

AUDIT & GOVERNANCE COMMITTEE

27th July 2017

REPORT OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

ANNUAL STATEMENT OF ACCOUNTS & REPORT 2016/17

EXEMPT INFORMATION

None

PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2017 following completion of the external audit.

RECOMMENDATION

That Members approve the Annual Statement of Accounts 2016/17

EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2015, requires the Council to prepare a Draft Statement of Accounts by 30th June (approved by the Council's Chief Finance Officer - the Executive Director Corporate Services), a Committee of the Council to approve the Statement by 30th September and for the Council to publish the Statement together with the Auditors' opinion by 30th September.

However, these deadlines are changing for future years and will mean that the accounts will need to be prepared by 31 May and audited by 31 July - for the accounts prepared from 2017/18.

For 2016/17 the Finance team planned to bring forward the completion date for the Statutory Accounts – with a target completion date of 31st May in line with the future deadlines. The final draft accounts as signed by the Executive Director Corporate Services, were issued to the External Auditor, the Members of this Committee and published on the Council's website on 30th May 2016 – ahead of the target deadline of 31st May.

As part of the annual audit process for 2016/17, the Council's external auditors, Grant Thornton, have prepared their Audit Findings Report (to be considered separately on this agenda) for consideration prior to issue of their opinion, conclusion & certificate.

We have received some very good feedback on the quality of the accounts and working papers from Grant Thornton as outlined within the Audit Findings report

However, it has previously been reported to Members that as a result of the need to close the accounts earlier (and sometimes rely on estimates in doing so) it is more likely that there will be changes required to the draft accounts before they are finalised.

Following identification as part of the audit, a small number of minor amendments to the Draft (as published on the website and circulated to the Audit & Governance Committee on 30th May 2017) have been discussed & agreed with Grant Thornton.

In addition, a number of small errors - as outlined within the Audit Findings Report from Grant Thornton - have been identified during the audit which are not material and so do not require the accounts to be changed.

The agreed changes have been actioned within the Final Statement of Accounts for 2016/17 as attached at **Appendix 1**. It is important to note that these adjustments relate to minor presentational or disclosure issues and do not have any impact on the reported outturn position and net balances of the General Fund, Housing Revenue Account or Collection Fund.

Regulations require the Chair of the Cabinet meeting to sign and date the Statement of Accounts with the intention that the Chair's signature formally represents the completion of the Council's approval process of the accounts.

RESOURCE IMPLICATIONS

For 2016/17, a revenue budget underspend for the General Fund of £1.64m is reported with a decrease in General Fund closing balances of £0.1m. It should be noted that the Medium Term Financial Strategy, approved in February 2017, identified estimated General Fund balances of £5.78m (at 1st April 2017) compared to the actual closing balances of £6.59m - additional balances of £0.81m. There has been no change from the Provisional outturn / Draft Statement of Accounts.

The main variances for the year include:

- Additional development control income of £192k;
- Joint Waste arrangement underspends of c.£100k;
- Increased levy payment of £217k – offset by returned levy income of £172k;
- Windfall increase in the value of Icelandic investments of c.£260k – offset by a reserve of £200k pending realisation of the exchange rate movement;
- £281k interest element of the Golf Course receipt; and
- Following approval by CMT / Cabinet, a return of £332k in unspent reserves to balances.

The Housing Revenue Account reports an underspend of £2m with an increase in Housing Revenue Account closing balances of £1.63m. For the HRA balances of £5.98m were forecast at 1st April 2017 compared to the actual balances of £6.35m - additional balances of £0.6m. There has been no change from the Provisional outturn / Draft Statement of Accounts.

The main variances for the year include higher rent levels (£405k) due to low voids and a robust collection performance by the income team (which also means the provision for bad debts arising from welfare benefit reform is forecast to be underspent by £330k - while awaiting the full impact of Universal Credit to be rolled out) together with an increased underspend on repairs of £1.3m.

The outturn for the 2016/17 capital programme identifies an underspend of £14.56m against the approved budget of £23.31m (actual spend £8.76m - no change since Provisional Outturn / Draft Statement of Accounts). However, it has been approved that £12.31m of scheme spend be re-profiled into 2017/18. This resulted in an overall underspend of £2.25m for the 2017/18 capital programme.

LEGAL / RISK IMPLICATIONS

Current legislation, detailed in Accounts and Audit (England) Regulations 2015, requires a Committee of the Council to approve the Statement by 30th September 2017 and for the Council to publish the Statement together with the Auditors' opinion by 30th September 2017.

CONCLUSIONS

Following consideration of the External Auditors Audit Findings Report and the approval of the Annual Statement of Accounts, the Chair's signature formally represents the successful completion of the Council's approval process of the accounts for 2016/17.

REPORT AUTHOR

Stefan Garner, Director of Finance

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2016/17 - Cabinet, 15th June 2017
Performance Healthcheck (including Provisional Outturn Report 2016/17) - Cabinet, 15th June 2016

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