

BROMSGROVE DISTRICT COUNCIL

CABINET

26TH SEPTEMBER 2012

STATEMENT OF ACCOUNTS 2011/12

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 To enable Members to consider the Statement of Accounts 2011/12 and to recommend to Council their approval.

2. RECOMMENDATIONS

- 2.1 **That Cabinet considers the Statement of Accounts 2011/12 and recommends the approval of the accounts to Council.**

3. KEY ISSUES

Financial Implications

- 3.1 None other than those included in this report.

Legal Implications

- 3.2 The Accounts and Audit Regulations 2011 require that the Council complies with statutory accounting legislation and changes.

Service / Operational Implications

- 3.3 The Statement of Accounts were approved by the Executive Director of Finance and Resources in June 2012 in accordance with legislative requirement.
- 3.4 The Financial Statements have been audited by the Audit Commission who are currently the Councils external Auditors. As a result of the Governments decision to abolish the Commission a new External Auditor has been appointed, Grant Thornton, who will provide this service for the 2012/13 accounts. The Annual Governance Report as presented to this meeting reflects the opinion on the Accounts and it is proposed by the Audit Commission that an unqualified opinion will be given on the Statement of Accounts 2011/12. The Statement is attached at Appendix 1.

- 3.5 Included within the Statement of Accounts there are a number of core financial statements that provide a summary of the financial position of the Council. These are:

3.5.1 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

3.5.2 Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with IFRS, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Exceptional items are reported separately on the face of this statement. For 2011/12 the listed items relate to the significant reduction in the value of a number of our assets following revaluations undertaken with a different methodology for 2011/12. Included in these valuations were the Council House, Customer Service Centre and Surface Car Parks which were valued using a different methodology to comply with accounting regulations, the change from depreciated replacement cost to market value in existing use resulted generally in lower building values. Of the £5.420m charged to net cost of services, £3.823m related directly to these assets, the remainder relating to general market conditions.

3.5.3 The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the

authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

3.5.4 The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

3.6 The Supplementary Financial Statements:

3.6.1 The Collection Fund

The Collection Fund shows the transactions of the Council in relation to the collection of Council Tax, and National Non-Domestic Rates and the way in which these have been distributed to the preceptors (the police, fire authority, county council and parishes), the General Fund and the NNDR Pool. It is a statutory requirement for billing authorities to maintain this account.

3.7 Financial Summary

3.7.1 General Fund Revenue Account

The Revenue Account produced a year end surplus of £661K compared to a revised budgeted deficit of £389k, an improvement of £1,050K. This is due to a number of factors including additional savings realised from the Worcestershire Regulatory Service, staff

vacancies and efficiencies in service delivery and therefore associated cost. The significant underspend has enabled the Council to increase the amount transferred to balances to support future one off budget pressures.

- 3.7.2 The revenue balances brought forward at 1st April 2011 was £1.918m. The revised estimate assumed that £389K would be transferred from balances as part of 2011/12 final position. The increased level of savings as detailed above has meant that an increased addition to balances of £661K has been made. The new level of balances is £2.581m, which can be utilised to fund one off items to deliver the priorities of the Council. The current projection is that £113k will be utilised to support the medium term financial plan in 2012/13.

Customer / Equalities and Diversity Implications

- 3.6 None as a direct result of this report.

4. RISK MANAGEMENT

- 4.1 The Corporate Risk register includes the delivery of a balanced and well managed budget and there is a clear and robust timetable of actions prepared and monitored by the S151 officer during the final accounts process to ensure complaint accounts are prepared..

5. APPENDICES

Appendix 1 – Bromsgrove District Council Statement of Accounts 2011/12.

AUTHOR OF REPORT

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