

ITEM NO: 19 (i)

DECISION-MAKER:	COUNCIL			
SUBJECT:	STATEMENT OF ACCOUNTS 2007/08			
DATE OF DECISION:	16 JULY 2008			
REPORT OF:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING PORTFOLIO			
AUTHOR:	Name:	Rob Carr	Tel:	023 8083 2885
	E-mail:	rob.carr@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

SUMMARY

In accordance with Accounts and Audit Regulations 2003 the Statement of Accounts 2007/08 was submitted to the Audit Committee on 25th June and Standards & Governance Committee for approval on 26th June 2008. A copy of the draft unaudited accounts is available in the Members Room.

Presenting the accounts at this time means that the Annual Audit, carried out by the Audit Commission, will not have been completed. Any major changes to the Statement of Accounts arising from the annual audit will be reported to the Audit Committee after the completion of the audit on 30th September 2008.

RECOMMENDATIONS:

- (i) To note the approval of the Statement of Accounts 2007/08 by the Standards and Governance Committee on 26th June 2008, subject to any changes required after the completion of the Audit. Any such changes will be presented to the Audit Committee.

REASONS FOR REPORT RECOMMENDATIONS

1. It is a legal requirement to approve the Statement of Accounts by 30th June 2008.

CONSULTATION

2. Not Applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. It is a legal requirement to approve the Statement of Accounts by 30th June 2008.

DETAIL

4. The Statement of Accounts is a complex document with the layout and information provided being defined by statutory requirements. The key issues

are detailed below.

CHANGES TO THE 2007/08 ACCOUNTS

5. There have been a number of changes to local authority accounting regulations in 2007/08. The key changes are:
- Implementing new provisions for accounting for financial instruments (eg. loans and investments)
 - New disclosure notes on financial instruments (eg. how the authority manages risks associated with its loans and investments)
 - Changes in the way we account for the value of the authority's fixed assets
6. The objectives of the financial instruments provisions are to present investments and borrowings on the Balance Sheet at their true cost or value to the authority and to charge the Income and Expenditure Account with the real underlying costs/benefits arising from holding an instrument in any year. However, there are associated statutory provisions in order to minimise any impact on the Council Tax. For Southampton City Council these new provisions have had no real impact on the General Fund balances.

7. REVENUE EXPENDITURE AND INCOME

The Statement of Accounts presents the Income & Expenditure Account in a statutory format which includes notional costs that have no impact on the Council Tax charge.

The table on page 3 of the Statement of Accounts presents the Council's revenue and income in a format that shows the net impact on the General Fund Balance, compared to budget. This shows that compared to the original budget the contribution from reserves has reduced by £3.0M.

However, during the year, the Council has made changes to the budgets which were reported to Cabinet in October 2007. Compared to this revised budget, the Council has underspent by £4.8M, which is made up as follows:

	£M
Reductions in Portfolio spending	3.5
Additional Investment Income	2.1
Other Variations	(0.8)
Total	4.8

8. Against this underspend are requests for carry forward of budget of £2.3M which are subject to review as part of the Revenue Outturn report elsewhere on the agenda.

9. **GENERAL FUND BALANCES**

The General Fund balance stands at £12.3M and is used as a working balance and to support future spending plans. This compares to a balance of £10.9M at the end of 2006/07.

10. **CAPITAL EXPENDITURE**

In 2007/08 the Council spent £57M on capital projects. This was £12M less than the approved estimates, principally due to slippage of expenditure which will now be incurred in 2008/09.

11. **THE COLLECTION FUND**

The Collection Fund had a deficit for the year of £49,000. There was a surplus brought forward from 2006/07 of £0.588M, to give a net surplus to be carried forward of £0.539M. The 2008/09 budget assumed a zero surplus. Therefore there will be a surplus of £0.539M to be taken into account when setting the 2009/10 budget.

12. **PENSIONS**

In 2007/08 the Council paid an employer's contribution of £21.2M into Hampshire County Council's Pension Fund. The employer's rate in 2007/08 was 17.7% of employees' pay. The rate set for 2008/09 is 18.1%.

13. The Council's share of the assets in the Hampshire County Council pension fund at 31 March 2008 was £374M, compared to its estimated liabilities of £538M, giving an estimated deficit on the Fund of £164M. The deficit will be made good by increased contributions at a level assessed by the scheme actuary.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

14. The capital implications are considered as part of the Capital Outturn reports that will be presented to Council on 16th July 2008.

Revenue

15. The revenue implications are considered as part of the Revenue Outturn reports that will be presented to Council on 16th July 2008.

Property

16. There are no specific property implications arising from this report

Other

17. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. Accounts and Audit Regulations 2003.

Other Legal Implications:

19. None

POLICY FRAMEWORK IMPLICATIONS

20. None. It should be noted that the Statement of Accounts is prepared in accordance with CIPFA's code of Practice on Local Authority Accounting in the UK.

SUPPORTING DOCUMENTATION

Appendices

1.	None
----	------

Documents In Members' Rooms

1.	None
----	------

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None	
----	------	--

Background documents available for inspection at:

E-mail:

FORWARD PLAN No: N/A

KEY DECISION?

--	--

WARDS/COMMUNITIES AFFECTED:

NOT APPLICABLE
