E-mail: david.connell@west-dunbarton.gov.uk

Background Papers: Nil

Wards Affected: Nil