

BROMSGROVE DISTRICT COUNCIL

CABINET

23rd SEPTEMBER 2015

STATEMENT OF ACCOUNTS 2014/15

Relevant Portfolio Holder	Geoff Denaro
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 2014/15 and to recommend to Council their approval.

2. RECOMMENDATIONS

- 2.1 **That Cabinet considers the Statement of Accounts 2014/15 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 on 6th July 2015 and submitted to the External Auditors Grant Thornton on the same day. This meant that the Council was late in submitting the Accounts in line with the 30th June 2015 statutory deadline.

- 3.4 It is worth reminding Members as to the circumstances that were identified by the officers and agreed by Auditors that have led to the issues surrounding the Accounts. These included:

- Implementation of a new financial ledger and cash receipting system
- Restructure of the finance team, turnover of staff and difficulties in recruiting to vacant senior posts
- Introduction of a new chart of accounts and changes in coding issues

3.5 The Financial Statements have been audited by Grant Thornton and there are a number of recommendations that have been highlighted that require addressing for 2015/16 closedown to ensure that working papers are improved, adequate systems and resources in place and timelines are achieved. The S151 Officer is currently developing a plan to ensure the Accounts for 2015/16 are delivered against in a more effective and quality controlled framework. The Grant Thornton audit opinion is included as an agenda item to this meeting.

3.6 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:

3.6.1 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. This schedule shows the revenue balances for 2014/15 have increased to £4.274m and earmarked reserves to £2.993m.

3.6.2 Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, 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.

3.6.3 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'.

3.6.4 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.

3.7 The Supplementary Financial Statements:

3.7.1 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). It is a statutory requirement for billing authorities to maintain this account.

3.8 Financial Summary

3.8.1 General Fund Revenue Account

At its meeting on 26th February 2014 Bromsgrove District Council set a net revenue budget of £11.638m (including planned transfers to earmarked reserves). Band D equivalent Council Tax was set at £200.24, an increase of 1.9% on the previous year.

The General Fund Revenue Balance increased by £530k compared to a budgeted use of balances of £251k. This has enabled the Council to increase general fund balances to £4.274m. Additionally the Council has set aside resources to fund future expected payments in a number of areas including costs associated with the implementation of replacement vehicles and transformation costs. Details of individual earmarked reserves can be found in the notes to these financial statements

3.8.2 Capital Expenditure

Capital expenditure amounted to £6.6m against a planned budget of £11.8million. The main areas of expenditure were in, Environmental Services replacement of fleet vehicles and plant (£123k), Community Services with Grants to RSL's (£19k); and Disabled Facilities Grants & Discretionary Home Repairs (£587k); Leisure and Culture recreation areas (£1.1m); IT hardware and software (£159k); Town centre improvements (£1.6m), Regulatory services share of new systems (£17k), Parkside School (£3.4m)

A number of capital schemes will continue in 2015/16 which includes works on the Parkside redevelopment (due to complete Autumn 2015) and the redevelopment of the replacement Dolphin Centre (to commence early 2016).

Due to a review within Environmental Services there has been a delay in the Procurement of Vehicles which has meant a delay to the Fleet Replacement Programme. It was also anticipated that works would start on the new Leisure Centre but these are not due to commence until 2015/16. Both of these delays have resulted in the delay of the capital programme.

Customer / Equalities and Diversity Implications

3.9 None as a direct result of this report.

4. RISK MANAGEMENT

4.1 The risks associated with the effective and timely delivery of the Statement of Accounts are to be developed further to ensure that a robust plan is in place to address the concerns raised during this Audit.

5. APPENDICES

Appendix 1 – Bromsgrove District Council Statement of Accounts
2014/15

AUTHOR OF REPORT

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