

## AUDIT & GOVERNANCE COMMITTEE

26<sup>th</sup> July 2018

### REPORT OF THE EXECUTIVE DIRECTOR FINANCE

#### ANNUAL STATEMENT OF ACCOUNTS & REPORT 2017/18

##### EXEMPT INFORMATION

None

##### PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31<sup>st</sup> March 2018 following completion of the external audit.

##### RECOMMENDATION

**That Members approve the Annual Statement of Accounts 2017/18**

##### EXECUTIVE SUMMARY

Current legislation, detailed in Accounts and Audit (England) Regulations 2015, requires the Council to prepare a Draft Statement of Accounts by 31<sup>st</sup> May (approved by the Council's Chief Finance Officer - previously the Executive Director Corporate Services), a Committee of the Council to approve the Statement by 31<sup>st</sup> July and for the Council to publish the Statement together with the Auditors' opinion by 31<sup>st</sup> July.

The deadlines for the 2017/18 accounts are earlier than in previous years and as such the Finance team planned to bring forward the completion date for the Statutory Accounts – with a target completion date of 25<sup>th</sup> May. 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 30<sup>th</sup> May 2018 following a period of quality assurance and due diligence checks – ahead of the target deadline of 31<sup>st</sup> May.

As part of the annual audit process for 2017/18, 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.

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 number of amendments to the Draft (as published on the website and circulated to the Audit & Governance Committee on 30<sup>th</sup> May 2018) have been discussed & agreed with Grant Thornton.

The agreed changes have been actioned within the Final Statement of Accounts for 2017/18 as attached at **Appendix 1**. It is important to note that these adjustments relate mainly to 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 Audit & Governance Committee 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 2017/18, a revenue budget underspend for the General Fund of £1.8m is reported with an increase in General Fund closing balances of £0.3m. It should be noted that the Medium Term Financial Strategy, approved in February 2018, identified estimated budgeted General Fund balances of £6.6m (at 1<sup>st</sup> April 2018) compared to the actual closing balances of £6.9m - additional balances of £0.3m. 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 £102k;
- Joint Waste arrangement underspends of c.£157k;
- Increased levy payment of £324k – offset by returned levy income of £196k and increased section 31 grants of £399k;
- a return of £248k in unspent reserves and provisions to balances.

The Housing Revenue Account reports an underspend of £0.8m with an increase in Housing Revenue Account closing balances of £0.5m. For the HRA balances of £6.8m were forecast at 1<sup>st</sup> April 2018 at or around the actual closing balances of £6.8m. There has been no change from the Provisional Outturn / Draft Statement of Accounts.

The main variances for the year include higher rent levels (£104k) due to 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 £64k - while awaiting the full impact of Universal Credit to be rolled out) together with an underspend on repairs of £1.1m (offset by creation of transformation and repairs reserves totalling £799k).

The outturn for the 2017/18 capital programme identifies an underspend of £28.5m against the approved budget of £37.7m (actual spend £9.2m - no change since Provisional Outturn / Draft Statement of Accounts).

However, it has been requested that £27.3m of scheme spend be re-profiled into 2018/19. This will result in an overall underspend of £1.2m for the 2018/19 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 31<sup>st</sup> May 2018 and for the Council to publish the Statement together with the Auditors' opinion by 31<sup>st</sup> July 2018.

## **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 2017/18.

## **REPORT AUTHOR**

Stefan Garner, Executive Director Finance

## **LIST OF BACKGROUND PAPERS**

Capital Outturn Report 2017/18 - Cabinet, 14<sup>th</sup> June 2018  
Performance Healthcheck (including Provisional Outturn Report 2017/18) -  
Cabinet, 5<sup>th</sup> July 2018

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