

**Report to:** Audit Committee  
**Date of meeting:** 25<sup>th</sup> June, 2007  
**Report of:** Head of Finance  
**Title:** Statement of Accounts - 2006/07

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1.0 **SUMMARY**

1.1 To receive and approve the Council's Final Accounts for the financial year 2006/07, and the statutory Statement of Accounts.

1.2 This report has been submitted late due to the pressure in achieving the tight timetable for the closure of the accounts. This has not allowed the statement of accounts to be prepared in line with the Committee agenda deadlines. As the Council must have its draft statement agreed by the end of June 2007 this report has to be considered by this Committee.

2.0 **RECOMMENDATIONS**

It is recommended that the Committee:

- i Agrees to the setting up of a LAGBI Reserve of £393,055 as outlined in paragraph 4.7.2.
- ii Agrees to a contribution of £400,000 to the Spend to Save Reserve as outlined in paragraph 4.7.3.
- iii Delegates authority to the Director of Finance in consultation with the Chair of the Audit Committee, to make any appropriate changes to the Statement of Accounts, including the technical adjustment for Charter Place, prior to submitting it to the external auditors for auditing.
- iv Approves the attached Statement of Accounts 2006/07 as required by the Accounts and Audit Regulations 2003.

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**Report approved by:** Janice Maule, Director of Finance

### 3.0 **CLOSURE OF ACCOUNTS PROCESS**

3.1 The closure process for 2006/07 has been conducted using a detailed timetable drawn up and agreed with our external auditors. Recommendations from the District Auditor's report on the 2005/06 accounts have been included. Officers are in the process of preparing a full set of papers to allow the Audit Commission team to review the Council's financial position as at 31st March 2007.

### 4.0 **Statement of Accounts**

4.1 The Statement of Accounts has been prepared in accordance with the Statement of Recommended Practice (SORP) and the Best Value Accounting Code of Practice (BVACOP), which are both regulated by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.2 The Statement of Recommended Practice (SORP) has been revised this year to include the following:

- i The revenue operating account is now an Income & Expenditure Account rather than a Consolidated Revenue Account. This is due to the need for Local Authorities accounting to comply with GAAP-Generally Accepted Accounting Practices. The changes involve the :
  - Removal of notional interest, capital financing charges, but not depreciation
  - Provision for profit & loss on the sale of fixed assets in the operating statement
  - Charging of service accounts for deferred debtors
- ii The introduction of a Statement showing the movements in General Fund Balances that ensures the Income & Expenditure Account has been adjusted for taxation purposes, and demonstrates that proper local government practices have been applied in determining the level of Council Tax charges levied.
- iii The name of the Consolidated Balance Sheet has been amended to simply state Balance Sheet. This is not because of a substantive change in its contents but because Consolidation is less appropriate with the change in the name of the operating statement.
- iv A new Statement of Total Recognised Gains and Losses-demonstrates how the movement in net worth in the Balance Sheet, is identified to the Income & Expenditure Account surplus/deficit and to other unrealised gains.

4.3 Some interim audit work has already started. The final audit is due to start in the first week of July 2007. The auditors expect to issue their audit report by September 2007. Any significant audit adjustments will be communicated to the Audit Committee in September, 2007.

#### 4.4 **Statement of Total Recognised Gains and Losses**

This Statement of Total Recognised Gains and Losses is a new statement which accords with Generally Accepted Accounting Practices. The statement shows the major outcomes which affect the net worth of the Council

- i Surplus or deficit on the Income and Expenditure Account. This figure is in accordance with Generally Accepted Accounting Practices, rather than the tax burden. The statement shows a deficiency in both 2005/06 (£131,000) and 2006/07 (£1.691 million), whilst compiled in accordance with local government statutory accounting and proper practice; previously, after allowing for reserve transfers, both years would have reported surpluses.
- ii Surplus or deficit on revaluation of fixed assets. In accordance with statutory requirements and proper practice the fixed assets subject to revaluation must be re-valued over a five year period, and Watford adopt a rolling programme of approximately 20% re-valued each year. The guidance on revaluation of Council Housing Stock is provided by the Government, and also reviewed every five years. In 2005/06 the guidance had the effect of reducing values nationwide, and a deficit of £67.1 million was sustained on revaluation. The outcome in 2006/07 was a surplus with a £39.9 million increase in value.
- iii Actuarial Gains and Losses on Pension Fund Assets and Liabilities. The Watford Council share of the Pension Fund is shown in the Council's Balance Sheet, and represents the excess of liabilities over assets held in the fund. The balance is subject to an Actuarial Valuation each year. In 2005/06 the fund showed a gain of £631,000, while in 2006/07 the gain was £7.8 million

Table 1 shows the full statement as reported in the Final Accounting Statements

**Table 1 Statement of Total Recognised Gains and Losses**

<b>2005/06 £000's</b>		<b>2006/07 £000's</b>
131	Deficit for the year on the Income and Expenditure Account	1,691
67,079	(Surplus) / Deficit arising on revaluation of fixed assets	-
-	Actuarial (gains) / Losses on pension fund assets and liabilities	-
<u>(631)</u>		<u>(7,804)</u>
<u>66,579</u>	Total recognised (gains) / losses for the year	<u>(46,018)</u>

#### 4.5 **Stock Valuation and Stock Transfer**

Another issue that needs to be highlighted is the value placed on the Council's Housing stock. In the final statements the value of Council Dwellings is stated at £389.3 million as at the 31<sup>st</sup> March 2007. The basis for this valuation is the Existing Use Valuation for Social Housing (EUV-SH). However, the transfer value of the Housing stock will be significantly different. The transfer value will be based on the Tenanted Market Value. (TMV). This value relates to the level of income and expenditure likely to flow from the management of the stock in the future.

4.6 In order to comply with good accounting practice, in closing the accounts the Council has also made:

- i) A bad debt provision for the following items:
  - Potential VAT error relating to 2000 of £195,0000
  - Debtor relating to Hertfordshire County Council for Highway Agency claims relating to 2000/03.
- ii) A write-off in the sum of £102,026 relating to an error brought forward from 2000/01 for an item which should have been charged to the revenue account in 2000/2001.

#### 4.7 **Reserves**

4.7.1 The Balance Sheet shows that the Council has balances as at 1st April 2007 of £2.047 million after the balances have been adjusted for the following contributions agreed as part of 2007/08 budget setting:

- i Increase the Special Projects Reserve by £0.1 million to offset redundancy and other eligible costs incurred in 2006/07 and 2007/08 as Guidance issued by the Department for Communities and Local Government (DCLG) makes it clear that obtaining consent to treat this kind of revenue expenditure as capital will be increasingly difficult.
- ii Increase the Special Projects Reserve by a further £0.9 million due to increasing pressure on what can be defined as 'Capital Expenditure' in line with good accounting practice and legislation.

4.7.2 Included in the general fund balances is a sum £393,500 which is LAGBI Grant that the Council has received. This was announced as part of annual distribution of the Local Authority Business Growth Incentive (LAGBI) which was unexpected for Watford. As the Council has not yet decided as to how this one-off funding will be used, it is recommended that the Council set up a LAGBI Reserve for this amount.

4.7.3 With the agreement of the Strategic Business Case to progress the scheme for joint working by Watford BC, Dacorum BC and Three Rivers DC, project management funding will be required. There will also be other upfront costs incurred with the objective being that the long term savings will more than off-set the upfront costs. Therefore, it is recommended that the Spend to Save reserve be increased by £400,000.

4.7.4 Therefore the balances can be assessed as follows:

**TABLE 2 - ASSESSMENT OF BALANCES**

	<b>£'m</b>
General Fund Balances as at 1 April 2007	2.0
Less: LAGBI reserve	(0.4)
Less: Contribution to the Spend to Save Reserve	(0.4)
<b>General Revenue Reserves remaining</b>	<b>1.2</b>

The remaining General Fund Balances will be the source of funding for all risks other than those covered by earmarked reserves and is consistent with the assessment made by the Director of Finance in the Budget Report..

## 5.0 GENERAL FUND

5.1 The net General Fund revenue spending in 2006/07 is £14.467 million, against a budgeted figure of £15.303 million, an under spend of £0.836 million.

5.2 An analysis of the variances (summarised by service) is outlined in Table 3.

**Table 3**

<b>Service</b>	<b>Budget £</b>	<b>Actual £</b>	<b>Variance £</b>
Leisure & Community Services	7,098,414	7,110,504	12,090
Environmental Services	6,874,713	6,728,707	(146,006)
Planning and Development	(2,392,757)	(2,967,852)	(575,095)
Housing	147,949	940,839	792,890
Managing Director	1,238,164	1,230,381	(7,783)
Strategic Services	703,071	482,434	(220,637)
Legal and Democratic Services	1,312,646	1,325,806	13,160
Human Resources	41,117	0	(41,117)
Revenues and Benefits	1,373,504	1,418,947	45,443
Business Information Systems	4,907	0	(4,907)
Finance	535,722	466,648	(69,074)
Corporate Financing	(1,633,950)	(2,269,335)	(635,385)
	<b>15,303,500</b>	<b>14,467,078</b>	<b>(836,422)</b>

5.3 The reasons for the outturn variances are explained in Table 4.

**Table 4 - 2006/07 Reasons for Variations**

<b>Actual</b>		
<b>Leisure and Community Services</b>	<b>Variance to Budget £</b>	<b>Comments</b>
Grants	(147,510)	<p>The underspend in the Grants budget is due to:</p> <ul style="list-style-type: none"> <li>• Women's Centre – (£20,110) - (£24,780) is an underspend in accommodation costs and the remaining £4,670 due to other minor variations.</li> <li>• Administration &amp; General – (£26,990) - (£18,520) is an underspend in salaries with the remaining due to other minor variations in the Admin &amp; General budget.</li> <li>• Mayor's Environmental Fund – (£32,280), this amount of the fund was not used.</li> <li>• Rights &amp; Advice – (£49,140) - (£56,000) relates to support service reductions from the HRA, with the remaining balance of £6,860 due to other minor variations.</li> </ul>
Leisure Operations	80,300	<p>The net overspend in Leisure Operations budget is due to:</p> <ul style="list-style-type: none"> <li>• Watford Baths - £57,010 - £64,680 is a reduction of income due to the closure of the swimming baths in 2006, with the balance (£7,670) due to other minor variations.</li> <li>• BECC - £22,260 - £26,710 is a reduction in income for Body Fit courses, with the balance (£4,450) due to other minor variations.</li> </ul>
Leisure	(32,260)	<p>The net underspend in Leisure is due to:</p> <ul style="list-style-type: none"> <li>• Support For The Arts – (£20,570) - (£28,340) is an underspend in salaries as there were vacancies throughout the year, with the remaining £7,770 due to other minor variations.</li> <li>• Sports Development – (£12,650) - (£6,710) is an underspend on coaching costs, with the remaining (£5,940) due to other minor variations.</li> </ul>
Parks & Open Spaces	111,560	<p>The overspend is due to:</p> <ul style="list-style-type: none"> <li>• Parks Development - £73,520 - £46,400 is an overspend in activities and £9,250 an overspend in play safety equipment. The balance is due to other minor variations.</li> <li>• Streetcare Grounds - £30,400 - £10,110 is an overspend on tree pruning, and the balance due to various minor under/ overspends.</li> <li>• The remaining £7,640 is due to other minor variations.</li> </ul>
<b>Total Leisure and Community Services' Variation</b>	<b>12,090</b>	

**Table 4.cont**

		<b>Actual</b>
<b>Environmental Services</b>	<b>Variance to Budget £</b>	<b>Comments</b>
Home Improvement Agency	(145,440)	Underspend mainly due to a reduction in the amortization of capitalised renovation grants.
Other minor variations	(566)	The remaining (£566) is a culmination of minor variations throughout all the services.
<b>Total Environmental Services Variation</b>	<b>(146,006)</b>	

		<b>Actual</b>
<b>Planning and Development</b>	<b>Variance to Budget £</b>	
Development / Building Control	(127,663)	Underspend due to : <ul style="list-style-type: none"> <li>• Increase in income received for planning applications of around (£76,000)</li> <li>• Underspend on salaries due to vacancies of around (£77,500)</li> <li>• Remaining balances due to minor over and under spends in various budgets within the Development / Building Control Budget of around £25,837.</li> </ul>
Planning & Transportation	(42,740)	Underspend due to : <ul style="list-style-type: none"> <li>• Decrease in emergency replacement bus Services costs (£32,900).</li> <li>• General budgetary underspend within the Car Parks Budget of around (£10,600).</li> <li>• Remaining balances due to minor over and under spends in various budgets within the Planning &amp; Transportation Budget.</li> </ul>
Property Services	(128,402)	Miscellaneous property – the actual rental income is higher than anticipated as the review of rents is done during the year.
Cardiff Road	(45,013)	The actual rental income is higher than anticipated as the review of rents is done during the year.
Harlequin Shopping Centre	(31,636)	Harlequin Centre – the actual rental income is higher than anticipated as the review of rents is done during the year..
Charter Place	(208,118)	Technical Adjustment that will reverse this entry, with the contra entry going into Corporate Finance.
Charter Place Market	69,091	Income less than budgeted on stall lettings
Construction and Property Services	(56,763)	Electrical testing/asbestos removal less than budgeted
	(20,134)	Non-recurring items less than budgeted
	16,282	Other minor variations
<b>Total P &amp; D Variation</b>	<b>(575,095)</b>	

**Table 4.cont**

		<b>Actual</b>
<b>Housing - General Fund</b>	<b>Variance to Budget £</b>	
Housing – General Fund	792,890	This is mainly due to the fact that the budget failed to reflect the loss of notional profit arising from the restructure of Building Services, leading to lower than budgeted surpluses. This was combined with more of the works being carried out by external contractors.
<b>Total – Housing GF - Variation</b>	<b>792,890</b>	

		<b>Actual</b>
<b>Managing Director</b>	<b>Variance to Budget £</b>	<b>Comments</b>
	(7,338)	Minor variations on supplies and services
<b>Total MD Variation</b>	<b>(7,338)</b>	

		<b>Actual</b>
<b>Strategic Services</b>	<b>Variance to Budget £</b>	
Communications	(15,360)	Underspends on the design, printing and distribution of area newsletters
Customer Service Centre	(94,775)	Underspend due to vacancies in the Customer Service Centre (68,967) and CSC software recharges less than budgeted (25,808).
Facilities Management	(203,790)	This is as a result of a change in the way that building cleaning costs for the Town Hall have been recharged. This was shown as a cost in Facilities Management when the budget was set but actual costs have been fully recharged to the appropriate service areas.
	25,861	Actual building maintenance recharge for the Town Hall is higher than the budget
	78,038	Notional interest no longer being charged to services. This is not a net overspend to the Council as other services receive a reduced recharge
Other minor variations in all areas	(10,611)	
<b>Total Strategic Services Variation</b>	<b>(220,637)</b>	



**Table 4.cont**

		<b>Actual</b>
<b>Legal &amp; Democratic Services</b>	<b>Variance to Budget £</b>	
Legal Services	55,000 (17,374) 9,900	Legal costs not in budget  Vacancies in Legal Services team, partly offset by additional external agency costs  Slippage of expenditure from 2005/06 for the new computer system
Democratic Representation	(41,148)	Members' remuneration and other costs less than in budget
Electoral Services	6,750  32	Election computer equipment required but not possible to fully fund from budget  Other minor variations
<b>Total Legal &amp; Democratic Variation</b>	<b>13,160</b>	

		<b>Actual</b>
<b>Revenues and Benefits</b>	<b>Variance to Budget £</b>	<b>Comments</b>
Income Administration	(20,010)	Overspend on income collected of £26,160 offset by year end Support Service adjustment to fully recharge service.
Benefit Fraud	(70,470)	Overspend on agency staff to cover vacancies etc. of £21,950 offset by year end Support Service adjustment to fully recharge service.
Taxation	62,700	Overspends on Salaries of £10,380 due to cost of agency staff covering sickness etc., Supplies and Services of £34,660 mainly printing and postage, Support Services Recharges of £6,750 and Income of £10,910 due to lower than expected summons costs.
Housing Benefits Administration	155,240	Overspends on Salaries of £103,000 due to cost of agency staff covering sickness etc., Supplies and Services of £21,000 mainly printing and postage and increase in Support Services Recharge of £31,240.
Housing Benefits Transfer Payments	513,280	Expenditure on benefits higher then initially estimated.
Housing Benefits Income	(595,300)	Additional subsidy resulting from additional spends above.
<b>Total</b>	<b>45,440</b>	

**Table 4.cont**

<b>Human Resources</b>	<b>Variance to Budget £</b>	
Human Resources Team	(34,192)	Costs of HR team not fully recharged in revised budget but actuals are recharged
	(6,925)	Other minor variations
<b>Total Human Resources Variation</b>	<b>(41,117)</b>	

<b>Actual</b>		
<b>Business Information Systems</b>	<b>Variance to Budget £</b>	
B.I.S. Services	(13,560)	Overspend on Salaries of £23,720 due to costs of Agency staff covering vacancies etc. offset by under spends on Supplies and Services of (£11,680) and Support Services of (£25,600).
B.I.S. Corporate Systems	(10,000)	Underspend of £82,900 is offset by recharge adjustment (£72,900).
Telephones	18,650	Actual expenditure higher than budget.
<b>Total BIS Variation</b>	<b>(4,910)</b>	

<b>Actual</b>		
<b>Finance</b>	<b>Variance to Budget £</b>	
Group Management Team	(25,440)	Support Services Adjustment to fully recharge Service.
Finance	(26,130)	The under spend is due to recharge for ICT Licences being lower than budgeted for.
Miscellaneous	179,850	The overspend is due to change in presentation of External Audit Fees resulting in two years fees being charged against budget.
Internal Audit	(10,590)	Support Services Adjustment to fully recharge Service.
Insurance Services	(181,650)	The under spend is due to a change in accountancy practice and the recharging to Services of all of the Insurance Services.
Procurement	(5,110)	Support Services Adjustment to fully recharge Service.
<b>Total Finance Variation</b>	<b>(69,070)</b>	

**Table 4.cont**

<b>Actual</b>		
<b>Corporate Finance</b>	<b>Variance to Budget £</b>	
Corporate Costs	(6,380)	Underspend on Corporate subscriptions.
Capital Accounting & Asset Rental	(84,910)	Technical Adjustments
Contributions, Transfers and Miscellaneous expenditure	(544,100)	Variations due to: <ul style="list-style-type: none"> <li>• FRS17 adjustments, amortisation of deferred charges, redundancy costs. This figure should be higher as a contra entry needs to be made from Charter Place.</li> <li>• Receipt of LAGBI grant of £393,000 which the Council had not budgeted for as the indications were that we would not receive any amount.</li> </ul>
<b>Total Corporate Finance Variation</b>	<b>(635,390)</b>	

## 6.0 Capital Expenditure

6.1 The General Fund capital expenditure in 2006/07 is £4.45 million, against a budgeted figure of £5.987 million, an under spend of £1.537 million. An analysis of the variances is outlined in Table 5.

**Table 5 – General Fund Capital Outturn Variations**

<b>Capital ~ General Fund</b>	<b>Variance to Revised Budget £</b>	<b>Comments</b>
ICT projects	(311,506)	Some ICT projects (e.g. DMP, e-democracy) did not complete in 2006/07 due to changes in priority & dealing with other projects such as the Service transformation programme. Due to the housing transfer less hardware/software has been purchased. Budgets partly returned to balances partly slipped to future years.
Redevelopment of Leisure Facilities	8,065	Minor Variation to profile.
Public Toilets and Refurbishment	(163,600)	Projects have been delayed. Slippage into 2007/08
Green Spaces Strategy	(210,500)	Budget profiling not correct and slipped into 2007/08.
Cardiff Road Health Campus	(345,143)	Slippage with expenditure taking place over several years. Final spend will be dependent on compensation agreements. Project will be re-profiling.
<b>Table 5 cont – General Fund Capital Outturn Variations</b>		
<b>Capital ~ General Fund</b>	<b>Variance</b>	<b>Comments</b>

	<b>to Revised Budget £</b>	
Private Housing Condition Survey	65,389	Slippage of expenditure from 2005/06.
Recycling Vehicles and Containers	(193,934)	Project is ongoing. Slippage into 2007/08 as the Re-cycling vehicles were received in April 2007
Empty properties (CPO's)	(226,260)	No CPO's completed in 2006/07. This budget is only for use when required. Underspend will be returned to balances.
Private Sector Grants	(145,440)	Budget is demand led.
Streetcare Depot	(150,000)	This project is still under review - no spend in 2006/07.
Community Centre Refurbishment	61,769	Budget is overspent due to additional spend needed on Holywell Community Centre.
Strategic Environmental Projects	11,616	Over spend relates to Bushey Arches gateway project.

Table 4 ...cont

Introducing Pay & Display to Surface Car Parks	(130,000)	Budget has been re-profiled and slipped into 2007/08
Adventure Playground Refurbishment	88,888	Overspend due to slippage from 2005/06 into 2006/07.
Office Moves	(22,306)	Slippage into 2007/08.
Charter Place	(70,671)	Re-development of Charter Place, expenditure is largely for fees. Under spend will be returned to balances.
Westfield	112,500	Final instalments of £112,500 made in 2006/07. This was a slippage from 2004/05 programme.
Other Variations	84,289	Minor Variations.
<b>Total General Fund Capital</b>	<b>(1,536,844)</b>	

6.2 The Housing capital expenditure in 2006/07 is £4.310 million, against a budgeted figure of £4.925 million, an under spend of £0.615 million. This includes expenditure on the schemes funded from the Major Repairs Reserve (MRR). Following the "yes" vote on housing stock transfer in November 2006, Housing programme has been managed to concentrate on essential decent homes standard work and make effective and full use of available major repairs reserve. It has been essential to remain flexible in spending in this area to ensure this. An analysis of the variances is outlined in Table 6.

**Table 6 – Housing Capital Outturn Variations**

Kitchen re-planning & replacement	(49,960)	Slippage into 07/08.
Boiler Replacement & Central Heating	(479,201)	New contract did not start until very late in the year.
Bathrooms (Plumbing planned maintenance)	(60,052)	Programme of work not required following "yes" vote
Cavity insulation - Abbots Garden	43,858	This was a commitment by WBC to contribute to work funded by Powergen for Access, Scaffolding etc. on energy efficiency.
High Level Work – Roofing, etc.	182,290	Accelerated programme of works following "yes" vote
Rewiring	(20,670)	Minor underspend on a £1m budget.
I.T. development	34,477	Development work identified after tenants ballot.
Entry Phones and Emergency Alarm Systems	105,870	Project late starting due to legal delays.
Window replacement	(22,847)	One off contract completed under budget.
Environmental Improvements (Estate Improvements)	40,558	This project was slippage from 2004/05
Stock Condition Survey	(57,892)	This project slipped into 2007/08.
Improvements Meriden High Rise	(500,000)	Programme of work not required following "yes" vote.
Hostel repairs	(144,248)	Project slipped into 2007/08
Water Tank Renewal	211,925	Additional spend due to work required to meet new regulations.
Door Renewal	(118,194)	Project slipped into 07/08.
Fencing / Gates	80,120	Additional expenditure due to severe weather.
Other Housing	138,440	Accelerated programme of work following "yes" vote and more concentration on some type of work.
<b>Total Housing (Inc MRR) Capital</b>	<b>(615,527)</b>	

## 7.0 Housing Revenue Account (HRA)

7.1 The HRA is the ring fenced Landlord's account and must not run into deficit overall. In the year 2006/07 there was a significant development affecting the Housing Revenue Account. Council tenants voted "yes" in favour of large scale housing stock transfer (LSVT). Budgets have variations within some service areas, however overall the HRA budget is under spent.

7.2 The outturn position for 2006/07 is that there is a surplus of £531,628 against the budget as outlined in Table 7.

**Table 7**

<b>Housing Revenue Account</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variation</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>	(31,725,370)	(19,182,200)	12,543,171
<b>Expenditure</b>	31,778,540	18,650,271	(13,128,269)
<b>Net Housing Revenue Account</b>	53,170	(531,628)	(585,098)

7.3 An analysis of the variances is outlined in Table 8.

**Table 8**

<b>Housing Revenue Account</b>	<b>Variance to Budget</b>	<b>Description</b>
	<b>£</b>	
<b>HRA Subsidy</b>	(279,417)	Award of rental constraints allowance made in the year to offset loss of rent resulting from 5% overall cap on rent increase for year, resulting in less negative subsidy paid to the DCLG.
<b>Rental and Charges Income</b>	244,915	Increase in void rate for Hostels plus original budget is based on Rent restructuring assumptions at that time. Rent increase overall was capped later to 5% and rental constraint allowance (see above) was awarded to offset this rent loss.
<b>Other Income</b>	(52,341)	Supporting people grant rec'd been higher then budget. This grant depends on number of clients in each scheme. Plus some minor variations
<b>Repairs and Maintenance</b>	492,068	Additional recharge from the DLO to offset their higher costs resulting from the extensive use of subcontractors.
<b>General &amp; Special Management Costs</b>	(829,757)	Revenue contribution to capital not made due to Housing stock transfer "yes" vote and enough other resources available to finance capital programme. There were also some minor overspends due to increase in utility charges in some areas.

**Table 8 cont**

<b>Housing Revenue Account</b>	<b>Variance to Budget £</b>	<b>Description</b>
<b>Pre Ballot Costs</b>	17,000	Small overspend on HRA share of pre ballot costs incurred on consultancy fees.
<b>Provision for Bad Debt</b>	54,590	Increase in bad debt provision to reflect rent arrears write off in the year and current level of rent arrears.
<b>FRS17 – Pension Fund Transfer</b>	(190,296)	Final Adjustment to Pension fund as per FRS17 resulting in this underspend.
<b>Capital Charges &amp; Depreciation</b>	225,552	Increase in capital charges reflects current valuation per instructions from the DCLG.
<b>Other Operating Adjustments</b>	(245,873)	Higher transfer (Technical Adjustment) from MRR to the HRA as a result of higher valuation and depreciation charge to the HRA.
<b>Rents, rates &amp; Taxes</b>	(15,219)	Lower C/Tax and rates charges in the year.
<b>Other Variations</b>	(6,320)	Other Minor Variations
<b>Total</b>	<b>(585,098)</b>	

## 8.0 **IMPLICATIONS**

8.1 Financial - There are no direct financial implications arising from this report.

### 8.2 Legal Issues

8.2.1 The Council is obliged under the Accounts and Audit Regulations 2003 (as amended in 2006) to have its 2006/07 statement of accounts approved within 3 months of the end of the accounting period.

8.2.2 The Accounts and Audit Regulations 2003 statutory instrument 533 requires that the Statement of Accounts is prepared in accordance with these regulations and “Before the approval referred to in paragraphs (3 ) and (4) is given, the responsible financial officer of a relevant body shall sign and date the Statement of Accounts, Income and Expenditure Account and Statement of Balances, or record of Receipts and Payments, as the case may be, and shall certify that it presents fairly the financial position of the body at the end of the year to which it relates and its Income and Expenditure or that it properly presents Receipts and Payments, as the case may be for that year.

- (a) The Statement of Accounts as required by Regulation 7 (1) or Regulation 7 (6), as the case may be, shall be approved by a resolution of a committee of the relevant body or otherwise by a resolution of the members of the body meeting as a whole, such approval to take place as soon as reasonably practicable and in any event before 30<sup>th</sup> June immediately following the end of a year, and
- (b) Following approval in accordance with sub-paragraph (a), the Statement of Accounts shall be signed by the person presiding at the committee or meeting at which that approval was given”.

### Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.”

Working Papers for 2006/07

Accounts and Audit Regulations 2003 (as amended in 2006)

The Statement of Recommended Practice (SORP)

### File Reference

*None*