

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting held on 21 August 2012 at 7.00 pm in Council Chamber, Cecil Street, Margate, Kent.

**Present:** Councillor John Worrow (Chairman); Councillors Binks, Campbell, Day, Lodge-Pritchard, Moore, W Scobie, S Tomlinson and M Tomlinson

**233. ALSO PRESENT:-**

Harvey Patterson – Corporate and Regulatory Services Manager  
Sarah Martin – Financial Services Manager & Deputy s151 Officer  
Harpal Singh – Team Leader - Audit Commission

**234. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**235. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**236. STATEMENT OF ACCOUNTS 2011/12**

This report presents the Statement of Accounts 2011/12 as presented to the auditors for Members of the Governance and Audit Committee to scrutinise and note.

Last year Members had received the Draft Statement of Accounts later but this year they were received several weeks prior to the meeting so that Members had an opportunity to read them in advance. Members were asked to bring any questions on the Statement of Accounts to this meeting when Sarah Martin, Financial Services Manager and Deputy s151 officer would provide answers where possible. The Statement of Accounts is to be brought back to the September meeting where any changes following the audit of the accounts would be notified to Members. The audited accounts must be approved by Members and published by 30 September 2012.

Sarah Martin, asked Members to raise any questions or queries during her presentation of the Statement of Accounts and they were as follows:-

1. HERITAGE ASSETS

The Council is now required to disclose separately its heritage assets. Heritage assets can be defined as a tangible or intangible asset that is intended to be preserved in trust for future generations because of its historical, artistic, scientific, technological, geophysical or environmental qualities and is held and maintained principally for its contribution to knowledge and culture. The Council has identified heritage assets to a value of £767k as at 31 March 2012. These relate to war memorials, public statues, artefacts or collections within museums, art collections and civic regalia.

*Question:-*

*Who determines the value of these assets?*

*Answer:-*

*They have been properly valued and insured where appropriate. Advice was sought from KCC Museums Group and having gone through a 'Tender' process a*

*consultant had been appointed who carried out this work. Larger items were validated through auction houses.*

2. *Is there a full list/inventory of the Council's Heritage Assets and can Members see it?*

*Answer:-*

*Sarah said that yes, there is a list and a full breakdown will be provided to Members.*

It was proposed by Councillor Mrs Tomlinson and seconded by Councillor Binks that:

*"Members consider the 'Inventory' before it is taken to Overview and Scrutiny Committee should it be necessary"*

AGREED.

3. BACKDROP TO 2011/12 ACCOUNTS

The continuing economic downturn and the reduction has resulted in reduced income levels for example from planning fees and land searches. The prolonged suppression of the Bank of England base rate has also resulted in reduced investment income. The Council have developed a range of saving options to mitigate the impact of the significant cuts in Government funding (5.3% cut in Formula Grant) and the capital programme was adjusted to accommodate the reduction in Capital Receipts.

*Question:-*

*Members would like to understand the income trend against the key fees and charges over the last 5 years.*

*Answer:-*

*Sarah advised that this can be prepared for Members.*

*Questions:-*

*Would delays in the Capital Programme for future years be likely should the projected economic situation continue?*

*What method is used to prioritise those projects that stay in the programme and those that don't?*

*Answers:-*

*Members were advised that some projects had been dropped completely and some delayed and this will continue if capital receipts don't pick up.*

*Capital projects are scored against a set criteria giving priority to those with a health and safety issue or those that generate future income. A document will be circulated to Members showing this information.*

*An additional question raised by Members was:- 'Why don't Thanet District Council's Building Control seem to want to encompass new building techniques. Is anything in place to explain why the Council do not follow Canterbury, for example?'*

*Sarah informed Members that the Building Control Manager will be asked to respond to this question.*

4. TRUST FUNDS

Trust funds consist of monies left in trust with the Authority and invested in accordance with specific bequests. The Council is sole trustee and only administers these funds, hence they do not form part of the Council's Accounts.

*Question:-*

*Why does the Income and Expenditure vary so much for each Company involved in the Trust Funds?*

*Answer:-*

*Sarah advised that she would find out and get back to Members.*

5. EXPLANATORY FOREWARD

*Question:-*

*Members referred to the table on page 11 of the report and requested that the equivalent page from the previous year's accounts be included with the current year so that comparison can easily be made.*

*Answer:-*

*Sarah said that this would be done for Members.*

6. COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This shows a summary of the resources used and income generated by the Council's services. It includes all day-to-day expenditure and income on an accruals basis. Comparisons are shown for the previous year.

Referring to Gross expenditure, gross income and net expenditure on continuing operations Members queried the line containing 'Corporate and Democratic Core and asked:-

*Question:-*

*What does this include?*

*Answer:-*

*A breakdown is to be provided to Members.*

The same question was asked in relation to Environment and Regulatory Services.

A breakdown showing the comparison between years on Income was also requested.

7. Note 10. TAXATION AND NON-SPECIFIC GRANT INCOME

Members asked for a breakdown showing a comparison between ring-fenced and non-ring fenced grants between years.

Sarah advised that this will be provided.

8. Note 8. PROVISION FOR BAD DEBT AND DOUBTFUL DEBTS

The provision for bad and doubtful debts relating to the Housing Revenue Account is £599k as at 31 March 2012. The provision in 2010/11 was £551k.

Members asked to see a paper showing a breakdown of the movement on the provision, including the write offs.

Sarah advised that the additional provision made for the year was £189k. A paper will be sent to Members showing details.

Moved by Councillor W Scobie and seconded by Councillor Binks that:

“the Governance and Audit Committee note the draft Statement of Accounts for 2011/12”

Members agreed.

Meeting concluded : 8.40 pm