

# **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

**25th September 2014**

## **STATEMENT OF ACCOUNTS 2013/14**

Relevant Portfolio Holder	John Fisher – Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Wards Affected	All
Ward Councillor Consulted	None specific

### **1. SUMMARY OF PROPOSALS**

- 1.1 To enable Members to consider and approve the Statement of Accounts 2013/14.

### **2. RECOMMENDATIONS**

- 2.1 That Committee **APPROVES** the Statement of Accounts 2013/14.

### **3. KEY ISSUES**

#### **Financial Implications**

- 3.1 None other than those included in this report.

#### **Legal Implications**

- 3.2 The Accounts and Audit Regulations 2011 require that the Council complies with statutory accounting legislation and changes.

#### **Service / Operational Implications**

- 3.3 The Statement of Accounts was approved by the Executive Director of Finance and Resources in June 2014 in accordance with legislative requirement.
- 3.4 The Financial Statements have been audited by Grant Thornton. The Annual Governance Report as presented to this meeting reflects the opinion on the Accounts and it is proposed by Grant Thornton that an unqualified opinion will be given on the Statement of Accounts 2013/14. The Statement is attached at Appendix 1.
- 3.5 Included within the Statement of Accounts, there are a number of core financial statements that provide a summary of the financial position of the Council. These are:

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## **3.5.1 Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

## **3.5.2 Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statement (CIES) shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **3.5.3 The Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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## **3.5.4 The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

## **3.6 The Supplementary Financial Statements:**

### **3.6.1 The Housing Revenue Account Income and Expenditure Statement**

The HRA Income & Expenditure Account records the obligations to account separately for the cost of the landlord role in respect of the provision of Council housing.

### **3.6.2 The Collection Fund**

The Collection Fund shows the transactions of the Council in relation to the collection of Council Tax, and National Non-Domestic Rates and the way in which these have been distributed to the preceptors (the police, fire authority, county council and parishes), the General Fund and the NNDR Pool. It is a statutory requirement for billing authorities to maintain this account.

## **3.7 Financial Summary**

### **3.7.1 General Fund Revenue Account**

At its meeting on 12th February 2013 Redditch Borough Council set a budget of £10.227m (including planned transfers to earmarked reserves). There was no planned use of General Fund balances. Band D equivalent Council Tax was set at £209.18, a continued freeze at 2010/11 Council Tax levels. During the year, an underspend resulted in the contribution to balances of £166k.

The Council's general fund balances increased from £1.0m to £1.166m as a result. Additionally the Council has set aside resources to fund future expected payments. Details of individual earmarked reserves

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can be found in the notes to these financial statements.

## **Customer / Equalities and Diversity Implications**

3.8 None as a direct result of this report.

## **4. RISK MANAGEMENT**

4.1 The Corporate Risk register includes the delivery of a balanced and well managed budget and there is a clear and robust timetable of actions prepared and monitored by the S151 officer during the final accounts process to ensure complaint accounts are prepared...

## **5. APPENDICES**

Appendix 1 – Redditch Borough Council Statement of Accounts  
2013/14

## **AUTHOR OF REPORT**

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