
STATEMENT OF ACCOUNTS 2003/04

Responsible Cabinet Member(s) – Councillor Don Bristow,
Resource Management Portfolio

Responsible Director(s) – Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. The report is presented to seek approval of the Council's Statement of Accounts for 2003/04 and the establishment of a specific reserve.

Background

2. The Accounts and Audit Regulations 2003 require local authorities to approve their 2003-04 Statement of Accounts (SOA) by 31st August 2004. Under the Regulations, the deadline for approval is to be brought forward to 30th June by 2006. The Council's Constitution requires that approval be given by full Council. Following Council approval, the accounts will be subject to examination by the Council's Auditors, commencing in August 2004.
3. Timely financial reporting is an indicator of the quality of financial management in any organisation and increasing attention is being given nationally to the timeliness of local authorities' financial reporting. It is, therefore, very pleasing to be able to present the attached draft Statement of Accounts for 2003-04 more than one month ahead of the current statutory deadline.

Information

4. The SOA is attached at **Appendix 1**. It is presented in the format prescribed by regulation, which differs in a number of respects from the format used for internal financial management purposes.
5. The General Fund Reserve at 31st March 2004, including departmental balances, is £4.9m, which is £0.4m better than the Medium Term Financial Plan (MTFP), after making provision in the accounts for £3.2m Single Status settlement payments. The Housing Revenue Account working balance at 31st March 2004 is £0.5m. The Council's financial results for 2003-04 were reported to Cabinet on 13th July 2004 in the format used for internal financial management purposes.
6. As Members are aware the freedoms of Prudential Borrowing were introduced on 1st April 2004. This means that the Council can borrow money without Government approval subject to prudential limits. This has given a year-end opportunity to offset some borrowings with

cash capital resources sitting on the balance sheet. The effect has been to reduce borrowings by £3.175m by utilising all remaining General Fund capital receipts.. This will have a positive impact on the 2004/05 Capital Financing Budget of £0.128m. The £3.175m will then be re-borrowed as and when necessary during 2004/05.

7. As required by accounting regulations, formal approval is requested to establish a specific reserve. Following the successful outcome of arbitration with Durham County Council, the Council now holds 6.66% of the shares in Teesside International Airport and 16% of the shares of Premier Waste Management Ltd both of which have been combined in an Investment Reserve.

Outcome of Consultation

8. No consultation has been undertaken on the subject of this report.

Legal Implications

9. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Council Policy Framework

10. The issues contained within this report are required to be considered by Council.

Recommendation

11. Council is requested to approve: -
 - (a) The establishment of an Investment Reserve that includes Teesside International Airport (£1.767m) and Premier Waste Management Ltd (£0.220m)
 - (b) The draft Statement of Accounts for 2003-04.

Reasons

9. The recommendations are supported by the following reasons:
 - (a) To meet statutory requirements for formal approval by Council of the draft Statement of Accounts.
 - (b) To establish reserves in the interests of sound financial management and in compliance with legal requirements.

Paul Wildsmith
Director of Corporate Services

Background Papers

- (i) Council's accounts 2003-04
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(ii) Budget 2003-04

David Hall: Extension 2303