

LONDON BOROUGH OF RICHMOND UPON THAMES

STATUTORY ACCOUNTS COMMITTEE

Agenda Item No.

DATE: 28 JUNE 2004

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**REPORT OF: DEPUTY LEADER AND CABINET MEMBER
FOR STRATEGY AND FINANCE**

SUBJECT: STATEMENT OF ACCOUNTS 2003/04

WARDS: ALL

KEY DECISION? N

1. Summary

The report shows the Statement of Accounts for the financial year 2003/04.

2. Recommendation

That the Committee approve the attached Statement of Accounts.

3. Details

3.1 The duty to approve the Statement of Accounts under the Accounts and Audit Regulations is a non-Executive function reserved to the Council or an appropriately established Committee of the Council. The Council's accounts were substantively closed on 9th June, maintaining the recent record of early closure.

3.2 The Statement of Accounts is a technical accounting document. Its form and content are specified in the Code of Practice on Local Authority Accounting in Great Britain. The Council's Statement of Accounts is attached as Appendix A. The Statement is, at this time, unaudited. It is expected that the audit will be completed by October.

3.3 Some of the key figures within the accounts are set out below:

Description	31.3.03 £000	31.3.04 £000	Para.
Revenue Balances			
General Fund (ex Schools)	-6,929	-11,353	3.3.1
Schools	-2,378	-2,828	3.3.2
Infrastructure Reserve	-9,583	-10,809	3.3.3
Repair and Renewals Reserve	-1,000	-3,337	3.3.3

Description	31.3.03 £000	31.3.04 £000	Para.
Bad Debt Provisions			
General Fund ex Housing	-2,903	-2,244	3.3.4
General Fund Housing	-3,509	-3,138	3.3.4
Collection Fund	-4,542	-3,932	3.3.4
Usable Capital Receipts	-11,096	-14,034	3.3.6
Debtors (net of provisions)	16,403	16,415	
Creditors	-24,955	-23,552	
Loans outstanding	-41,598	-38,963	
Investments	64,267	77,310	3.3.7
Value of Fixed assets	340,973	475,220	3.3.8

- 3.3.1 The Council's general balances have increased to £11.3m in 2003/04 and now represent approximately 6% of the Council's net budget or roughly 3 weeks Council expenditure.
- 3.3.2 The Schools' balances increased by £450k to £2.828m in 2003/04, which represents approximately 5% of schools delegated budgets.
- 3.3.3 The Infrastructure Reserve and the Repair and Renewal Reserve now total £14.146m. Of these amounts, £8.9m is committed to funding schemes in the 3 year Capital Programme.
- 3.3.4 General Bad Debt provisions decreased by £1.6m in 2003/04.
- 3.3.5 The need for both robust general balances and significant funds for investment in infrastructure have been set out in detail in previous reports. They particularly include the need to protect against significant changes in demand led budgets, the continuing uncertainty over the grant settlement from Central Government, the increasing pressures on Greater London and Government spending and, in particular, noting that the value of the protection offered by the "floor" mechanism to the Council is more than £6m per annum. Were the floor to be removed, this would not be a one off problem but would present lasting structural issues. Any prudent financial strategy has, therefore, to adopt structural precautions around its loss, with direct implications for the level of balances.
- 3.3.6 Whilst usable capital receipts have increased, these are committed to funding the Capital Programme over the next 3-5 years and the ability to generate additional receipts will diminish as the Council's stock of saleable assets reduces.
- 3.3.7 The rise in the level of investments reflects the significant underspends in revenue budgets and the slippage in the Capital Programme.
- 3.3.8 The increase in the value of fixed assets is because of cyclical revaluations of assets rather than acquisitions. The majority of the increase relates to schools.

4. Financial implications

These are contained in the body of the report.

5. Policy and Equality Implications

The financial performance of the Council underpins the delivery of all the services of the Council.

6. Background Papers

Accountancy working papers.

7. Contacts

Mark Maidment, Director of Finance & Corporate Services
Tel: 020 8891 7171
e-mail: m.maidment@richmond.gov.uk

Councillor Nicholas True
✉ cllr.ntrue@richmond.gov.uk