

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit Committee
Date of Meeting:	18 July 2018
Subject:	Statement of Accounts 2017/18
Report of:	Simon Dix, Head of Finance and Asset Management
Corporate Lead:	Rob Weaver, Deputy Chief Executive
Lead Member:	Cllr R Furolo, Lead Member for Finance and Asset Management
Number of Appendices:	1

Executive Summary:

The Statement of Accounts for 2017/18 shows the financial position of the Council as at 31 March 2018 as well as the performance during the year. This year the statutory deadline for producing the accounts was brought forward to 31 May 2018.

This year saw working balances increase by £100,000 to £550,000 and a net worth increase from £9.9m to £14.4m.

Recommendation:

To APPROVE the Statement of Accounts 2017/18.

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 2015"

Risk Management Implications:

None

Performance Management Follow-up:

None

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** This year the deadlines for the production and the audit of the accounts have been brought forward by one and two months respectively. The draft accounts had to be published on our website by 31 May and the audit completed by 31 July.
- 1.2** Despite the loss of a key member of the accountancy team and the implementation of a new income system at year-end, we still managed to produce the accounts by the new deadline.
- 1.3** The Audit Findings report (AFR) once again shows no material misstatements and only a few minor misclassifications and disclosure changes.
- 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.

2.0 REVIEW OF THE STATEMENT OF ACCOUNTS

2.1 Income and Expenditure

- 2.1.1** Working balances have increased by £100k to at £550k because of the following activity during the year). The Council managed a surplus of £1.5m against its net budget which is shown overleaf:

	Full Year Budget £	Outturn Position £	Underspend/ (overspend) £	Budget Variance %
Employees	8,644,124	8,510,111	134,013	-1.55
Premises	521,412	486,991	34,421	-6.60
Transport	169,250	136,240	33,010	-19.50
Supplies & Services	1,820,664	1,796,943	23,721	-1.30
Payments to Third Parties	4,971,332	4,971,102	230	0.00
Transfer Payments	47,963	87,439	-39,476	82.30
Income	-6,326,381	-7,220,742	894,361	14.14
Service Total	9,848,364	8,768,083	1,080,281	-10.97
Treasury activity	57,085	-133,274	190,359	-333.47
Commercial activity	-1,197,421	-1,392,464	195,043	16.29
Corporate Savings Targets	-60,000	0	-60,000	-100.00
New Homes Bonus	47,300	0	47,300	-100.00
Business Rates Income	-1,724,138	-2,360,653	636,515	36.92
Other adjustments	-7,028,573	-6,437,591	-590,982	-8.41
Council Total	-57,383	-1,555,899	1,498,516	2,611.43

2.2 Variance analysis

2.2.1 The surplus can primarily be attributed to strong performance in treasury and commercial activities, additional business rates retention and substantial external grant funding being received.

2.2.2 Direct service expenditure shows a positive variance of £1,080,281 against budget and is mainly attributable to the items outlined below:

- Employees – underspend is largely as a result of staff turnover and vacancies in most service groupings;
- Premises – underspend is as a result of savings on utilities, particularly electricity, plus savings on business rates paid;
- Transport – savings have been generated across all service areas and result from reduced car allowance scheme costs plus reduced business mileage; and
- Income – we achieved £894,000 over the budgeted figure this year. The majority of fees and charges budgets, with the exception of planning fees, have been delivered on budget during the year. The large variance is therefore as a result of substantial external grant income being received during the year. The Council has received a number of new burdens grants from the government but has also attracted significant service specific grants particularly in relation to the delivery of the requirements for infrastructure and the Joint Core Strategy. In addition, the Council has taken on accountable body status for the Gloucestershire wide Places of Safety funding and has therefore received a transfer of funding totalling £449,000.

2.3 Balance Sheet

2.3.1 The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has increased from £9.9m to £14.4m.

2.3.2 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 £13m on Investment Properties due to the purchase of three new properties this year.
- an increase of £9m in current liabilities of which £6m is due to borrowing money to fund the investment property purchase;
- other adjustments include a reduction in the Capital Receipts Reserve of £1.5m as the Council pays the final amount for the new refuse and recycling vehicles (£457,000) and £1m on the refurbishment of the public service centre;

The pension deficit has decreased by £1.85m (6%) due to a slight change in financial assumptions.

2.4 Collection Fund Balances

- 2.4.1** The balance on the Collection Fund for Council Tax at the year-end was a surplus of £1.9m
- 2.4.2** 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. £1,580k has already been allocated, based on an estimate of the outturn position in January 2018. The remaining balance of £322,000 will be incorporated in to the 2017/18 estimate of outturn in January 2019.
- 2.4.3** The balance on the Collection Fund for Business rates at the year-end was a deficit of (£1.79m) which is £2m better than last year (£3.866m deficit).
- 2.4.4** This is due to a positive position on the retained business rates scheme (for the first time in 4 years). The deficit is allocated to the relevant bodies of Central Government (50%), Tewkesbury (40%) and Gloucestershire County (10%).

2.5 Capital Resources

- 2.5.1** The table below sets out the Council's capital resources at 31 March 2018. The total balance is £1.979m including capital grants; however, after allowing for commitments of £1.299m the unallocated budget available for new capital projects is £680k.

	Usable Capital Receipts (£'000)	Capital Grants (£'000)	Total (£'000)
Balance at 31/03/18	1,842	137	1,979
Capital Commitments - next 5 years	1,162	137	1,299
Balance Available	680	0	680

- 2.5.2** Expenditure on capital projects was £16m in 2017/18 and included £13.6m on three new investment properties, £1m on the refurbishment of the public service centre and £457,000 on waste and recycling vehicles.
- 2.5.3** The Council is financing the £13.6m for the new investment properties through borrowing. At the end of the financial year, we were borrowing £21m at 0.5% p.a (short term). Since 3 April, we have locked in £11m long term (40 years) at 2.35% to balance out the risk of interest rate rises.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** The Audit Committee can amend the accounts if required, or not approve them (which would contravene the Accounts and Audit (England) Regulations 2015).

4.0 CONSULTATION

- 4.1** The accounts and supporting documents were available for inspection by any person interested between 31 May and 11 July 2018; however (at the time of publication) no one had exercised these rights.
- 4.2** Between 31 May 2018 and 11th July 2018, the Auditor has been available to receive questions and objections relating to the accounts from local electors.
- 4.3** Both these opportunities were placed on the Council's website.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

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

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1** The Accounts and Audit (England) Regulations 2015

7.0 RESOURCE IMPLICATIONS (Human/Property)

- 7.1** None

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

- 8.1** None

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

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

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 10.1** Executive Committee on 6 June 2018 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