



AGENDA ITEM: XX

SUMMARY

Report for:	Audit Committee
Date of meeting:	29 June 2016
PART:	I
If Part II, reason:	

Title of report:	Statement of Accounts 2015/16
Contact:	<p>Cllr Graeme Elliot, Portfolio Holder for Finance and Resources</p> <p>James Deane, Corporate Director (Finance and Operations)</p> <p>David Skinner, Assistant Director (Finance and Resources)</p> <p>Richard Baker, Group Manager (Financial Services)</p>
Purpose of report:	<p>The purpose of this report is to present the Council's Statement of Accounts for 2015/16. It covers:</p> <ul style="list-style-type: none"> · Account and Audit Regulations 2015 · Section 21(2) Local Government Act 2003 · Statement of Accounts · Commentary on financial statements
Recommendations:	<p>It is recommended that Members of the Audit Committee:</p> <ol style="list-style-type: none"> a) review the Statement of Accounts 2015/16 and raise any issues which will provide them with the assurance that they need to approve the Statements on behalf of the Council; b) approve the Annual Governance Statement included in the Accounts.
Corporate objectives:	Corporate Governance
Statutory Officer Comments:	<p>Section 151 Officer :</p> <p>My comments are included within the body of this report and within the commentary and explanatory foreword to the Statement of Accounts.</p> <p>Monitoring Officer:</p> <p>The Council has a statutory duty to approve the Statement of Accounts by 30 September in accordance with the Account and Audit Regulations 2015.</p>

Consultees:	None
Background papers:	None

1 Background

1.1 The Accounts and Audit Regulations 2015 require that the Council's Section 151 Officer must certify, by 30 June each year, that the pre-audit Statement of Accounts presents a true and fair view of the financial position as at the end of the previous financial year.

1.2 The Council must then approve their audited financial statements by 30 September. The Council must therefore work with its External Auditor, which is Ernst and Young, to enable them to present their audit opinion on:

a) Whether the Statement of Accounts presents a "true and fair" view of the financial position of the audited body and its expenditure and income for the year in question; and

b) Whether the Statement of Accounts has been prepared properly in accordance with relevant legislation and applicable accounting standards.

Once complete, the Auditor's opinion is added to the Statement of Accounts, with further detail of the audit findings provided in the Annual Audit Letter to the Council. The complete Statement of Accounts will be presented to the Audit Committee, for formal approval, at its meeting scheduled for 27 July 2016.

2 Final Outturn 2015/16

2.1 The final outturn position is set out earlier on this agenda. The outturn is the fundamental basis for the Statement of Accounts. The Audit Committee is therefore requested to consider and approve final outturn prior to considering the Statement of Accounts.

3 Statement of Accounts

3.1 The Council's Statement of Accounts (Appendix A) is an essential means by which it accounts for its stewardship of the resources at its disposal and it presents financial performance in the use of those resources. The following paragraphs provide a summary of the key information contained within the accounts.

4 Comprehensive Income and Expenditure Statement

4.1 The Comprehensive Income and Expenditure Statement (CIES) reports the net cost for the year of all functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

4.2 The CIES for 2015/16 reflects a net gain of £143.4m and consists of the following:

- a) Surplus on the Provision of Services of (£23.9m) (2014/15 surplus of £25.5);
 - b) Other Comprehensive Income of (£119.5m) (2014/15 Income of £46.4m).
- 4.3 The change in the Deficit/(Surplus) on the Provision of Services of £1.6m between years is due to:
- a) An increase of £3.5m in the Revaluation of Property, Plant and Equipment credited to the CIES;
 - b) An increase of £1.7m in the expense charged for Revenue Expenditure funded from Capital Under Statute.
- 4.4 Other Comprehensive Income and Expenditure for the year was £119.5m and consists of:
- a) £99.4m Surplus on Revaluation of Property, Plant and Equipment;
 - b) £20.1m Actuarial gains on Pension Asset / Liabilities.

These movements are subtotaled separately from the Provision of Services to reflect the fact that they result primarily from movements in market prices and indices outside of the Council's control.

5 Balance Sheet

- 5.1 The Balance Sheet is fundamental to understanding the Council's financial position at the year end. It shows the balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.
- 5.2 The Council's net worth was £650.4m as at 31 March 2016, which represents an increase of £143.4m on the previous financial year. The key changes to this are as follows:
- a) An increase of £132m in long term assets following the revaluation of land and buildings;
 - b) An increase in net borrowing of (£11m) due to the Council entering into borrowing in May 2015 to fund the capital programme and to take advantage of historically low interest rates;
 - c) A decrease in the net pensions liability of £18m following an increase in the discount rate used in the long term actuarial assumptions.

6 Movement in Reserves Statement

- 6.1 The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and 'other reserves'.

7 Cash Flow Statement

- 7.1 The Cash Flow Statement shows the movement in cash and cash equivalents held by the Council throughout the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

8 Housing Revenue Account

- 8.1 The Housing Revenue Account (HRA) is 'ring-fenced' from the General Fund. This reflects the Council's statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989.
- 8.2 The HRA statement shows a surplus of £4.68m for 2015/16. This is a reduction to the surplus in 2014/15 of £29.6m. The larger surplus in 2014/15 was due to increases in dwelling valuations which were credited to the HRA, reversing previous downward valuations.

9 Collection Fund

- 9.1 This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

10 Conclusion

- 10.1 The report represents a detailed picture of the Council's financial activity for 2015/16. I would like to thank all colleagues for their help, support and dedication in the preparation of the Statement of Accounts.