

**COUNCIL  
24 SEPTEMBER 2003**

---

**STATEMENT OF ACCOUNTS 2002/03  
(Acting Director of Corporate Services)**

**1 INTRODUCTION**

- 1.1 The Council's Statement of Accounts must be approved by a resolution of the Council within six months of the period to which they relate. The Accounts are then subject to audit by the Council's external auditors, KPMG. This report summarises for Members the key elements within the accounts and highlights key changes to the presentation and contents of the accounts. The Accounts and Audit Regulations require the accounts to be agreed by Council and the Mayor to formally sign the accounts to certify that this has been undertaken.

**2 RECOMMENDATIONS**

- 2.1 **That the Draft Statement of Accounts 2002/03 be approved (enclosed separately);**
- 2.2 **That the out-turn expenditure for the year be noted and the provisions (£0.185m per section 4.2) and earmarked reserves (£4.972m per section 4.3) be approved.**

**3 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 3.1 The Accounts and Audit Regulations 2003 require the 2002/03 statement of accounts to be formally approved by Members (a Committee or Council) and signed by the Chairman / Mayor by 30 September 2003.

Borough Finance Officer

- 3.2 The Statement of Accounts is the published document including the balance sheet, revenue accounts, cash flow statement together with notes which expand and explain the information in these statements.

Access Implications

- 3.3 None.

## 4 SUPPORTING INFORMATION

### 4.1 Out-turn Expenditure 2002/03

4.1.1 Actual out-turn for both the General Fund and the Housing Revenue Account were overall in line with estimates reported to the Executive in July. There were inevitably some changes in individual service areas, largely as a result of year end financing adjustments that have a nil impact overall on the Council's cash position. The actual use of General Fund reserves was £1.990m compared with the approved amount of £2.659m, an underspend of £0.669m (estimated out-turn £0.632m). A contribution of £0.294m was made to HRA reserves, compared with the estimate of £0.300m. A detailed analysis is provided on pages 3 to 5 of the Statement of Accounts.

### 4.2 Provisions

4.2.1 The Council's balances contain specific provisions for known liabilities where the timing or amount of the liability is uncertain. These are considered each year as part of the budget cycle to ensure adequacy and need, and are again reviewed at the year end, in considering the annual accounts.

4.2.2 In previous years there existed a number of such provisions, however changes in accounting rules now mean that these have largely been re-classified as Earmarked Reserves. The only provision that remains in the Council's accounts is for the maintenance of section 106 land, which totals £0.185m. This represents cash transferred to the Council when it takes responsibility for a package of land, and is designed to cover the maintenance costs for a period of normally five years.

### 4.3 Revenue Reserves

4.3.1 These are the reserves of the authority at 31 March 2003, consisting of Earmarked Reserves and the General Reserve.

#### Earmarked Reserves

4.3.2 Earmarked Reserves are sums of money which have been set aside for specific items of expenditure. These are excluded from general balances available to support revenue or capital expenditure. Earmarked Reserves totalling £4.972m, a decrease of £0.301m on last year's figure, are proposed and are detailed in Table 1.

Table 1: Earmarked Reserves

	31 March 2003 £'000
Insurance Fund	1,467
Budget Carry Forwards	422
Exceptional environmental conditions	500
Structural Changes	1,000
Corporate Innovations	250
School Reserves	990
Education Library Service	114
Repairs & Renewals	139
Major Repairs Reserve	90
<b>Total</b>	<b>4,972</b>

4.3.3 A large proportion of earmarked reserves have remained at or close to the level in the previous year. The principal exceptions are as follows:

- **Insurance Fund / Development Claims** – The Insurance Fund has been increased by the estimated value of excess payments that will arise from claims currently in the process of being settled (£0.118m). The earmarked reserve for Development Claims (£0.500m) has been incorporated within the Insurance Reserve, as this effectively represents a provision for uninsured losses from past developments that could potentially arise due to the former County Council's self insurance arrangements.
- **Regeneration of Bracknell** – The sum set aside in last year's accounts (£0.368m) plus an additional sum approved during the year (£0.283m) have now been fully spent.
- **Schools' Balances** – A sum of £0.322m has been used from schools' reserves to support expenditure in 2002/03. This is a reversal of the situation in recent years where schools' balances have been increasing.

4.3.4 Looking ahead, the earmarked reserves for Budget Carry Forwards, Corporate Innovations and the Education Library Service are expected to be fully utilised by the end of the current financial year.

#### General Reserves

4.3.5 HRA reserves have increased to £0.417m, allowing some flexibility in financing before the minimum prudent level of £0.300m is reached. However, it should be noted that the HRA does face significant expenditure pressures coupled with an almost complete lack of flexibility concerning rent increases over the next decade.

4.3.6 General Fund reserves now stand at £10.6m. An additional sum of £0.7m has been received from Reading BC since April, although the 2003/04 budget includes plans to spend £3.6m of the remaining reserves. Subject to the 2003/04 out-turn, reserves will be around £7.7m by the end of the current financial year, of which a maximum of £3.7m will be available for use. A key Council objective is to achieve a "soft landing" in balancing its expenditure to the level of annually generated resources in the medium-term. An important factor in achieving this is the careful and planned use of balances to support the revenue budget over the next three to four years.

#### **4.4 Other Balance Sheet Issues**

4.4.1 The balance sheet shows that the Council holds long-term assets valued at almost £750m, of which the most significant individual element is the Council's housing stock, valued at just over £350m.

4.4.2 The most significant changes from the balance sheet at 1 April 2002 relate to repayment of £15m of former County Council debt. This has resulted in a decrease in deferred liabilities (representing the amount of the former County Council's debt that this Council is responsible for), matched by a reduction in long term investments which were used to fund the repayment.

4.4.5 The amount owed to the Council by its debtors has increased by almost £3m. Revised processes for the central monitoring of debt recovery are being introduced as part of the implementation of the Council's new financial system, which will help ensure that this position is recovered by the end of the current financial year.

#### **4.5 Approval of the Statement of Accounts**

4.5.1 Each year the Council's Section 151 Officer (the Acting Director of Corporate Services) must formally sign off the accounts prior to audit. In addition, there is a new requirement to publish a corporate governance statement of assurance within the Council's 2002/03 statutory accounts. This statement must be signed by the Leader and Chief Executive on behalf of the Members & Officers of the Council. In addition, the Accounts and Audit Regulations 2003 require the Mayor as Chairman of the Council meeting formally approving the accounts to sign and date them.

#### **4.6 Audit of Accounts**

4.6.1 The Council's external auditors, KPMG, are currently undertaking their audit of the 2002/03 accounts. Any significant changes that are required to be made to the accounts resulting from the audit will be reported to the Council at a future meeting.

#### Contact for further information

Chris Herbert – 01344 355694

[Chris.herbert@bracknell-forest.gov.uk](mailto:Chris.herbert@bracknell-forest.gov.uk)

Stuart McKellar – 01344 352179

[Stuart.mckellar@bracknell-forest.gov.uk](mailto:Stuart.mckellar@bracknell-forest.gov.uk)

#### Doc. Ref

G:\Accounting Services\Final Accounts\2002-2003\Statutory Accounts\24 Sept 03 Statement of Accounts Council report.doc