



Governance & Audit
Committee

14 September 2017

Subject: Audited Statement of Accounts 2016/17

Report by:

Chief Finance Officer

Contact Officer:

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Purpose / Summary:

The 2016/17 Statement of Accounts is presented for scrutiny and adoption.

RECOMMENDATIONS:

- 1) To review the attached Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 2) To approve the Statement of Accounts for 2016/17.
- 3) To permit the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to our Auditor, KPMG, on completion of the audit.

IMPLICATIONS

Legal:

None arising from this report.

Financial: FIN/57/18/TJB

The Revenue out-turn 2016/17 reflected a gross surplus of £1.058m, which was transferred to the General Fund Balance.

Capital Investment totalled £2.584m

In respect of Useable Reserves, we remain in a healthy position with balances detailed below;

- General Fund working balance totals £4.839m, (£3.715m 2015/16)
- General Fund Earmarked reserves total £13.334m, (£13.847m 2015/16)
- Capital receipts total £2.895m (£2.984m 2015/16)
- Capital Grants unapplied £0.154m (£0.476m 2015/16)

A number of financial performance ratios are contained within the report which illustrate that the Council remains in a sustainable and healthy financial position.

Staffing :

None arising from this report.

Equality and Diversity including Human Rights :

*NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.*

Risk Assessment :

None arising from this report.

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Code of Practice on local authority accounting in the United Kingdom 2016/17.

Code of Practice on Local Authority Accounting in the United Kingdom –
Guidance notes for practitioners 2016/17 Accounts.

The Accounts and Audit (England) Regulations 2015

Papers are located in the Financial Services section, Guildhall

Call in and Urgency:

Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

1 Introduction

- 1.1 The Statement of Accounts for 2016/17 (Appendix A) has been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code).
- 1.2 Following the Accounts and Audit Regulations 2015 the Council's Statement of Accounts, subject to audit, must be certified by the Chief Finance Officer and published before the 30th June. Following completion of the external audit the Council must formally approve the accounts before the 30th September.
- 1.3 This Committee is responsible for the approval of the Statement of Accounts and any material amendments of the accounts recommended by the auditors.
- 1.4 The Annual Governance Statement (AGS) can be published separately or can 'accompany' the Statement of Accounts in the same document. This Committee, on 27 June 2011 resolved to continue to publish one document, clearly identifying that these are separate statements.
- 1.5 This Committee approved the Annual Governance Statement at its meeting on 25 July 2017.
- 1.6 As part of the external audit process the Chair of this Committee and the Chief Finance Officer have provided written assurance to the auditors on a number of matters relating to the processes in place to prevent, detect and report fraud.
- 1.7 Following the certification of the accounts on 31 May 2017 by the Chief Financial Officer our auditors (KPMG) have carried out their final accounts audit. This has resulted in a small number of representational amendments.

- 1.8 There have been no identified audit adjustments requiring accounting entry corrections.
- 1.9 The Finance Team have succeeded in their aim of delivering an Unaudited Statement of Accounts for certification by 31 May 2017. This target gives assurance that the earlier 2017/18 statutory dates of 31 May for certified Unaudited Statement of Accounts and 31 July for formal approval of the audited Statement of Accounts are achievable within our current processes, and with the continued need for additional resources during this period.

2 Amendments to the Statement of Accounts since 31 May 2017.

- 2.1 There has been no material misclassifications in 2016/17.
- 2.2 The auditors identified a small number of presentational changes to the Statement of Accounts. The Statement of Accounts that were originally certified by the Chief Finance Officer and published have now been updated accordingly.
- 2.3 There was a requirement for a Group Account note and this has now been added to the accounts (Note 36).
- 2.4 There have been no events after the reporting period to declare.

3 Financial Performance Indicators 2016/17

- 3.1 Taking information from the main Statements within the Accounts i.e. the Income and Expenditure Account, the Movement in Reserves and the Balance Sheet, the following financial performance indicators have been derived and are provided in the table below, providing a view of the Council's financial stability and health.
- 3.2 The Council remains in a healthy position with good levels of reserves and the ability to meet its liabilities. The pension fund is not an immediate concern, however it does have an impact on the level of finances in the future, as shown by the movement over the last two years.

PERFORMANCE INDICATORS		
	2015/16	2016/17
Liquidity Ratio	5.25	6.43
<i>A ratio of above 1 reflects the authority can meet its short term obligations</i>		
Working Capital	£17,574	£17,688
<i>The difference between Current Assets and Current Liabilities illustrating the Council has adequate current assets to meet its current liabilities</i>		
Working Capital as a % of Net Revenue Expenditure	117.82%	126.59%
<i>Working capital remains above 100% of Net Revenue Expenditure showing we have adequate assets to liquidate to enable continued operations should the need arise.</i>		
General Fund Reserves as a % of Net Revenue Expenditure	117.74%	130.05%
<i>This indicator measures the period over which the Council could continue to operate without using grant and tax income by utilising reserves. It should be noted that reserves are set aside to mitigate risks and to fund investments. If the use of reserves were to be used to support the revenue budget this would impact greatly on achieving the Council's corporate priorities.</i>		
Total Liabilities as a % of Total Assets	76.09%	90.85%
<i>The indicator provides assurance that the Council can meet all its liabilities from its assets</i>		
% Movement on Pension Fund Liability	-16.82%	25.99%
<i>The movement on the Pension Fund is attributable to actuarial assumptions of such factors as expected rate of return on investments, mortality, future inflation (including pay awards and pension increases). As can be seen over the past 2 financial years, this can have a significant impact on the balance sheet.</i>		
Pension Fund Liabilities as a % of Net Revenue Expenditure	-193.59%	-260.37%
<i>Whilst the Pension Liability may not be a immediate concern it does have an impact on the level of finances in the future</i>		
% Change in Council Tax Base	2.23%	2.32%
<i>1% growth on the Tax Base generates £57k p.a. of additional Council Tax revenue. This evidences the increase in economic housing growth</i>		
% Change in Rateable Value (Business Rates)	-1.68%	-0.28%
<i>Whilst growth is being achieved the impact of settled appeals is negating this benefit due to a high level of outstanding appeals.</i>		
% Movement of Fixed Assets value	17.63%	5.55%
<i>The Council continues to increase its fixed asset value to provide fit for purpose properties and to generate revenue returns. This is either through enhancements to existing assets, disposal of assets which are not providing value for money, acquisition of new assets and annual valuation impacts</i>		

4 Summary

- 4.1 The Statement of Accounts 2016/17 attached at Appendix A reflects all the alterations made as a result of the KPMG's audit. The audit findings reflected in this report will be used to inform the finance team's review of the final accounts process and the identification of improvements.
- 4.2 It is recommended that Members, having considered the Statement of Accounts confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.

- 4.3 Members are requested to approve the Statement of Accounts for 2016/17 and permit the Chief Finance Officer in consultation with the Chairman of this Committee to certify the letter of representation to KPMG on completion of the audit. A copy of the letter can be found at Appendix B.