

SPECIAL AUDIT COMMITTEE

Thursday, 26th June, 2008 at 6.00 p.m.

Conference Room at the Council House, Walsall

Present

Councillor Turner (Chairman)
Councillor Clarke (Vice-Chairman)
Councillor Chambers
Councillor Martin
Councillor Robertson
Councillor D. Shires

508/08 **Apology**

An apology for non-attendance at the meeting was submitted on behalf of Councillor C. Bott.

509/08 **Declarations of Interest**

There were no declarations of interest.

510/08 **Deputations and Petitions**

No deputations were received or petitions submitted.

511/08 **Local Government (Access to Information) Act, 1985 (as amended)**

As there were no items to be considered in private, the public did not need to be excluded from the meeting.

Non-Executive Functions

512/08 Statement of Accounts 2007/08 - Pre-Audit

The report of the Chief Finance Officer was handed to Members present at the meeting:-

(see annexed)

The Statement of Accounts was submitted:-

(see annexed)

and amended pages 53 and 62 were handed to Members present at the meeting:-

(see annexed)

Dan Mortiboys made a PowerPoint presentation on the Financial Statements 2007/08 and 2007/08 Statement of Accounts. Copies of the slides used were handed to Members present at the meeting:-

(see annexed)

Referring to materiality, Councillor Turner commented that the levels were quite high. He asked whether Grant Thornton's levels would be similar. Kyla Bellinghall (Grant Thornton) replied that Grant Thornton did not give specific figures for materiality as it was a matter of judgement. She added that as long as transparency in the audit process was shown, then finite limits did not need to be set.

Referring to the slide on Statement of Accounts, Councillor Clarke suggested that the reference to hundreds of officers should be amended.

Councillor Robertson asked why there had been such a large change in the pension fund balance. Dan Mortiboys replied that the change had resulted from the fall in investment values and the increase in longevity of people on pensions.

Councillor Turner referred to the amended pages 53 and 62 which had been circulated to Members and indicated that recommendation 1 of the report would need to be amended accordingly.

Councillor Clarke welcomed all the hard work done by officers in preparing the accounts document.

Councillor Martin referred to Paragraph 5 on page 11. Vicky Buckley replied that the £0.075 million related to carry forwards for specific purposes which were no longer required.

Councillor Martin referred to the debt owed to Dudley MBC (£27.865 million). Mike Tomlinson reported that this was the debt left after the abolition of the West Midlands County Council. He added that all West Midlands Local Authorities had inherited the payment of this debt.

Councillor Martin referred to pensions accounting on page 14. Councillor Turner indicated that there were sufficient monies within the pension fund to provide for future years demands.

Vicky Buckley reported that solvency stood at 74% at the last valuation. Valuations are carried out every three years. There has been a recent dip in investment returns in 2007/08, due to the current economic situation. She remarked that the West Midlands Fund is buoyant compared to others. The deficit position would only be of serious concern should all current members retire and take their benefits on the same day. This, of course, would not happen. A number of amendments had been made to the scheme nationally to ensure a funded scheme going forward, including increases to employer superannuation payments and additionally in 2008/09, an increase in employee contributions.

Councillor Chambers commented that the pension scheme was robustly managed by Wolverhampton City Council.

Questions were asked about the level of general fund balance. Vicky Buckley answered that it was in line with the medium term financial strategy and had been kept towards the higher end due to the challenging economic climate.

Councillor Martin referred to the score of 3 out of 4 for use of resources (page 11 refers). Vicky replied that the Authority had scored 3's in all but financial standing where a 4 had been achieved. As strong 3's had been obtained under the harder test, improvement was being maintained.

Referring to page 29 of the report, Councillor Martin referred to the non-distributed costs of £5.763 million. It was reported that the £5 million was an increase to pension provision arising from an actuary calculated figure and the increase in stamp duty.

With reference to page 33, Councillor Martin referred to the £48.296 million for debtors within current assets, a reduction of £10 million on March, 2007. Richard Walley stated that the reduction arose as a result of a grant of £12 million from the Department of Works and Pensions.

Councillor Martin referred to Paragraph 8 - Officers Emoluments on page 38 and queried the rise in the number of officers paid on the first two bands. She asked how many were new employees? Vicky Buckley replied that there was only one additional post, the remainder were made up from normal increases in salary taking officers into the next band and a number of others were school based staff.

Councillor Martin drew attention to Paragraph 10 - PFIs. She questioned whether the £62 million spent providing the St. Thomas More School provided value for money. Mike Tomlinson replied that after 25 years, the school would return to the Local Authority so bearing in mind the capital costs and running costs, it did represent value for money.

Councillor Turner referred to the public lighting PFI and asked if advertising revenue had increased. Vicky Buckley replied that she understood it had increased.

Councillor Robertson commented that the projection was for it to be halved this year.

Councillor Chambers suggested that a report on PFI should be forwarded to a future meeting of the Audit Committee.

Councillor Turner referred to page 43 of the Statement of Accounts relating to pooled budgets and referred to the £918,000 overspend on equipment. Richard Walley replied that this would be funded following the Social Care Review.

Councillor Turner asked whether the tPCT would provide their share to the Local Authority. Vicky Buckley indicated that officers would report back on this.

Councillor Clarke referred to all the new furniture which had been provided in the Civic Centre complex. He asked what had happened to all the old furniture. If it had been sold off, he asked how much it had made. Vicky Buckley indicated that she would find out and inform Councillor Clarke accordingly.

Referring to the analysis of fixed assets on pages 48 and 49, Members asked questions about the reduction in the numbers of sports centres, youth clubs, community centres and swimming pools. Officers reported that Oak Park was the sports centre removed from the list; Park Hall was the youth club and Oak Park also accounted for the swimming pool. Tenanted farms had increased by one because Manor Farmhouse had been included for the first time. The Mayoral cars had reduced from 2 to 1 because a leasing agreement had expired in March.

Councillor Martin referred to leased equipment in the sum of £283,000. Richard Walley replied that it related to photocopiers and other office equipment.

Councillor Robertson referred to the amended page 53 of the Statement of Accounts and to the fact that Council Tax debt had risen in 2007/08. James replied that the collection rate had increased in 2007/08 but was still below the national average.

Councillor Robertson asked what percentage was written off. Dan Mortiboys agreed to investigate this and advise Councillor Robertson accordingly.

Councillor Martin referred to other debts in the sum of £28.685 million. Mike Tomlinson agreed to provide a breakdown of this figure.

Councillor Martin referred to the Landfill Allowance Trading Scheme (LATS) on page 54 of the accounts and officers advised that the figures related to the value of current stock.

Councillor Robertson referred to Section 27 - Creditors payable within one year - which had risen from £30.467 million in 2006/07 to £38.132 million in 2007/08. Mike Tomlinson reported that a breakdown would be provided to Members. Richard Walley indicated that the increase was only £2.4 million in relation to creditors invoices not paid at the end of the financial year and the remainder was occasioned by the closing of accounts at 31st March, 2008.

Councillor Turner referred to Section 31 regarding Government Grants unapplied on page 57. Mike Tomlinson replied that schools had not yet spent Government grants.

Councillor Turner referred to the first table on page 73 and indicated that the bottom line should read 5 and not 3 years.

Councillor Martin referred to the £5.889 million of money owed to the Council. Mike Tomlinson replied that this was the profile of debt over 30 days old. He added that officers were making every effort to reduce it.

After further discussion it was,

Resolved

That the Committee:-

- (1) Approves the pre-audit Statement of Accounts with amended pages 53 and 62 attached at Appendix 1 to the report in order that they may be placed on deposit for public inspection for 20 working days commencing 24th July, 2008;

(2) Notes that the Statement of Accounts will be submitted for external audit on 27th June, 2008, following approval by this Committee;

(3) Notes Appendix 1 for detailed slides relating to analysing the accounts.

Termination of meeting

There being no further business, the meeting terminated at 7.50 p.m.

Chairman:

Date: