
DRAFT FINANCIAL STATEMENT 2001/02

1 SUMMARY

- 1.1 I shall be sending under separate cover the draft financial statement which Members are requested to approve prior to its submission to the Council's external auditors.
- 1.2 The auditors have provisionally identified the first three weeks in September as their main audit visit. Following the conclusion of the audit, usually by the end of the year, the financial statement will be published and copies given to Members.

2 GENERAL FUND REVENUE ACCOUNT

- 2.1 The general fund recorded an under spend of around £100,000. A summary of the items, which were over or under budget in excess of £5,000, will be submitted to a next meeting of the Finance & Procedures Overview and Scrutiny Committee. Members should be aware that the gross expenditure of the General Fund was, for 2001/02, around £18.5m. Therefore this level of variation is around ½ of 1 %.

3 BUDGET STRATEGY RESERVE AND GENERAL FUND BALANCE

- 3.1 Due to the underspend, the total amount that was due to be drawn down from reserves will be reduced. The budget strategy reserve has now been fully utilised in 2001/02. Estimates were originally drawn on the basis of receiving the refund of National Non-Domestic rates in respect of Clements Hall in 2001/02. In the event this was not received until 2002/03 and therefore a temporary additional draw down of the general fund balance was required. As the refund was received in 2002/03, this will be replaced in the current financial year.

4 HOUSING REVENUE ACCOUNT

- 4.1 The estimated draw down of the Housing Revenue Account balance was £121,000. In the event there was no draw down for the year owing to underspends within the accounts. Here again, these will be reported to the Finance & Procedures Overview & Scrutiny Committee.

5 ASSETS OF THE AUTHORITY

- 5.1 It should be noted that there is a significant increase in the value of assets owned by the Authority. This reflects new valuations for both General Fund property and the Housing Revenue Account. Fixed Assets rose from £85m to £105m.

6 EARMARKED RESERVES

Earmarked reserves have risen from £1,084,453 to £1,395,657, an increase of £311,204. The major items in excess of £20,000 that make up this change are as follows; -

	£
Transfer from Town Centre Reserve to General Fund balance	(50,000)
Repairs and maintenance reserves	(54,316)
Leisure consultants	(34,684)
Grant funding - Communities against drugs	79,320
Leisure reserves	131,721
Major Repairs Allowance (HRA)	157,874
Grant funding – verification framework	25,000
Stock condition survey	35,000
Other items net	21,289

7 PENSION FUND - FINANCIAL REPORTING STANDARD 17 (FRS17)

- 7.1 Essex County Council manages the pension fund. The fund is subject to actuarial valuations every three years. The valuation at 31st March 2001 showed that overall the fund is in deficit and therefore additional contributions were required from the organisations that make up the fund. (e.g. Essex County Council, District Councils etc)
- 7.2 For the financial year 2002/03, additional contributions of around £50,000 were required from Rochford District Council. Lump sum contributions will increase in 2003/04 (£69,000) and further increase to £75,000 in 2004/05. Members are reminded that this Council has no discretion over the payments required from Essex County Council, who act as managers of the pension fund.
- 7.3 There is now a new requirement to include the assets and liabilities of the pension fund that relate to Rochford District Council within the

Financial Statement for Rochford. This new statement, prepared by the actuaries to the fund, shows the value of the assets related to Rochford as £20.5m and the liabilities as £28.5m. Therefore there is a deficit of £8m.

- 7.4 Essex County Council advise that to a great extent these figures are similar to the view that was taken during the actuarial valuation. However, we have not seen these figures expressed in total assets and liabilities before.
- 7.5 Members will be aware that the implementation of FRS 17 has caused significant controversy throughout the business world. The view of Essex County Council is that although there is a deficit on the fund, the method of determining assets and liabilities under FRS 17 increases that deficit.
- 7.6 This statement has to be included within the financial statement. The actual cost to the Council is determined by the actuarial valuation. The change in these figures was given in paragraph 7.2. It should be noted that the total value of the pension fund is around £2 billion.
- 7.7 In accordance with normal practice the Council have authorised our appointed external auditors (PKF) to contact Essex County Council auditors and the appointed actuaries to make whatever enquiries they need to make. They will at the end of this process include the FRS 17 statement within their certification of the accounts.
- 7.8 Although the FRS 17 is a new statement for inclusion within the accounts, there is no alteration in the way the pension fund operates or to the benefits payable to employees. These are in accordance with the national Local Government Pension Scheme.

8 MEMBERS' QUESTIONS

- 8.1 If Members wish to raise questions at any time after 30th July I shall be pleased to provide the information.
- 8.2 In my report to the next Finance & Procedures Overview and Scrutiny Committee, I shall include a summary of points raised.

9 RECOMMENDATION

It is proposed that the Committee **RESOLVES**

That the accounts be agreed for submission to the external auditors.

D Deeks
Head of Financial Services

Background Papers:

None.

For further information please contact D Deeks on:-

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