

Audit and Risk Assurance Committee

17 August 2017

Statement of Accounts 2016/2017

1. Summary Statement

- 1.1 In accordance with the Accounts and Audit Regulations 2015, the Council's 2016/17 Statement of Accounts was approved by the Council's Section 151 Officer (Darren Carter) on 31 May 2017.
- 1.2 A copy of the unaudited accounts was displayed on the Council's website and a period of public display advertised in accordance with regulations. The accounts were placed on public display between 5 June and 14 July 2017 and were available for inspection during this period.
- 1.3 In addition to the approval given by the Section 151 Officer in June, the final audited Statement of Accounts must be considered by the Audit Committee and approved by a formal resolution prior to 30 September 2017, in line with regulations. A Management Representation Letter must also be considered and approval given for this document to be signed by the Chair on behalf of the Audit Committee.
- 1.4 The audited Statement of Accounts for the year ending 31 March 2017 is attached as Appendix 1. These accounts have been prepared in accordance with the International Financial Reporting Standards based Code of Practice on Local Authority Accounting. The Management Representation Letter is attached as Appendix 2.
- 1.5 Minimal audit adjustments have been required in 2016/17, details of which will be outlined within the ISA260 report, presented by KPMG under an additional agenda item of this meeting. All agreed audit adjustments have been reflected in the Statement of Accounts as attached to this report.
- 1.6 The Narrative Report contained within pages 4 – 17 of the Statement of Accounts provides a concise statement of the Council's current financial position and an explanation of the core financial statements. In addition to this, the key messages contained within the 2016/17 Statement of Accounts are;

- **General Fund Balance (Note 22)** – Total revenue general fund balances of £71.748m includes committed contributions to capital expenditure of £6.324m and earmarked balances of £53.740m, leaving a free balance position of £11.684m. Despite the significant financial challenges facing the Council, this represents a consistent position with free balances as at 31 March 2016, showing a slight decrease from the comparative figure of £12.141m. This level of free balances is also in line with prudent cash management policies.
- **Reserves and Provisions (Note 21)** – Provisions of £2.164m have been used in year mainly to support expenditure on termination benefits (£0.893m) and insurance fund provision (£1.041m). New provisions totalling £11.667m have also been established in 2016/17, based on known liabilities or losses which were likely or certain to be incurred as at 31 March 2017, including redundancy costs of £4.105m.
- **General Fund earmarked reserves (Note 9)** of £20.093m are also held as at 31 March 2017; the main two reserves are in relation to the Council's Insurance Fund £9.131m which is maintained to cover future employee and public liability claims and the Non Domestic Rates small business rate relief grant of £2.625m.
- **HRA Balances (HRA Note 12)** – This ring fenced fund has reduced by £1.784m in year to £32.937m as at 31 March 2017.

Of the £32.937m, £7.400m represents HRA working balances, £11.200m is earmarked for capital investment purposes, £9.792m is earmarked for contingencies and carry forward commitments, with the remaining £4.545m representing uncommitted resources, which is deemed a prudent position based on the Council's reserves strategy.

- **School Balances – (Note 22)** are ring fenced and cannot be appropriated by the Council. In 2016/17 school balances reduced by £1.345m leaving a revised balance of £34.406m as at 31 March 2017.

2. Recommendations

- 2.1 That the 2016/17 Statement of Accounts (Appendix 1) be approved.
- 2.2 That the Management Representation Letter for 2016/17 (Appendix 2) be approved.

Darren Carter
Executive Director of Resources & S151 Officer

Statement of Accounts 2016/17

3. Strategic Resource Implications

- 3.1 The Council's financial position is set out within the 2016/17 Statement of Accounts.

4. Legal and Statutory Implications

- 4.1 The Accounts and Audit Regulations 2015 require a formal resolution by the Audit Committee to approve its 2016/17 Statement of Accounts by 30 September 2017.

5. Implications for the Council's Scorecard Priorities

- 5.1 None arise directly from this report.

6. Background Details

- 6.1 Please refer to the summary statement and appendices 1 and 2 for details.