

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	30 September 2015
Subject:	Statement of Accounts 2014/15
Report of:	Simon Dix, Finance and Asset Management Group Manager
Corporate Lead:	Rachel North, Deputy Chief Executive
Lead Member:	Councillor D J Waters
Number of Appendices:	1

Executive Summary:

The Statement of Accounts 2014/15 shows the financial position of the Council as at 31 March 2015 as well as the performance during the year. It is a statutory requirement to publish the accounts, with the audit certificate and opinion, no later than 30 September 2015.

This year saw working balances remain at £450,000 and a net worth decrease of £4.241m to £1.869m.

Recommendation:

To APPROVE the Statement of Accounts 2014/15.

Reasons for Recommendation:

It is a statutory duty for the Council to adopt the Statement of Accounts.

Resource Implications:

Revenue and Capital balances as detailed within the report.

Legal Implications:

The process and schedule for approval of the Statement of Accounts are regulated by the "Accounts and Audit (England) Regulations 2011 SI 2011 No 817".

Risk Management Implications:

None

Performance Management Follow-up:

None

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** The attached Statement of Accounts is a statutory document produced to demonstrate the Council's financial position at the end of the financial year i.e. 31 March. As per the revised accounts and Audit (England) Regulations 2011 guidelines approval of the accounts is now made by the Section 151 Officer by 30 June. The accounts are then audited and amended, if necessary, before the Section 151 Officer signs the accounts again. These accounts are then approved by the Audit Committee and are signed off by the Chairman by the 30 September.
- 1.2** The accounts must be prepared in accordance with "The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15" ("the Code") published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.3** As a consequence of the audit, a small number of changes to the Statement of Accounts have been made which have been agreed with the Auditors. These are reported to the Audit Committee in the Auditor's Report to Those Charged With Governance.
- 1.4** The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the Audit Report, and approve them for publication in line with the Accounts and Audit Regulations 2011.

2.0 REVIEW OF THE STATEMENT OF ACCOUNTS

2.1 Income and Expenditure

2.1.1 Working balances have remained at £450k as a result of the following activity during the year.

2.1.2 The Council underspent against its net budget by £78k in the year

Overspends

Expenditure Area	£'000	Reason
Savings plans not met	350	Council continues to review service areas, but targets for delivery of savings, in particular staff savings, have not being realised.
Swindon Road Depot Costs	94	One off costs associated with the move of waste and recycling department to UBICO and the resultant release of the Council from the rental contract for the Swindon Road Depot.
Benefits take up	69	Benefits claim expenditure was higher than budgeted and the Council has not been able to process all claims to reclaim the total amount paid out back from government subsidy. This is mostly due to reduced subsidy received in respect of overpayments.
Other net overspends	85	
TOTAL	598	

Underspends

Expenditure Area	£'000	Reason
Additional grant funding	-70	Government grants for new burdens etc. not fully utilised.
Waste collection income	-80	Additional trade waste and garden waste income.
Planning and land charges Income	-97	Additional planning and land charges fees received above budget.
Council Tax Income	-57	Additional recovery of overpayments relating to previous years
Other savings	-372	
TOTAL	-676	

(78) Total Net (Underspend)/Overspend

2.1.3 The Council has also released earmarked reserves from the previous year of (£483k) which had been set aside to fund future expenditure, but had subsequently not been required in full. However the Council has also recognised additional requirement for future reserves of £561k.

2.1.4 The recognition of changes in requirement for these earmarked reserves, which were approved by the Executive in July 2015 has resulted in a change of £78k which matches the underspend for the year. This means that there is no change in the working balances held at the year end.

2.2 Balance Sheet

2.2.1 The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has decreased by £4.241m to £1.869m.

2.2.2 The decrease in net worth is summarised in the Movement in Reserves Statement and there are a number of movements which contribute to this, including:

- an increase of £4.945m adjustment relating to the accounting for Business Rates. This complex regime requires adjustments between what was predicted to be collected from business in the Borough and what was actually collected. The adjustment was significant due to the impact of a large refund to a single business who had a successful appeal against the rateable value applied to them by the Valuation Office going back to 2005;
- other adjustments include a reduction in the Capital Receipts Reserve of £2.712m as the Council pays for improvements to the Council Offices, the commencement of the building of the new leisure centre as well as grants awarded to community and charitable causes;
- the pension deficit also increased by £5.138m due mainly to adjustments in the financial assumptions used by the actuary in assessing the value of assets and liabilities in the fund; and
- other factors that impacted on the net worth of the Council mainly relate to adjustments on the Council's fixed assets, such as revaluation of the Council's entire land and building assets at the 31 March.

2.3 Collection Fund Balances

2.3.1 The balance on the Collection Fund for Council Tax at the year-end was a surplus of £1.311m

2.3.2 Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and ourselves, based on a proportion of the total precept demand from each body. £980k has already been allocated, based on an estimate of the outturn position in January 2015. The remaining balance of £331k will be incorporated in to the 2015/16 estimate of outturn in January 2016.

2.3.3 The balance on the Collection Fund for Business rates at the year-end was a deficit of (£14.938m).

2.3.4 This is due to collecting less than estimated before the start of the financial year and also set aside of funds to cover future appeals. Payments are set out before the start of the year. The deficit is allocated to the relevant bodies of Central Government (50%), Tewkesbury (40%) and Gloucestershire County (10%). The proportion of the deficit in relation to Tewkesbury accounts for a large element of the reduction in Net Worth described in Paragraph 2.2 above.

2.4 Capital Resources

2.4.1 The table below sets out the Council's capital resources at 31 March 2015. The total balance is £12.384m including capital grants. However, after allowing for commitments of £11.417m the unallocated budget available for new capital projects is £0.967m.

	Useable Capital Receipts (£'000)	Capital Grants (£'000)	Total (£'000)
Balance at 31/03/15	12,331	53	12,384
Capital Commitments - next 5 years	11,364	53	11,417
Balance Available	967	0	967

2.4.2 Expenditure of capital resources in 2014/15 was £3.675m and included £1,094k on Housing and Flooding Grants, £2,124k on property, plant and equipment, £275k on community grants and £108k on the IT software and other equipment.

2.4.3 The capital balances are invested and accrue interest which is credited to the Council's revenue account. Capital expenditure currently results in a loss of interest of approximately £9,000 per £1m spent.

3.0 OTHER OPTIONS CONSIDERED

3.1 The Committee can amend the accounts if required, or not approve them (which would contravene the Accounts and Audit (England) Regulations 2011).

4.0 CONSULTATION

4.1 The accounts and supporting documents were available for inspection by any person interested between 22 July and 18 August 2015, however, no one exercised these rights.

4.2 From 19 August 2015 until the conclusion of the audit process the Auditor has been available to receive questions and objections relating to the accounts from local electors. Both these opportunities were advertised in the local press and placed on the Council's website.

5.0 ANNUAL GOVERNANCE STATEMENT

5.1 The draft Annual Governance Statement was approved by the Audit Committee at its meeting on 24 June 2015 with no changes being required. The Statement was subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance. No amendments have been required and therefore it has been signed off by the Leader of the Council and the Chief Executive and not re-presented to support the Statement of Accounts.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 The control and good management of financial resources is essential in order to effectively deliver the Council's priorities.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 The Accounts and Audit (England) Regulations 2011

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 The Statement of Accounts is available in a number of different formats depending on the users' needs.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 Executive Committee on 15 July 2015 approved the inclusion of Earmarked Reserves and the financing of capital expenditure.

Background Papers: None

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Appendices: Appendix A – Statement of Accounts