

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET  
MONDAY 17 SEPTEMBER 2001 AT 10.00 AM**

**EXECUTIVE COMMITTEE  
MONDAY 17 SEPTEMBER 2001 AT 2.15 PM**

Agenda Item No:

**1**

**ANNUAL STATEMENT OF ACCOUNTS 2000/2001**

Report of the Finance Director

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Executive Member: David Beatty

**1. Purpose of Report**

To seek approval of the County Council's 2000/2001 Statement of Accounts.

**2. Introduction**

- 2.1 The 1996 Accounts and Audit Regulations require the County Council to approve the 2000/2001 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 2000/2001 County Council Statement of Accounts has been prepared for the first time on a Best Value basis in accordance with Chartered Institute of Public Finance and Accountancy recommended best practice and has been certified by the Finance Director.
- 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 (Alan Searing) 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 reported separately.

**3. Outturn and General Balances**

- 3.1 The final accounts show underlying general balances of £16.9m at 31 March 2001, after allowing for carry forward requests, compared to the previous forecast of £15.7m. The increase of £1.2m is due to an increase in service underspends (£0.5m) and specific reserves no longer required and therefore released into general reserves (£0.7m).

- 3.2 However, actual balances stand at £4.8m because reserves have had to be used to fund capital expenditure in advance of capital receipts. A similar situation occurred at 31 March 2000. Capital spending in advance of receipts at the end of 2000/01 is £12.1m.
- 3.3 As capital receipts can only be applied for capital purposes, it is necessary to make a number of technical adjustments, to enable receipts in 2001/2 to replenish revenue reserves, in particular:
- reduce the planned use of £2.9m balances to support the current year's budget by identifying capital items and charging them to the capital programme;
  - complete the CSF systems project through the capital programme and return the associated specific reserve back to general balances.
- 3.4 If the above strategy is adopted and if the timing of receipts can be brought back on schedule, the actual and underlying level of balances will coincide at £14.0m at 31 March 2002. As some of the receipts are very large, and it cannot be assumed that all disposals will be completed as planned, it would not be prudent to make financial decisions based on this estimate of balances at this point in time.

#### **4. Conclusion**

- 4.1 The County Council's actual service expenditure outturn for 2000/2001 is £0.5m lower than previously forecast and underlying general balances at 31 March 2001 are £16.9m.
- 4.2 The forecast level of balances as at 31 March 2002 is £14.0m, compared to the previous forecast of £12.8m, after taking into account the proposed use of £2.9m of General Balances to support one-off growth items in the 2001/2 budget. However, there continues to be a risk that, because of the size and timing of some receipts, the published figure may be lower.
- 4.3 The 1996 Accounts and Audit Regulations require the Executive Committee's approval of the 2000/2001 accounts before 30 September 2001. 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 2000/2001

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