

## DRAFT ANNUAL FINANCIAL REPORT 2015/16

### 1. Introduction

- 1.1 The Council's statutory Annual Financial Report, which includes 6 Statements of Account, will be presented to this Committee in September, after completion of the external audit (taking place throughout July). Prior to submission for audit, by the deadline of 30 June, it will be signed by the certified Responsible Financial (S151) Officer as complete and presenting the position of the Council, as at 31 March 2016.

### 2. Purpose of the Report

- 2.1 This report updates Members on progress to achieve the required timetable, to advise Members of key issues in the planned report and to seek Members approval for any changes to Accounting Policies (if applicable).

### 3. Statement of Accounts position

- 3.1 The Council is required to include the following accounting statements within the Annual Financial Report.
- 1) Comprehensive Income and Expenditure Statement
  - 2) Movement in Reserves
  - 3) Balance Sheet
  - 4) Housing Revenue Account
  - 5) Collection Fund – Council Tax
  - 6) Collection Fund – Business Rates
  - 7) Cash Flow Statement
- 3.2 The draft Accounting Statements for 2015/16, prior to external audit, are set out in Appendices 1 – 7.

### 4. Accounting Policy Changes and Other Key Issues

- 4.1 There has been no requirement to change any Accounting Policies for 2015/16.
- 4.2 Previous years' reports highlighted changes to the Business Rates Retention scheme that took place in April 2013 and the need for the Council to hold a provision for anticipated successful appeals against rating assessments. As at 1 April 2015 the provision was £10.3 million. During 2015/16, £173,000 of settlements were made, but to allow for potential successful appeals relating to rates collected in 2015/16, the overall provision has now been increased to £12.03 million.
- 4.3 Historically, the Council has held a general fund reserve at around 10% of the general fund budget. In response to the risks identified by the Medium Term Financial Plan in the period up to 2020, the reserve has now been increased to £3m using the under spends from 2015/16. The reserve will be available to support the uncertainties in future funding levels, protecting the delivery of visible services, and will be supported by an efficiency plan to ensure the on-going balanced budgets are deliverable.

- 4.4 The strategy to increase our longer term investments has continued in 2015/16, leading to an increase in interest earnings (to £630,000 in 2015/16 in comparison to £456,000 in 2014/15)
- 4.5 The Responsible Financial (S151) Officer who will sign the 2015/16 Annual Financial Report will be Bob Jackson. The newly appointed Service Manager for Finance and Audit will take over as the S151 Officer from July 2016.

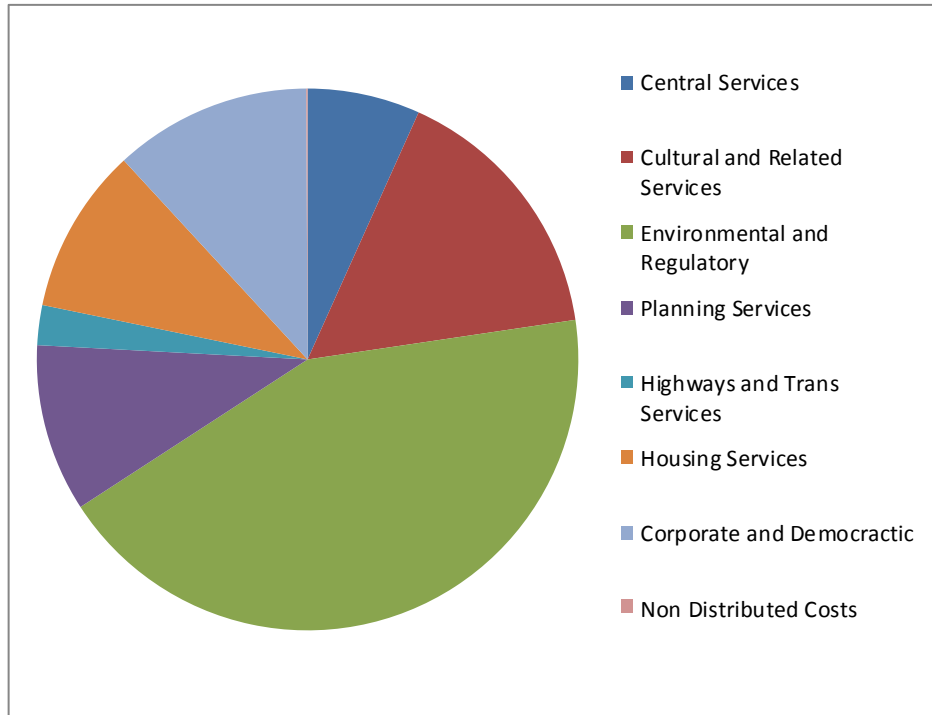
## 5. Summary of Financial Position

- 5.1 The Comprehensive Income and Expenditure Statement and Balance Sheet show the value of the Council's net worth to have increased by £15.039 million during 2015/16 (of which £8.195 is usable as shown below). The principal reasons and the breakdown of this increase between the various reserves are summarised as follows;

	£ million	
Net Increase in PPE Assets	2.398	
Increase in Short-Term Debtors	1.457	
Net increase in other Long-Term & Current Assets	3.794	
Decrease in Short-Term Creditors	3.313	
Decrease in net Pensions Liability	4.182	
Net Other	-0.105	
	<b>15.039</b>	
	←	→
	Usable Reserves	Unusable Reserves
General Fund Balance	0.964 *	0.026 Revaluation Reserve
Earmarked	5.519	3.185 Capital Adjustment Account
HRA Balance	0.029	0.1 Available For Sale Financial Instruments Reserve
Capital Programme	-0.128 **	0.012 Deferred Capital Receipts Reserve
Capital Receipts	1.341	4.182 Pensions Reserve
CIL	0.267	-0.696 Collection Fund Adjustment Account
Developers' Contributions	<u>0.203</u>	<u>0.035 Accumulating Absences Adjustment Account</u>
	8.195	6.844

- 5.2 The performance report presented to Cabinet in June identified a provisional general fund outturn saving of £1.8 million. A couple of late changes since that report have seen that figure increase to £1.9 million. The original revenue budget allowed for a transfer from the capital programme reserve of £786,000. The outturn position has not only accommodated an increase in the general fund reserve of £964,000\*, but has also meant that a transfer of £189,000 has been possible to the Capital Programme Reserve (different to the figure as included in the table above as £317,000 of the Capital Programme Reserve was used to finance Capital projects during 2015/16, resulting in the net decrease in this reserve of £128,000\*\*).
- 5.3 In response to the significant reduction in government funding experienced in recent years and anticipated in the years ahead, the Council undertook a review of Senior Management costs during 2015/16 that has resulted in on-going savings of around £800k. This transition increased costs of Senior Officer Remuneration as set out in the notes within the full Annual Financial Report, but was necessary to meet the future budget requirement of the Council. These costs were met from the savings in budget identified during 2015/16.

5.4 The chart below demonstrates the breakdown of the cost of services that the Council has provided during 2015/16 (created using the General Fund elements of the I&E statement);



5.5 The provisional outturn for the Housing Revenue Account shows an operating surplus of £538,000 for 2015/16. In order to ensure the optimum use of capital resources, capital receipts and developers' contributions totalling £2.240 million have been used to part finance the capital programme, rather than revenue resources. These items, together with the original anticipated budget surplus of £1.462 million have enabled an overall transfer to the Acquisitions and Development reserve of £4.2 million (included in Earmarked Reserves).

## 6. Recommendations

6.1 That Members note the draft Accounting Statements set out in Appendices 1-7 which are a summary of the Annual Financial Report that will be certified by the Responsible Financial (S151) Officer for the submission to the external auditor by the deadline of 30 June.

### For Further Information Please Contact:

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