

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	21 September 2016
Subject:	Statement of Accounts 2015/16
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 for 2015/16 shows the financial position of the Council as at 31 March 2016 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 2016.

This year saw working balances remain at £450,000 and a net worth increase from £1.869m to £8.900m.

Recommendation:

To APPROVE the 2015/2016 Statement of Accounts.

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 signed off by the Chair by 30 September.

- 1.2 The accounts must be prepared in accordance with “The Code of Practice on Local Authority Accounting in the United Kingdom 2015-16” (“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 Auditors 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 confirm that they 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.

The Council underspent against its net budget by £289k in the year

Key Overspends

Expenditure Area	£'000	Reason
Business rates	285	During the year a series of revaluations on various properties within the borough and also the write off of several debts which have proven to be unrecoverable has meant that rather than a surplus being realised we are in a deficit position.
Housing Benefits	209	Overpayments have continued to be above budget levels reducing the recovery of subsidy and leading to the budget deficit.
Property Investment	90	There was a delay in obtaining a property for investment which is now on schedule for mid 2016/2017.
Salary savings plans not met	56	£126k was saved against the £182k target leaving a £56k shortfall.
TOTAL	640	

Key Underspends

Expenditure Area	£'000	Reason
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Waste collection income	(47)	Additional garden waste income.
Provision for 14-15 released	(70)	A provision required in 2014-15 was no longer needed and the money was released back to the base budget.
Planning and land charges Income	(592)	Additional planning and land charges fees received above budget.
TOTAL	(709)	
Other net over/(underspends)	(220)	

(289) Total Net (Underspend)/Overspend

2.1.2 The Council has also released earmarked reserves from the previous year of (£37k) 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 £326k.

2.1.3 The recognition of changes in requirement for these earmarked reserves, which were approved by the Executive in July 2016, has resulted in a change of £289k 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 increased from £1.869m to £8.900m.

2.2.2 The increase 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 £6m on Long Term Assets which was mostly down to the £6m expenditure on the new leisure centre in the year;
- a decrease of £5m in investments due to the use of monies to fund the leisure centre construction;
- total provisions have decreased from £4.142m to £2.059m due to successful business rate appeals and other rate reductions in year;
- other adjustments include a reduction in the Capital Receipts Reserve of £6.673m as the Council pays for the building of the new leisure centre as well as grants awarded to community and charitable causes; and,
- the pension deficit also decreased by £5.138m due mainly to an increase in the net discount rate over this period, the positive impact of which has outweighed the likely lower than expected asset returns.

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

£1.331m. 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 2016. The remaining balance of £351k will be incorporated in to the 2016/17 estimate of outturn in January 2017.

- 2.3.2** The balance on the Collection Fund for Business rates at the year-end was a deficit of (£10.646m). 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%).

2.4 Capital Resources

- 2.4.1** The table below sets out the Council's capital resources at 31 March 2016. The total balance is £5.684m including capital grants. However, after allowing for commitments of £5.156m the unallocated budget available for new capital projects is £500k.

	Useable Capital Receipts (£'000)	Capital Grants (£'000)	Total (£'000)
Balance at 31/03/16	5,658	26	5,684
Capital Commitments - next 5 years	5,130	26	5,156
Balance Available	528	0	528

- 2.4.2** Expenditure on capital projects was £7,864k in 2015/16 and included £6m on the new leisure centre, £103k on photovoltaics on our Public Service Centre, £207k on community grants and £98k on IT software & 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 £8,000 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 1 July and 11 August 2016, however, no one exercised these rights.
- 4.2** From 1 July 2016 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 22 June 2016 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 13 July 2016 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