

FINANCE, AUDIT AND PERFORMANCE COMMITTEE – 15th SEPTEMBER 2014



Hinckley & Bosworth
Borough Council

A Borough to be proud of

RE: STATEMENT OF ACCOUNTS 2013/2014
REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

- 1.1 To present to the committee, the Council's Statement of Accounts (the Statement) for 2013/2014 and to seek endorsement of the recommendation to Council to formally approve the Statement.

2. **RECOMMENDATION**

- 2.1 That the committee review the Statement of Accounts (including the Annual Governance Statement) for the year 2013/2014 and endorse the Statement pending any amendments authorised by the Section 151 Officer
- 2.2 That the committee note that an "unqualified" audit opinion is expected from the Council's external auditors as reported in their "Report to those charged with governance (ISA (UK&I) 260)".
- 2.3 That the committee endorse the following recommendation to Council:

That Council approve the Statement of Accounts for the year 2013/2014

3. **BACKGROUND TO THE REPORT**

- 3.1 Under the terms of the Accounts and Audit Regulations 2011, each local authority is required to prepare a Statement of Accounts (the Statement) by 30th June following the end of the year to which they relate. This draft Statement is signed by the Section 151 Officer as being a "true and fair" representation of the Council's financial performance during the year and financial position at year end. This was achieved for 2013/2014 and the draft Statement was approved by the Deputy Chief Executive (Corporate Direction) on 26th June 2014.
- 3.2 The Accounts and Audit Regulations 2011 also require that the Statement is approved by members and published by 30th September each year. Between June and September the Statement is subject to external audit and the auditors findings are outlined in their "Report to those charged with governance (ISA (UK&I) 260)" which is included on the agenda for this meeting.
- 3.3 The Statement has been prepared according to the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Statement has been prepared on the basis of International Financial Reporting Standards (IFRS).
- 3.4 The Statement comprises the following financial statements:

- Statement of Movements in Reserves
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statement

In addition, the following supplementary statements with accompanying notes have been produced:

- Housing Revenue Account
- Housing Repairs Account
- Collection Fund

3.5 The Council's Statement for 2013/2014 is appended to this report. This version may require minor amendments following the final review by external audit. Pending approval of recommendation 2.3, the final Statement will be approved and formally signed by the Deputy Chief Executive (Corporate Direction) and the Leader of the Council following Council approval on 23rd September 2014. The completed Statement will be published on the Council's website and an advert placed in local press to advise of this.

Notable items in the Statement for 2013/2014

3.6 Material changes required by the Code or resulting from management decisions that have impacted the 2013/2014 Statement for this Council have been summarised below for reference:

<i>Change</i>	<i>Source of change</i>	<i>Impact</i>
<p><u>Business Rates Retention</u></p> <p>The Local Government Finance Act (2012) introduced the Business Rates Retention system from 1st April 2013. The 2013/2014 Statement therefore includes a number of "new" entries and balances required to reflect the transactions and balances required by the scheme and the associated pooling regime.</p>	Code	<p>The Statement includes the following significant balances and transactions relating to Business Rates Retention:</p> <ul style="list-style-type: none"> • A £0.177million "levy" payment to the pool is shown within creditors to reflect 50% of the growth achieved in 2013/2014. • A £0.424 million grant received to compensate for Small Business Rates Relief is included in the Comprehensive Income and Expenditure Account and disclosed in note 31. • A provision of £0.215 million is disclosed in note 21 – this balance represents an estimate of the value of NNDR appeals that were lodged as at 31st March and may require settlement in 2014/2015. This balance is 40% of the total estimate provision, in line with

		<p>the applicable retention percentages</p> <p>A summary of these transactions and the position of the Leicestershire Pool is also provided for readers of the Statement within the Explanatory Forward.</p>
<p><u>Post Balance Sheet Events</u></p> <p>The Code requires that the impact and significance of any events that occur between the end of the reporting period and the date when the Statement is authorized for use are considered.</p> <p>An adjustment is made to the Statement where events provide evidence of conditions that existed at the end of the reporting period. Where events are only indicative of conditions, no adjustment is made but a disclosure is included where the impact is deemed material.</p>	<p>Management decision</p>	<p>The following transactions have been reflected as non-adjusting post balance sheet events in note 5 to the Statement:</p> <ul style="list-style-type: none"> • Town Centre Redevelopment – the initial £7million loan to Tin Hat Partnership and subsequent repayment • Town Centre Redevelopment – transfer of assets owned by the Council as part of the general vesting • Capital receipt (second installment) received for Stoke Road site
<p><u>Significant Income</u></p> <p>The Council has been awarded two material streams of funding which are:</p> <ul style="list-style-type: none"> • Regional Growth Funding for works to the A5 and MIRA Enterprise Zone: £2.809 million received in 2012/2013 and £11.875 million received in 2013/2014 • Funding from the Department of Energy and Climate Change (DECC) for works to properties to improve sustainability: £3.093 million received in 2012/2013. <p>In both cases, the Council acts as the “accountable body” for these funds, transferring designated elements to third parties to perform capital/revenue work.</p>	<p>Management decision</p>	<p>As funding has not been spent in full in 2013/14, the unspent cash balance is shown on the Balance Sheet as at 31st March 2014 (£10.780 million RGF and £0.573million DECC). The amounts that will be paid out from these balances are shown separately within creditors (money that will be spent by third parties) and “Unapplied Grants and Contributions” (funds which will be spent by the Council for the project).</p> <p>Because of the material level of funds that have been received and deferred in year relating to the RGF (£10.534 million), this amount is separately disclosed on the face of the Comprehensive Income and Expenditure Account in order to ensure transparency of reporting.</p>

2013/2014 Outturn

- 3.7 The draft outturn for 2013/2014 was reported to Council in July 2014. Following completion of the Statement of Accounts, it can be confirmed that the total under spend for the year is £1.310million, resulting in closing General Fund balances of £2.204

million. Outturn books will be made available to members at the Council meeting in September 2014.

4. **FINANCIAL IMPLICATIONS [KP]**

The cost of the statutory External Audit of the Statement for 2013/2014 is £64,980 as outlined in note 30 to the Statement.

The cost of advertising the audit and publication of the 2013/2014 Statement is £381 (actual) and £175 (estimated) respectively.

5. **LEGAL IMPLICATIONS (EH)**

Contained in the body of the report

6. **CORPORATE PLAN IMPLICATIONS**

The Statement reflects spending of the Council and therefore ultimately all Corporate Plan aims.

7. **CONSULTATION**

None

8. **RISK IMPLICATIONS**

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. **KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS**

There are none

10. **CORPORATE IMPLICATIONS**

By submitting this report, the report author has taken the following into account:

- Community Safety implications

- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Civica Financial Files

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