

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

3 JUNE 2010

FINAL OUTTURN AND STATEMENT OF ACCOUNTS 2009 - 2010

Report from: Mick Hayward, Treasurer to the Joint Committee

Summary

The report addresses the requirement for the Joint Committee to approve the draft statement of accounts for the 2009 – 2010 financial year.

1. Budget and Policy Framework

1.1 The Memorandum of Agreement and the Accounts and Audit Regulations 2003 require formal statements to be approved by the Joint Committee and these are provided at Appendix 2 to this report.

2. Final Outturn 2009-2010

2.1 The 2009-2010 budget for the Partnership was set to achieve break-even, reflecting the poor trading conditions resulting from the economic recession. Income targets in the Business Plan reflected a 20% reduction against 'pre-recession' levels and compensating cost reduction measures were identified and subsequently implemented.

2.2 In the event, income for 2009/10 was some 35% lower than would normally be expected, resulting in a shortfall against the income target of some £268,000. Management action taken to further reduce costs achieved a saving of £89,000 against the Business Plan budget, leaving a deficit for the year of £179,000 as reflected in Table 1 below. The revenue account for 2009-2010 is attached at Appendix 1 along with the balance sheet at 31 March 2010.

2.3 Budget monitoring reports were prepared on a monthly basis and circulated to partner authorities, with the Joint Committee receiving reports at each of its quarterly meetings. The meeting in March 2009 noted a forecast deficit of £216,000 and against this the actual deficit is a significant improvement.

- 2.4 Measures taken to reduce the deficit have included
- Reduction in staffing costs with two members of staff retiring during the year and posts not filled.
 - Voluntary reduction in hours by three staff
 - Voluntary suspension of increment rise for one year for two staff
 - Reduction in transport costs due to changing working patterns.
 - Reduction in consultants costs by in-house checking of structural calculations
 - Increase in regularisation income through increased enforcement activity.
 - Renegotiated postal contract
 - Renegotiated ICT SLA
 - Moratorium on spending for supplies and services
 - Delivering additional services around the sustainability agenda to maintain/increase market share for fee-earning applications.

2.5 **Table 1**

	Budget 2009- 2010 £000s	Actual 2009- 2010 £000s	Variance £000s
Staff	1,333	1,265	(68)
Buildings	92	102	10
Transport	63	48	(15)
Supplies & Services	174	157	(16)
Total expenditure	1,661	1,572	(89)
Partner contributions for core functions	(428)	(428)	0
Fee income	(1,233)	(965)	268
Total income	(1,661)	(1,393)	268
Net (surplus) / deficit	0	179	179

- 2.6 According to the Memorandum of Agreement the 2009/10 deficit is distributed as follows:-

Table 2

		£
Medway	(53%)	94,926
Swale	(27%)	48,358
Gravesham	(20%)	35,821
		<u>179,105</u>

- 2.7 It should be noted that there was an increase in the time allocated to core, non-fee earning functions (34%) in 2009/10 compared to that budgeted (26%). These include work on dangerous structures,

boarding up, unauthorised work etc. If these had been billed to the partner authorities the 'trading deficit' above would have reduced by some £107,000, albeit that the total payable in respect of building control, by the partners, would have been the same.

3. Statement of Accounts

3.1 The draft statements for approval are attached at Appendix 1. These include

3.1.1 Section 1 – Statement of Accounts

3.1.2 Section 2 – Governance Statement

This section summarises the expectation on the Joint Committee in the way it manages the Partnership.

3.1.3 Section 3 – External auditor's certificate and opinion

To be completed in due course by the external auditor with any issues reported back to the Joint Committee.

3.1.4 Section 4 – Annual Internal Audit Report

The accounts of the Partnership are currently hosted by Medway Council and maintained on Medway's financial systems. As such there was no bespoke internal audit of the Partnership in 2009/2010 but the Audit Service Manager is able to provide the necessary certification on the basis of work undertaken on Medway's systems.

3.2 This is the third and final year that the accounts can be presented in an abridged format. PKF have agreed that this option can be taken in view of the relatively simple financial arrangements of the partnership and associated risk. It also avoids further audit costs being incurred in a very difficult trading year. However, fully IFRS (International Financial Reporting Standard) compliant accounts will be required for 2010/11 and will attract a significant increase in audit fees. These will be the subject of a formal fee letter expected from PKF prior to the next meeting of the Joint Committee.

3.3 Following approval of these draft accounts by the Joint Committee the external audit will commence including the opportunity for the general public to inspect the financial records. In due course the external auditor will report back to the Joint Committee on his findings.

4. Financial Implications

4.1 These are contained within the body of this report.

5. Legal Implications

5.1 There is a legal requirement for the Joint Committee to approve the draft Statement of Accounts.

5.2 **Legal Implications from Swale Borough Council will follow.**

6. Recommendations

6.1 That the Joint Committee notes the outturn for 2009-2010 and approve the Statement of Accounts as presented.

7. Suggested Reasons for Decisions

7.1 The Joint Committee has a key role in monitoring the performance of the Partnership and is required to approve the Statement of Accounts.

Lead officer contact

Mick Hayward, S151 Officer, South Thames Gateway Building Control Partnership, Compass Centre, Chatham Maritime, Kent, ME4 4YH
Tel: 01634 332220

Background papers

Budget monitoring updates to each meeting of the Joint Committee.