

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
MONDAY 18 SEPTEMBER AT 10.00 AM**

**EXECUTIVE COMMITTEE
MONDAY 18 SEPTEMBER 2000 AT 2. 15 PM**

Agenda Item No:

1

ANNUAL STATEMENT OF ACCOUNTS 1999/2000

Report of the Chief Financial Officer

Authors: Jill Laycock, Group Manager, Corporate Finance (Tel: 01992 555388)
Les Pollard, Accountant, Corporate Finance (Tel: 01992 555388)

1. Purpose of Report

To seek member's approval of the County Council's 1999/2000 Statement of Accounts.

2. Introduction

- 2.1 The 1996 Accounts and Audit Regulations require the County Council to approve the 1999/2000 Annual Statement of Accounts before 30 September this year. Under the new arrangements this approval will need to be exercised by the Cabinet and the Executive Committee.
- 2.2 The 1999/2000 County Council Statement of Accounts has been prepared in accordance with Chartered Institute of Public Finance and Accountancy recommended best practice and has been certified by the Chief Financial Officer.
- 2.3 The Statement of Accounts is subject to District Audit inspection. If any changes to the statement are required as a result of the audit they will be reported to Cabinet and the Executive Committee.
- 2.4 In accordance with Urgency procedures, this report will be circulated to the lead member of the majority group (David Lloyd) and the lead member of the Opposition (Ian Laidlaw-Dickson), on the Resources, Prosperity, Partnership and Consultation Select Committee, for their consideration. Their comments on the report will be communicated to Cabinet members prior to this meeting. *No comments had been received at the time of despatch of this report for the Cabinet and Executive meetings.*

3. Outturn and General Balances

- 3.1 The Policy Committee on 20 July 2000 received a report on the 1999/2000 provisional outturn against budget. Taking into account the forecast budget outturn and carry forward requests General Balances of £13.1m were estimated at 31 March 2000.
- 3.2 Actual General Balances at 31 March 2000 as reported in the attached accounts are £2.9m and allowing for the budgeted changes in balances during 2000/2001 the forecast level of General Balances at 31 March 2001 remains unchanged at £15.2m.
- 3.3 Actual General Balances at 31 March 2000 are £13.1m. The following table reconciles this amount to the figure stated in the Council's accounts:

	£m
General Balances per accounts	2.9
Capital expenditure financed in advance of resource	8.1
Slipped Capital Receipts	<u>2.1</u>
Actual level of General Balances as at 31 March 2000	<u>13.1</u>

The slipped capital receipts are being received in the current year and a receipt in respect of Welwyn Garden Schools prefunded capital expenditure will be received in October.

- 3.4 Although resulting in no change to the level of General Balances previously forecast, the following changes from the outturn report to Policy Committee on 20 July 2000 have been reflected in the Statement of Accounts.

	£m
Increase in service underspends	(0.2)
Capital Slippage not required	(0.4)
Fire Service backdated pay award	0.2
Mental Health Act 1983 Court of Appeal decision re aftercare services	<u>0.4</u>
Change in forecast level of balances	<u>0.0</u>

- 3.5 Resulting from a review of the level of older invoiced debt it has been considered prudent to reduce the amount of the bad debt provision as at 31 March 2000 by £1m. This amount has been used to set up an additional provision of £0.5m for possible reimbursement to Social Services clients of costs associated with aftercare services as a result of a recent Court of Appeal decision. The balance of £0.5m has been applied to an insurance reserve to meet potential costs relating to a recent House of Lords decision relating to a failure to educate case for which the County Council has limited insurance cover.

4. Conclusion

- 4.1 The County Council's actual service expenditure outturn for 1999/2000 is in line with the projection made to this Committee on 20 July 2000.
- 4.2 The Medium Term Financial Forecast presented to the Policy Committee on 20 July 2000 forecast a level of General Balances at 31 March 2001 of £15.2m. This forecast assumed a number of balance sheet items being transferred to General Balances during 2000/01 and that approval be given to use £2.5m of balances to meet the cost of the Children, Schools and Families Review. The result of the 1999/2000 closure of accounts is that the forecast level of balances as at 31 March 2001 remains unchanged at £15.2m. However, the published figure may be lower due to capital expenditure on self financing schemes at Borehamwood being incurred in advance of the capital receipt being received.
- 4.3 The 1996 Accounts and Audit Regulations require this Committee's approval of the 1999/2000 accounts before 30 September 2000. The Regulations also require that any subsequent material amendments to the approved accounts, arising as a result of the external auditor's inspection, are reported to this Committee for approval.

Background information referred to by the authors whilst compiling this report

Accounts and Audit Regulations 1996
Draft Statement of Accounts 1999/2000

If you would like to know more about the issues referred to in this report please contact Jill Laycock, Group Manager, Corporate Services (Tel: 01992 555388)