

Audit Committee

Wednesday, 25th September, 2013
6.00 - 8.15 pm

Attendees	
Councillors:	Paul Massey (Chair), Andrew Chard (Vice-Chair), Rowena Hay, Tim Harman and Pat Thornton
Also in attendance:	Cllr Walklett, Mark Sheldon, Bryan Parsons, Grant Thornton, Rob Milford, Martyn Scull, Sarah Didcote, Pat Pratley, Ken Dale, Gary Spencer

Minutes

- 1. APOLOGIES**
Apologies received from Councillor Colin Hay.
- 2. DECLARATIONS OF INTEREST**
- 3. MINUTES OF THE LAST MEETING**
The minutes of the last meeting were approved and signed as a correct record.
- 4. PUBLIC QUESTIONS**
None
- 5. LEISURE & CULTURE TRUST GOVERNANCE**
Pat Pratley, Senior Responsible Officer, Ken Dale, Programme Manager and Gary Spencer, CBC Legal Adviser gave a presentation on the Cheltenham Leisure and Culture Trust, the slides of which are attached to these minutes for information.

In response to questions from Members the following clarifications were given by officers :

- Should the Council find itself in the position that it could not repair the building there were funds in the planned maintenance budget and as this went forward the council would need to decide on those needs against other needs elsewhere. The Legal Adviser added that a variation of contract would need to be discussed first with the Trust although the Council would need to consider how to deal with a drastic change in funding e.g. terminate the contract. There was a procedure to follow should this be the case. There was however nothing specific in the clauses on such a scenario.
- In terms of which costs were borne by which party there was, in principle, a VAT efficient and cost efficient approach. Officers were currently looking at other service provision such as utilities whereby the Council, as a local authority, could purchase power on more favourable terms than the Trust.

- The Shadow Board for the Trust had its own independent legal adviser who was currently drafting the contract. The set up costs for the Trust included legal advice. To progress the project a brief had been put out to the market and there had been three expressions of interest.
- In terms of resourcing the governance function, the detail had not yet been worked out. Resourcing would be dealt within the business plan itself and this would need to be taken into account when the Trust looked at its structure.
- With regard to the risk management system that the Trust would operate, this was detail which had yet to be finalised. It was certain that there would be a risk register and possibly a risk committee. Risk management issues would be covered by the performance management framework and raised at the Partnership Board meetings.
- When asked whether lessons had been learned from Cheltenham Festivals, the Senior Responsible Officer explained that there were differences in terms of the way the Trusts were funded (management fee vis a vis grant) but lessons could be drawn on how contracts could be managed effectively. She highlighted that informal relationships had been built into the contract framework, i.e. the Chief Executives, the Trust Chair and the Cabinet Portfolio holder would meet quarterly. These relationships were important in terms of governance and moving forward.

The Senior Responsible Officer added that the team would like to attend a future meeting of the Audit Committee and in the meantime invited Members to contact them should there be any particular concerns they had about governance arrangements going forward. The Chair emphasised that the role of the Committee was to be satisfied with the governance arrangements and any areas of concern would be taken up with Internal Audit. Members were informed that the Audit Partnership Manager sat on the Programme Board for the Trust and he would lead the gateway reviews when they are undertaken.

6. INTERNAL AUDIT MONITORING REPORT

The Head of Audit introduced the report and referred members to paragraph 3.2 which outlined the audits which Internal Audit had concluded or were ongoing. He made reference to the Leisure and Culture commissioning project for which officers were working in the interests of both the council and the Trust. Internal Audit was also working through various aspects of the Shared Service governance. Other work was being undertaken in respect of Counter Fraud and tenancy fraud work with Cheltenham Borough Homes. Health and Safety issues relating to the play area enhancements had also been examined and a high assurance had been given in terms of controlling the risks in this area. Budgetary control and capital expenditure was deemed satisfactory with no particular issues. Things were moving forward in terms of GO. Treasury Management had received a high assurance. The Head of Audit noted that some reports were slightly dated so it was more appropriate to examine the management responses laid down in the appendices. NNDR had received a satisfactory assurance and there were issues in terms of ICT related matters. Finally he made reference to the regulation of RIPA which was a limitedly used piece of legislation, picked up in the Office of Surveillance Commissioners report.

In response to a question on the visit from the Office of Surveillance Commissioners, the Head of Audit explained that authorities were normally inspected every 2 years and due to changes in legislation this had been pushed up on the risk radar. There had been advance warning of the visit and there were no limited assurance opinions.

When asked what work Audit was undertaking in respect of ICT services, the Head of Audit stated that a piece of work was underway on the implementation of the recommendations from the virus report. There were also network/application audits and business continuity audits and auditors were working closely with the Forest of Dean in this respect. A member expressed his extreme dissatisfaction with the ICT service at the council which, in his view, was hindering members' ability to serve the public. Such issues needed to be dealt with immediately rather than waiting for a report back in a month's time. The Chair recognised that there were issues with ICT which were directed to the Audit Committee and members needed a better sense of assurances. In the context of one particular ICT incident, he questioned whether the reduction in the planned maintenance budget had had unforeseeable consequences on service delivery in this area.

In response the Corporate Governance Officer explained that the Chief Executive was aware of the issues and a dialogue was ongoing with ICT management and the Forest of Dean which formed part of a rolling programme. The Director Resources referred to the Council's £1.3 million investment in infrastructure in February and made particular reference to the server room incident. The Audit Manager was now well aware of Members' concerns.

7. REVIEW OF ANNUAL STATEMENT OF ACCOUNTS

In advance of the presentation, Paul Jones, Head of Finance, GOSS, referred to a suggestion by the Council's auditors, Grant Thornton, that an additional recommendation be added to the report as follows :

"That the letter of representation be approved for signature by the Chairman of this Committee".

It was also proposed that prior to the signing of the accounts by the Chair the Committee discussed the Auditors Audit Findings report.

Sarah Didcote, GOSS Business Partner Manager West and Martyn Scull, Corporate Accountant GOSS, then gave a presentation on the key changes and highlights of the 2012/13 Statement of Accounts, the slides of which are attached to these minutes for information.

The following points were raised and discussed :

- Icelandic Banks-last year there had been an exchange rate gain of £47 000 on the council's investments although it was uncertain what that could be in the future; some investments were being held by the administrators in escrow accounts which were in Krona. In 2009 the best information suggested that the council would not get back its £5 million and therefore the loss was charged to the expenditure account; the Government, through its Capitalisation Directive, allowed local authorities to spread this loss over 20 years which represented a relatively cost effective way of conducting business. Anticipated losses

were taken out to ensure that the council was still able to fulfil its commitments elsewhere.

- CBH-it was clarified that the apparent overspend on CBH was due to slippage in the capital programme due to the inclement weather. The tenders were still current with the same budget parameters, it was just the physical works which were behind schedule.
- It was noted that the Significant Issues Action Plan would be reviewed on 1 March

Having considered the Audit Findings Report it was

RESOLVED

- 1. That the audited Statement of Accounts for 2012/13 be approved for signature by the Chairman of this Committee**
- 2. That the letter of representation be approved for signature by the Chairman of this Committee**

8. AUDIT FINDINGS REPORT - ISA 260 (2012-13)

Peter Barber, Engagement Lead, Grant Thornton, introduced the report and explained the approach to the audit of the financial statements for the year ended 31 March 2013 and the key issues arising from the audit. No material errors had been identified in the accounts. Two non trivial errors had been identified. These concerned the grossing up of debtors and creditors and the non inclusion of civic regalia. The latter had been included in the heritage assets and at £141 000 was not material to the accounts. He stated that an unqualified opinion would be provided.

The Engagement Lead noted that the Council's accounts were, for the first time, prepared by Go Shared Services (GOSS) under the new shared service arrangements and it was the first year of Grant Thornton's audit appointment. There were some teething problems which made the audit process difficult to complete within the planned deadline but there was scope to improve communication. These problems had no impact on the cost of its audit to the Council.

In terms of the Value for Money conclusion it was the intention that an unqualified opinion would be given. The Council's current arrangements for securing financial resilience were good and the Council was responding well to the challenges of the Local Government Finance Settlement, delivering savings and targeting its resources effectively. It had plans in place to deliver further savings of £3.3 million over the next five years. It therefore had effective arrangements in place for economy, efficiency and effectiveness.

Councillor Chard proposed a motion to thank officers in the Finance Team and Grant Thornton for these achievements in the particularly difficult current economic climate. This was seconded by the Chair.

In response to a question, it was confirmed that the civic regalia was insured to the value of £141 000.

Members were referred to Appendix A:Action Plan which was tabled at the meeting and noted the management response.

9. FINANCIAL RESILIENCE REPORT (2012-13)

Peter Barber, Engagement Lead, Grant Thornton, explained that its work supporting the Value for Money conclusion included a review to determine if the Council had proper arrangements in place for securing financial resilience. He outlined the risk areas and explained that each had been assessed as green which signified that the arrangements met or exceeded adequate standards. However, a number of areas had been identified where there were recommendations for improvements. These included monitoring the working capital ratio to ensure that no financial risk arises from having current liabilities in excess of current assets, reporting on key financial ratios more regularly, consider whether the existing performance management arrangements are fit for purpose in the light of commissioning and monitoring the impact of the transfer of finance staff to GO Shared Services to assess the risk of a capacity problem arising. A management response to these five key recommendations would be reported back to Audit Committee in due course.

In response to a question, Grant Thornton said that in the context of the working capital ratio graph in the report, council tax collection rates were not used as a comparator with other local authorities. He emphasised that different authorities did have a different set of circumstances but the graph illustrated where the Council was positioned. Paul Jones explained that the working capital ratio compared current assets with current liabilities. The Council had replaced £15 million of long term borrowing with short term borrowing. This was due to the strategy the council had adopted of using maturing investments to repay short term lending. A further issue which was highlighted was the long term borrowing to the council revenue account due to changes in HRA funding with a large item appearing in 2011/12. Therefore comparisons were less useful with other councils as they did not necessarily have the same financial arrangements. The level of spend per head at CBC was consistent with other authorities and measures were in place to meet future liabilities as they arose.

10. GRANT CERTIFICATION WORK PLAN

Grant Thornton explained that the most significant claims and returns in 2011-12 were housing and council tax benefit claim, national non-domestic rates (NNDR) return and pooling of housing capital receipts. The number of claims to be audited had been decreasing over the last few years. It was confirmed that no issues would be raised with NNDR or capital receipts and that the indicative scale fee for the Council would remain as laid out in the report.

11. OFFICE OF SURVEILLANCE COMMISSIONERS - RIPA INSPECTION REPORT

The report was introduced by the Governance, Risk and Compliance Officer, Bryan Parsons. The purpose of the report was to update the Audit committee on the July inspection and report by Norman Jones QC, Assistant Commissioner from the Office of Surveillance Commissioners (OSC) on the council's arrangements for the use of powers under the Regulation of Investigatory

Powers Act 2000 (RIPA). There were five recommendations in the report for which an action plan had been put in place.

The Cabinet Member Corporate Services wished to put on record his thanks to the Governance, Risk and Compliance Officer for his role in achieving this positive outcome. The Chair made particular reference to paragraphs 18 and 30 of the inspector's report and reiterated the thanks of the Cabinet Member.

Upon a vote it was unanimously,

RESOLVED that;

- 1. The findings and recommendations within the OSC report following the inspection on the 26th July 2013 regarding the Council's arrangements for the use of RIPA be noted.**
- 2. The action plan to deliver changes required to meet the Assistant Commissioner's recommendations be agreed.**
- 3. It be recommended to Cabinet that it agrees the revised RIPA guidance.**

12. WORK PROGRAMME

The Cabinet Member Leisure & Culture suggested that the Leisure and Culture Trust be added to the work programme for March 2014, i.e. once its governance had been defined. This was agreed by Members.

13. LOCAL GOVERNMENT ACT 1972-EXEMPT BUSINESS

14. ICT NETWORK ISSUE

Members discussed the issue and

Resolved

- 1. To monitor the situation closely**
- 2. That should the Council not meet its deadline, the Chair and Vice Chair of Audit Committee should meet with the Chair and Vice Chair of Overview and Scrutiny to consider how to proceed. The Cabinet Member Corporate Services should also be involved.**

15. ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION

None

16. DATE OF NEXT MEETING

15 January 2014

Paul Massey
Chairman

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Cheltenham Leisure and Culture Trust – Cheltenham LCT

Audit Committee
25 September 2013

Rat Fratley – Senior Responsible Officer
Ken Dale – Programme Manager
Gary Spencer – CBC Legal Adviser



This evening's presentation ...

- Cheltenham LCT will be responsible for the operational management and service delivery of Leisure@, Prince of Wales Stadium, Cheltenham Town Hall, Cheltenham Art Gallery and Museum, Pittville Pump Room, Tourism and Tourist Information Centre, Sport Play and Healthy Lifestyles
- We are in the process of developing the governance framework and arrangements to manage the contract between the trust and the council
- We will briefly cover:
 - Trustee recruitment
 - Trust legal structure
 - Contract, leases and support services
 - Specification
 - Performance management framework
 - Accountabilities for contract performance
 - Members' roles
 - Client side management
 - Cheltenham LCT Programme governance



Trustee recruitment

- Critical to good governance and a high performing charity is the recruitment of the right calibre of trustees
- Recruitment campaign commenced 20 September. Appointments conclude w/c 18 November
- Trustee information evening 16 October
- CBC will manage the selection process
- 11 trustees – 2 CBC member nominated
- Recruitment pack includes specification for both chair and trustees
- Seeking a broad range of experience and skills – private, voluntary and community representation sought
- Trustee specification includes a specific reference to governance – *an understanding and appreciation of the governance and compliance requirements of the new trust. Trustees will have, and must accept, ultimate responsibility for directing the affairs of the charity, and ensuring that it is solvent, well-run, and meeting the needs for which it has been set up*
- Trustees will be voluntary roles



Trust legal structure

- Charitable company limited by guarantee (CCLG)
 - Most commonly used legal form – "Trusted brand"
 - Creates a separate legal entity
 - Flexible structure – able to create subsidiary companies, eg, catering
 - Protection for trustees – company enters into contracts not individual trustees
- Trust will be regulated by the Charity Commission and Companies House – highest standards of good governance demanded
- Directors of a charitable company are both directors and trustees and have duties and responsibilities under the Companies Acts and Charities Act
- Charitable Objects will advance health, arts, culture and heritage, education, amateur sport and recreation
- Trust governed by its Memorandum of Association, charitable objects and constitution
- Expectation that the trust will create a number of sub-committees, examples could include, audit, equality and diversity, health and safety, safeguarding, etc



Contract, leases and support services

- **Contract**
 - Contract for 10 years; leases 15 years (on the basis that if the contract includes provision for an extension and it is exercised there is no need for a new lease) but with a break clause in leases at 10 years
 - Property freeholds to be retained by CBC
 - Museum collections to remain in the ownership, or in trust, of CBC
 - Assets (building based, eg, fitness equipment) transfer to the Trust but remain in ownership of CBC (VAT efficient approach/managed risk at end of contract)
 - Many items still to be finalised; utilities risk, change of law, pensions, workforce issues
- **Leases**
 - Non-business lease to be agreed at peppercorn rent, no rent reviews (subject to VAT advisor and agreement by Asset Management Working Group)
 - Responsibility for repairs and development works stays with CBC (subject to VAT advisor and agreement by Asset Management Group)
- **Support Services**
 - Working to create proposals for the Trust to take support services from GO Shared Services, ICT Shared Services, One Legal, Audit Cotswolds and Property Services



Specification

- Close collaboration between contract and specification development
- Specification principles – outline the partnership principles, strategy and focus and performance management framework
- Seeking to create a contractual framework that strikes an appropriate balance between protecting the key interests of the council whilst also allowing the trust sufficient operational freedom and encouraging innovation.
- Looking for the trust to deliver against 3 main outcomes (with a number of secondary outcomes)
 - People are able to lead healthier, fulfilling and active lives (HEALTH)
 - People are inspired to take part and gain valuable skills and experience (LEARNING)
 - Cheltenham is seen as a world class place to live, work, study and visit (PLACE)
- Outcome-based approach is about specifying the results required, not dictating how each task will be delivered
- Particular attention being paid to key factors, thinking about the balance between control and managing the risk – fees and charges, governance, performance, services, contract price
- Basic operating standards and protocols yet to be defined, eg, governance protocol, communication protocol
- Plus Cheltenham specific standards – eg compliance with council obligations to Heritage Lottery



Contract governance framework – work in progress

Frequency	Meeting	Objectives	Responsibility
Annual	CBC Strategy or CBC Council	Annual performance report – to include (but not be limited to) – summary of overall financial performance, funding matters and longer delivery against the specified outcomes; customer satisfaction; partnership working and collaboration	Trust CEO Trust Chair
Monthly	Informal meeting	Build relations; broader partnership building; collaboration; risk identification; forward planning	CBC CX Trust CX
Quarterly	Informal meeting	As above	CBC CX, Trust CX, Trust Chair, CBC Cabinet Lead, Lead Commissioner
Yearly or half yearly	Informal meeting	Work on thinking/oversees scanning; identify risks and to assess their implications; identify opportunities for collaboration/ joint working	CBC Exec. Board Cabinet Lead Trust Board and STP
Quarterly	Partnership Board	Review the efficiency and effective business management of the contract; achievement of financial and operational targets; staff and other performance resources (financial and otherwise); development and review of the service quality improvement plan/strategy; performance any contract variations to CBC and the Trust board; resolve to a M. matters of concern	CBC – Lead Commissioner, Cabinet Lead, Chair officer, Trust Chair, CX, plus one other
Monthly	Stakeholder Board	Monitor service performance (and financial) and delivery; risk identification and management; informal issue resolution; innovation and change planning	CBC – Lead Commissioner, Chair officer, CBC Finance reports Trust – Senior leadership team
Monthly	Client officer meeting	Review monthly service performance (and financial); informal issue resolution; risk management; identify and manage the risk of exiting to the Sector	CBC Client Officer, Trust Senior Leadership Team

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- ### Accountabilities for contract performance
- Contractual designations**
 - Authorised Officer (CBC Lead Commissioner) – acts in the name of the Council for the purposes of the contract; has the power to issue reasonable instructions to the Contractor
 - Contractor's Representative (Trust Chief Executive) – shall be the designated person for the proper administration of the contract
 - Contractual remedies**
 - Dispute resolution (schedule 9)
 - Material breaches (schedule 6)
 - Client Officer**
 - Deals with day to day contract issues and will be accountable to the Lead Commissioner
 - Responsible for the routine performance monitoring of the contract and will be required to raise any matters of concern in the first instance to the Lead Commissioner
 - Will support the Lead Commissioner in the formal performance management arrangements
 - Dealing with unforeseen events**
 - Client officer to deal with routine matters – CBC point of contact for Members and the public
 - Lead Commissioner may become involved depending on the ability to resolve
 - Lead Commissioner will liaise with Trust CX on matters of more serious nature or resolution has not been achieved
 - Lead Commissioner will call the Trust Partnership Board representatives to account for matters of a serious nature
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- ### Client-side management
- Formal relationship management between the trust and the council via contract and specification
 - Client side monitoring will sit within the Commissioning Team
 - CBC customer relations team will deal with customer complaints which are directly received from the public
 - Customer complaint monitoring will form key performance measure within the contract
 - Suite of performance measurements will be agreed between the trust and the council – in development
 - More complex outcome-focused indicators will need to be developed
 - Regular officer meetings – as previously stated
 - Seeking a partnership approach
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- ### Members' roles (high level summary)
- Cabinet**
 - Approves the strategic direction for leisure and culture and approves the outcomes
 - Agrees and approves contractual arrangements (including performance standards and governance)
 - Reviews performance reports via the performance management process
 - Cabinet Lead**
 - Defines the strategic and policy direction for leisure and culture
 - Works with the commissioners to develop the contractual arrangements including advising on key elements of the contract and specification
 - Will be a member of the formal Partnership Board and will take part in the informal contract governance arrangements outlined earlier
 - Overseer and scrutiny**
 - Will receive performance reports through the performance management process
 - Will receive the annual report of the Trust's performance (RIP it may be determined this should go to Full Council)
 - Call the trust to account if required
 - May decide, for example, to undertake a review of how the trust is performing say after the first 12 months of operation
 - Individual members**
 - Will have access to how the trust is performing via reports to OIGS
 - Will have access to the Trust's annual performance report
 - Will, as ward councillors, be asked to direct complaints with service standards or performance in the first instance to the Trust. Where complaints are not dealt with satisfactorily complaints will be followed up by the customer services team. The council will monitor the level of customer complaints as part of the contract monitoring with the trust.
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- ### Cheltenham LCT Programme governance
- Programme Board drives creation of new trust working to Managing Successful Programmes (MSP) principles
 - Board led by Executive Director – Senior Responsible Officer (SRO)
 - Board members, Cabinet Member, Director of Commissioning, Director of Health and Wellbeing, HR, Finance, Legal, Audit, Property and Business Transformation lead officers
 - Risk management – register maintained and reviewed
 - Monthly status reports to CBC Senior Leadership Team
 - Gateway reviews planned for trust business plan, contract and specification. Audit Cotswolds will manage gateway review process as independent of the project
 - Programme governance modification needed once the shadow trustees are in place – eg, formal separation of advisers to the Council and the trust
- CHELLENHAM**
SARUMS COUNCIL

Comments/Questions

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**Audit Committee, 25 September 2013
2012/13 Statement of Accounts**

Key changes and highlights

Sarah Didcote
GOSS – Business Partner Manager West

Martyn Scull
GOSS – Corporate Accountant

1

Areas to be covered

- Legal background
- Changes to Code of Practice for 2012/13 statement
- Financial highlights
- Differences between Management Accounts and Statement of Accounts
- Questions

2

The Legal Framework

- Audit Commission Act 1998 – requirement to prepare an annual Statement of Accounts
- Local Government Act 2003 - accounts to be prepared in accordance with 'proper accounting practices' and the Accounts and Audit Regulations 2003 (as amended in 2011)
- Proper accounting practices are defined by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 'Code') (previously the SORP)
- Local Government & Housing Act 1989 - separate Housing Revenue Account (HRA) - 'ring-fenced'
- Statutory requirement to maintain a separate Collection Fund for council tax and business rates

3

Code of Practice on Local Authority Accounting – the rules!

- Accounts must be prepared in accordance with the Code
- From 2010/11 the Code is based on International Financial Reporting Standards (IFRS)
- No additional requirements for 2012/13
- De-cluttering of Statements
- 2012/13 Code guidance notes have 837 pages
- 2012/13 Statement of Accounts has 127 pages (78 pages in 2007/08)

4

**Financial highlights in 2012/13 -
General Fund Revenue Expenditure**

- **Enhancing and Protecting our Environment £5.115 million**
Includes Parks & Gardens, Allocations, Refuse collection, Recycling, Pollution control, Pest control, Shopmobility
- **Strengthening our Economy £401k**
Includes Business & Economic development, Tourism, Twinning
- **Strengthening our Communities £5.351 million**
Includes disabled facilities grants, Homelessness, Single Advice contract, crime and disorder, leisure @, sports development
- **Enhancing the provision of Arts & Culture £2.201 million**
Includes Art Gallery & Museum, Town Hall & Pump Rooms, Everyman Theatre, Arts grants/enabling

5

**Financial highlights in 2012/13 –
General Fund**

- Overall under-spend compared to revised budget for the GF of £201,800, included in the GF balance of £2.021 million at year end.
- Net assets consistent at 31st March 2012 and 31st March 2013 - £186 million
- Earmarked reserves reduced from £9.8 million at 31st March 2012 to £9.1 million at 31st March 2013, including repayment of Icelandic Banks debt.
- Increase in Pensions liability of £7.2 million
- Results of first 17 months of trading for Ubico - incorporated into group accounts

6

Financial highlights 2012/13 - Capital

- £11.6 million spent on capital items, including:
 - £4.74 m - housing stock
 - £3.28 m - contribution towards the Art Gallery & Museum redevelopment
 - £2.00 m - contribution to CBH for New Affordable Housing
 - £0.81 m - housing grants for private houses, including DFAs
 - £0.14 m - new and improved play areas
- £3.16 million in capital receipts were received, of which £0.5 million was used to fund capital expenditure and £0.3 million paid to the national HRA capital receipts pool
- £1.7 million in partnership funding was used
- £2 million taken in prudential borrowing

Financial highlights 2012/13 – Housing Revenue Account (HRA)

- Balances at year end are £4m (£3.6 HRA balance plus £0.4m Major Repairs Reserve), an increase of £848,000 compared to revised budget.
- However £603k is required to fund to fund capital expenditure delayed by adverse weather to 2013/14
- Debt repayment of £1.4m has reduced outstanding HRA debt to £44.7m – headroom of £8.1m available up to statutory cap of £52.8m
- 13 Right to Buy sales, some stimulation of interest following Government initiative

Financial highlights 2012/13 – Group Accounts

- Group accounts show net assets of £203.8 million, compared to CBC's £186 million, mainly due adding £16 million for Glos. Airport.
- CBH and Ubico are also included
- Property, Plant & Equipment includes £7.9 million for CBH dwellings.

Icelandic Bank investments

- Further repayments of £1.3 million received in 2012/13, giving a total of £8 million received to 31 March 2013
- Net reduction in value of remaining loans of £14k at 31 March 2013
- Interest due for year of £150k credited to I&E and transferred to reserves for future possible debt repayment
- £700k of accumulated repayments received in previous years used to repay debt, reducing it to £0.5 million at 31 March
- Of the original £11 million invested, an estimated £10.5 million (95%) will currently be recovered, subject to exchange rate fluctuations
- But no interest is receivable from the claim to the repayment dates.

Ongoing / Future Plans

- Commissioning - Leisure & Culture Trust
- Art Gallery & Museum Redevelopment
- St Pauls Regeneration
- Sale of North Place and Portland Street Car Parks
- On Street Parking enforcement transferred to Gloucestershire CC wef 1st April 2013
- New Joint Waste Partnership with Gloucestershire CC, Forest of Dean and Cotswold District Councils wef 1st April 2013
- New Shared Information, Communications & Technology (ICT) service with Forest of Dean District Council wef 1st April 2013.

Page 11 – 12 provide details

Difference between management accounts and Statement of Accounts

- Surplus on management accounts £201k, but Surplus on CI&E Statement (page 17) £128k
- Why? CI&E Statement includes:
 - Housing Revenue account (HRA)
 - Items such as depreciation, impairments, capital grants, additional pension costs, transfers to reserves etc, which are reversed out in the Movement in Reserves Statement, so do not impact on council tax.

Reconciliation between Management Accounts and Statement of Accounts

Comprehensive Income & Expenditure Statement - Surplus for year		€'000
		(128)
Less: Depreciation and impairment of assets		(2,646)
Less: Revenue expenditure funded from capital under statute		(433)
Add: Capital grants		2,109
Less: Capital Receipts		(332)
Add: Gain/(loss) on disposal of fixed assets		(19)
Add: Accumulated absences adjustment		23
Less: Pensions FAS19 adjustments		(741)
Less: Collection fund statutory adjustment		(51)
Add: Housing Revenue Account surplus		383
Add: Provision for repayment of debt and loan premiums		1,721
Add: capital expenditure charged to revenue		2,017
Add: net Transfers to earmarked reserves		(2,084)
GF Underspend as reported in Outturn Report (management accounts)		(201)

13

Any Questions?



14

