

Accounts and Regulatory Committee

Grand Jury Room, Town Hall
26 July 2011 at 6.00pm

This committee deals with items such as the approval of the Council's Statement of Accounts, hearing and determining all appeals by employees relating to dismissal, and makes recommendations to the Council on functions such as Health and Safety and Elections.

Information for Members of the Public

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Private Sessions

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There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

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COLCHESTER BOROUGH COUNCIL
ACCOUNTS AND REGULATORY COMMITTEE
26 July 2011 at 6:00pm

Members

Chairman : Councillor Sue Lissimore.
Deputy Chairman : Councillor Will Quince.
Councillors Michael Lilley, Jon Manning, Gerard Oxford,
Mark Cory, Annie Feltham, Scott Greenhill, Pauline Hazell
and Justin Knight.

Substitute Members : All members of the Council who are not Cabinet members or members of this Panel

Agenda - Part A

(open to the public including the media)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

Pages

1. Welcome and Announcements

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3. Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any personal

interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

5. Minutes

1 - 2

To confirm as a correct record the minutes of the meeting held on 28 June 2011.

6. Have Your Say!

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

7. The Review of Polling Districts and Polling Places

3 - 6

See report from the Head of Corporate Management.

8. Draft Annual Statement of Accounts

7 - 10

See report from the Head of Resource Management.

9. Exclusion of the public

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

ACCOUNTS AND REGULATORY COMMITTEE

28 JUNE 2011

Present :- Councillor Sue Lissimore (Chairman)
Councillors Mark Cory, Annie Feltham, Scott Greenhill,
Justin Knight, Michael Lilley, Jon Manning and
Will Quince

Substitute Member :- Councillor Beverly Davies for Councillor Pauline Hazell

Also in Attendance :- Councillor Colin Sykes
Councillor Paul Smith

3. Minutes

RESOLVED that the minutes of the meetings held on 22 February 2011 and the 18 May 2011 were confirmed as a correct record.

4. Audit Fee Letter

Ms. Debbie Hanson, District Auditor, attended the meeting for this item and presented the report on the Audit Fee Letter 2011/12.

Ms. Hanson said the charge for 2011/12 was based on the 2010/11 fee, but adjusted to reflect a reduction in the work during 2011/12. Ms. Hanson said it had therefore been determined that the fee would be the 2010/11 less 5%, providing a fee of £132,573 (down from £139,550).

Ms. Hanson responded to Councillor Manning, saying it was unlikely that the fee would rise, though a significant change to the work programme could result in a further fee reduction.

RESOLVED that the Committee noted the Annual Audit Fee Letter for 2011/12.

Councillor Colin Sykes (in respect of his membership of Stanway Parish Council) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

5. Stanway Community Governance Review

Councillor Colin Sykes addressed the Committee to explain that the report was recommending that the review continued on to the final stage of consultation, and asked the Committee to support this decision.

Councillor Sykes said he believed the current boundary was an anomaly, there due to the heavy-handedness of the Boundary Commission. Councillor Sykes spoke about

the imbalance in the Parish Councillor ratio to the electorate within each of the two Parish Wards, concluding that a return to one Parish Ward served by fifteen members was a far more equitable way of spreading the workload.

Councillor Cory, representing the Wivenhoe Ward that had itself been the subject of a similar type of review in 2010, to combine its two Town Council wards, completely agreed with the comments of Councillor Sykes saying it would allow Councillors to be more representative of the whole electoral area. Councillor Cory supported the decision to continue the consultation process.

Councillor Manning said he fully supported the decision to continue the consultation process, adding that the single Parish Ward would enhance community engagement.

RESOLVED that the Committee noted the outcome of the initial public consultation to combine the two parish wards and create one electoral area, and approved the draft proposal for further consultation.

6. Annual Statement of Accounts 2010/11 - Revised Procedures

Mr. Steve Heath, Finance Manager, presented the report to the Committee, notifying Members of the revised procedures for the Annual Statement of Accounts (ASOA) 2010/11.

Mr. Heath said the ASOA 2010/11, to be approved by the Council's Section 151 Officer would be presented to the next meeting of the Committee. Mr. Heath said the Committee would receive a separate internal briefing session on the ASOA prior to approval.

RESOLVED that the Committee noted the revised procedures for the approval of the accounts and agreed to a separate internal briefing session immediately prior to the meeting to approve the ASOA.

7. Annual review of the Governance Framework and 2010-11 Statement

Ms. Hayley McGrath, Risk and Resilience Manager, presented the report on the Annual review of the Governance Framework and 2010/11 Statement, a report that provided an explanation of the Annual Governance Statement to be reported to the Committee later in the year.

RESOLVED that the Committee approved the Annual Governance Statement for 2010/11 and considered and noted the Annual Governance Statement Action Plan for 2011/12.

Report of	Head of Corporate Management	Author	Sarah Cheek
Title	Review of Polling Districts and Polling Places		☎ 282271
Wards affected	All wards of Colchester Borough Council		

This report concerns a statutory review of all polling districts and polling places

1. Decision Required

- 1.1 To note the requirement to carry out a review of polling districts and polling places arrangements.

2. Reasons for Decision

- 2.1 Section 16 of The Electoral Administration Act 2006 (EAA 2006) requires every relevant authority to have undertaken and completed a review of all polling districts and polling places in its area by 31 December 2007.
- 2.2 Following the first review, the relevant authority must then complete a further review before the end of the period of four years, in effect this means by the 31 December 2011.

3. Alternative Options

- 3.1 This review is a statutory requirement.

4. Supporting Information

Polling Districts and Polling Places

- 4.1 A polling district is a geographical sub-division of an electoral area, i.e. a borough ward. A polling place is a geographical area in which a polling station is located. However there is no legal definition of this so it could be the polling district itself, or the building used for voting.

Implementation

- 4.2 The EEA 2006 requires the relevant authority to publish notice of the holding of a review. This will be posted by notice in the Borough and on the CBC website with the required 30 day deadline for invitation of comments. See item 7 for details of consultation.

Timetable

4.3 The requirement is that the review should be completed within 4 years of the initial review, before 31 December 2011. This involves publishing a new Register of Electors and therefore it would seem sensible to conclude the review before the updated register is published on 1 December 2011 in order to avoid re-publishing.

4.4 The final recommendations should be ratified by full Council.

4.5

Accounts and Regulatory Committee	Tuesday 26 July 2011
Notice of Review (Commencement)	Monday 1 August 2011
End of consultation period	2 September 2011
Accounts and Regulatory Committee	Thursday 29 September 2011
Full Council	Thursday 19 October 2011
Publication of review result (Subject to Council approval)	Friday 28 October 2011
Publication of the register	Thursday 1 December 2011

5. Proposals

5.1 Schedule of current polling districts and place, outlining proposed changes will be made available to all parties.

5.2 That comments from members and interested parties be collated by the Electoral Services Manager.

5.3 That the Electoral Services Manager undertakes visits to polling districts and polling stations where comments are received or issues arisen to ascertain suitability.

5.4 That Electoral Services Manager report back to committee with draft proposals

6. Strategic Plan References

6.1 There are no particular references to the Strategic Plan, financial or risk management implications.

7. Consultation

7.1 The requirements are that the relevant authority to actively seek representations from;

- The Returning Officer for the area of the Constituency the authority covers; and
- Any persons as it thinks have particular expertise in relation to access to premises or facilities for persons who have different forms of disability.
- In addition, any elector in the constituency may make representations on the designation of polling places.
- The relevant elected member for the borough and county area as well as the appropriate MP and parish council will also be consulted.

8. Publicity Considerations

- 8.1 During the 30 day period of consultation maps and current polling district electorates as well as any other relevant information will be available for public inspection as well as details listed on the council's website.
- 8.2 Upon conclusion of the review, any elector who is affected with a change in polling station will be contacted and the new polling location explained.
- 8.3 The final recommendations will be published for public inspection and details listed on the council's website

9. Financial implications

- 9.1 There are no financial consequences arising from this report for the Borough Council.

10. Equality, Diversity and Human Rights implications

- 10.1 An Equality Impact Assessment has been completed and is available on the Council's website:

11. Human Rights Implications

- 11.1 The purpose of the review is to ensure that all polling areas have good access for all members of the community and that persons with any type of disability have access to the voting process.

12. Community Safety Implications

- 12.1 There are no community safety implications.

13. Health and Safety Implications

- 13.1 There are no health and safety implications associated with this decision.

14. Risk Management Implications

- 14.1 There are no risk management implications.

Background Papers

Non at this stage.



Accounts and Regulatory Committee

Item

26 July 2011

Report of	Head of Resource Management	Author	Steve Heath ☎ 282389
Title	Draft Annual Statement of Accounts 2010/11		
Wards affected	Not applicable		

This report presents the Draft Statement of Accounts for 2010/2011

1. Decisions Required

- 1.1 To consider this report and supporting information relating to the pre-audit Statement of Accounts for 2010/11 prior to a internal briefing session for the Committee and the deadline for approval of the audited accounts on 30 September 2011.

2. Procedure

- 2.1 The Finance and Audit Scrutiny Panel were notified of the changes to the accounts as a result of the introduction of International Financial Reporting Standards (IFRS) at the meeting of 29 March 2011. The panel were also informed of potential changes to processes resulting from revisions to the Accounts and Audit Regulations at the meeting of 28 June 2011.
- 2.2 The draft accounts were certified by the responsible financial officer on 30 June in accordance with the statutory deadline. The Accounts and Regulatory Committee are no longer required to approve the draft accounts. However, it is suggested good practice to publish the draft statement of accounts on the Council's website, which would be in line with the Government's policy of increased transparency.
- 2.3 An internal briefing session is planned to take place prior to the Committee where Members are asked to approve the certified accounts. This will seek to clarify the IFRS changes, explain the purpose of the main statements, and provide a broader understanding of the content of the accounts. This, in turn, should enable Members approving the accounts to be satisfied that the presentation appears appropriate, and that the accounts are consistent with other financial information provided.
- 2.4 The final accounts audit is now underway, and the External Auditor will report to the meeting of this Committee on 27 September. The report will address any matters arising out of the final accounts audit and comment on the proposed opinion on the accounts. The responsible financial officer must re-certify the presentation of the annual accounts before Member approval is given.
- 2.5 The Council needs to have secured approval and published the accounts with the audit opinion and certificate by the statutory deadline of 30 September 2011. The published statement, including the auditor's opinion, will then be reported to the meeting of the Committee on 18 October 2011.

3. Statement of Accounts 2010/11

- 3.1 The Statement of Accounts for 2010/11 has been prepared using the IFRS based Code of Practice on Local Authority Accounting. The Code's requirement of the retrospective application of the new accounting policies has resulted in the

restatement of various balances and transactions. This has led to the preparation of an updated Balance Sheet as at 1 April 2009, and a restated 2009/10 Balance Sheet and Comprehensive Income and Expenditure Statement. Annex 1 to the Statement of Accounts explains the differences between the amounts presented in the 08/09 and 09/10 accounts (under the SORP) and the IFRS figures presented in the 2010/11 accounts. The main changes are summarised below:

Non Current Assets

- 3.2 The significant components of property, plant and equipment assets that have different useful economic lives for depreciation purposes are now required to be recorded valued and depreciated separately within the accounts. Assets held for sale are expected to be sold within 12 months and so are revalued to the current market value and included within current assets. Further changes include a distinction between revaluation and impairment losses, revaluation gains being able to reverse previous revaluation losses, and the re-classification of certain types of asset.

Finance Leases

- 3.3 The new classification criteria for operating and finance leases for land, buildings, plant, vehicles and equipment has led to more leases being classed as finance leases, and brought onto the Balance Sheet as assets.

Grants and Contributions

- 3.4 All grants and contributions are assessed to determine whether they contain any conditions that may make them repayable if a specified future event does or does not occur. This determines whether they continue to be shown as Receipts in Advance, or are moved to earmarked reserves.

Employee Benefits

- 3.5 The Council is now required to accrue for the cost of accumulating short term employee benefits that can be carried forward and used in future periods such as outstanding annual leave, flexi time or time off in lieu.

- 3.6 In addition to the above there are a number of activities that have impacted on the results for the year. These are detailed in the following paragraphs:

Icelandic Investments

- 3.7 The Council had £4m deposited with the Icelandic bank Landsbanki, which went into administration in October 2008. The estimated repayment to preferential claimants is 94.85p in the £, with repayments being made annually between December 2011 and December 2018. The expiry of capital finance regulations required the authority to charge the full impairment in 2010/11. A total impairment of £872k has been recognised in the Income and Expenditure Account in 2010/11.

Revaluation of Housing Revenue Account Properties

- 3.8 Revaluation losses of £125m have been included in the 2010/11 accounts, £122m of this amount relates to Housing Revenue Account properties and was taken to the HRA Income and Expenditure Statement in 2010/11. These properties were revalued as at 1 April 2010 by the Council's external valuers as part of the five-year rolling revaluation programme. This was adjusted at the year end using the property indices for the 2010/11 financial year, and also includes the impact of the replacement of existing components to maintain the stock at the decent homes standard.

4. Key areas of the accounts

4.1 The following paragraphs explain the key areas of the Statement of Accounts, including the main financial statements:

Movement in Reserves Statement

4.2 This statement has replaced the Statement of the Movement on the General Fund Balance. It is a summary of the movements in the different reserves held by the Council. The reserves are analysed into usable reserves and unusable reserves. Usable reserves are those that can be applied to fund expenditure or reduce local taxation. Unusable reserves include reserves set-up to hold unrealised gains/losses and adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

Comprehensive Income and Expenditure Account

4.3 This statement includes the information that was previously included within the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses. It consolidates all the gains and losses experienced by the Council during the financial year, and shows the increase/decrease in net worth of the Council as a result of incurring expenditure on its major functions, and generating income from the Collection Fund and from Central Government.

Balance Sheet

4.4 This statement summarises the Council's financial position at the year end. It shows assets and liabilities that the Council holds or has accrued with other parties. These are matched by the reserves available to the Council, which fall into two categories – usable and unusable.

Cash Flow Statement

4.5 This statement summarises the cash flows that have taken place into and out of the Council's bank accounts over the financial year. It separates the flows that have occurred as a result of the Council's operations, those flows arising from investing activities and those flows attributable to financing decisions made by the Council.

Housing Revenue Account Income and Expenditure Statement

4.6 This statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Collection Fund Accounts

4.7 These accounts show the amounts involved in the collection and distribution of Council Tax and National Non-Domestic Rates. There is no Collection Fund Balance Sheet as balances are distributed across the Balance Sheets of the Billing authority, Government and Precepting authorities in accordance with the IFRS Code.

Group Accounts

4.8 These accounts bring together the financial position of the Council and its interest in Colchester Borough Homes Limited and Colchester Community Stadium Limited, together with the Port Health Authority and the various Trust Funds.

5. Strategic Plan References

5.1 The objectives and priorities of the Strategic Plan informed all stages of the budget process for 2010/11.

6. Publicity Considerations

6.1 The accounts will be open for public inspection from Monday 25 July to Friday 19 August to meet our legal duties. The dates were advertised in the local press on 1 July and are shown on the Council's website.

6.2 Staff will be available to provide information and respond to questions during this period. The local press usually take the opportunity to view the accounts and information will be provided as appropriate.

7. Financial Implications

7.1 The approval of the Statement of Accounts meets a statutory requirement for financial reporting and is an important part of the process to demonstrate accountability in the use of public funds.

7.2 The Finance and Audit Scrutiny Panel receive periodic financial reports during the course of the financial year and an outturn report at year end. The pre-audit revenue and capital outturn results for the financial year 2010/11 were considered by the Panel on 28 June 2011.

8. Other Standard References

8.1 Having considered consultation, equality, diversity and human rights, community safety, health and safety and risk management implications, there are none that are significant to the matters in this report.

Background Papers

Available in the Members' Room, on the Hub, and on the Colchester Borough Council Website:

Draft Statement of Accounts 2010/11

