



Cheltenham Borough Council

Audit Committee, 24 September 2014 2013/14 Statement of Accounts

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Areas to be covered

- Legal background
- Changes to Code of Practice for 2013/14 statements
- Format of Statement of Accounts
- Financial highlights 2013/14
- Differences between Management Accounts and Statement of Accounts
- Questions

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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 2013/14* (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

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Changes to Code of Practice 2013/14

- **Business Rates retention scheme**
Replaces fixed formula grant - 40% retained CBC, 50% retained Government, 10% retained GCC.
- **Frequency of Revaluations**
IAS16 – asset values reviewed for material changes and revalued at 31st March 2014 - non dwelling land and buildings
- **Pensions Liability**
IAS19 Amended disclosure notes

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Format of Statement of Accounts

- **Introduction :**
Services provided by council, achievements in 2013/14, performance management
- **Explanatory Foreword:**
Management outturn and Service delivery
Where the money comes from - fees, grants
Changes in funding arrangements – business rates
Impact of changes in statutory legislation
Treasury management

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Format of Statement of Accounts (continued)

- **Statement of Responsibilities for the Statements**
Cheltenham Borough Council's and Section 151 responsibilities
Audit Committee sign off
- **Core Financial Statements and notes**
Cheltenham Borough Council – single entity
Group Accounts – including Glos Airport, Ubico and CBH
Housing Revenue Account
Collection Fund – Non-Domestic Rates and Council Tax
- **Annual Governance Statement**
- **Auditors Opinion – Grant Thornton**

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Financial highlights in 2013/14 - General Fund Revenue Expenditure



Total net revenue spend – Council services £15.562 million:

- **Built Environment £2.298 million**
Includes Building Control, Business & Economic Development, Parks & Gardens, Allotments, Pollution control, Pest control, Cemeteries, Disabled facility grants, Car Parking and Shop mobility.
- **Commissioning £5.242 million**
Includes Homelessness, Refuse collection, Recycling, Street Cleaning, Elections, Civic, Twinning, Democratic.
- **Wellbeing & Culture £4.458 million**
Includes Town Hall & Pump Room Entertainment, Leisure@, Sports development, Art gallery & Museum, Tourism, Everyman Theatres and Playhouse Theatres.
- **Resources £3.143 million**
Includes Corporate Management, Pensions, Municipal Offices, Depot building, Revenues & Benefits, Treasury Management, Investment Property, Support Services including GOSS, Audit Cotswolds and Property Services.
- **Strategic Management £0.421 million**
Includes Emergency Planning, Development Task Force, Chief Executives.

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Financial highlights in 2013/14 – General Fund



- **Overall under-spend** compared to revised budget for the GF of £489,998, included in the GF balance of £1.752 million at year end.
- **Gross Turnover** - £111 million 2013/14
- **Net worth of Council** increased from £186 million at 31st March 2013 to £235 million at 31st March 2014, mainly as a result of net increases in asset revaluations.
- **Earmarked reserves** reduced from £8.1 million at 31st March 2013 to £6.4 million at 31st March 2014, including contributions from earmarked reserves for the Art Gallery & Museum redevelopment.
- **Pensions liability** increased from £53,724 million in 2013/14 to £57,182 million in 2014/15; an increase of £3.458 million.

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Financial highlights 2013/14 - Capital



- **£11.4 million spent on capital items, including:**
 - £6.20 m - housing stock
 - £0.43 m - disabled adaptations within the council's housing stock
 - £0.58 m - private sector disabled facility grants and adaptation support grants
 - £2.53 m - contribution towards the Art Gallery & Museum redevelopment
 - £0.78 m - housing enabling, in partnership with CBH
 - £0.24 m - gym equipment at leisure @
- Capital Receipts available increased from £0.513 million in 2012/13 to £2.691 million in 2013/14, mainly as a result of the sale of North Place and Portland Street Car Parks were available to fund 2013/14 capital expenditure.

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Financial highlights 2013/14 – Housing Revenue Account (HRA)



- Housing Revenue Account balances are £4.2m at year end an increase of £642k in 2013/14.
- However partially required to fund slippage in capital expenditure in 2013/14
- 38 Right to Buy sales, some stimulation of interest following Government initiative

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Financial highlights 2013/14 – Group Accounts



- Group Accounts include CBH, Ubico and Glos. Airport
- Group accounts show net assets of £256 million, compared to CBC's £235 million
- Mainly due to £16 million for Glos. Airport runway and terminal building and CBH new / revalued housing.
- Property, Plant & Equipment includes £11 million for CBH dwellings

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Difference between management accounts and Statement of Accounts



- Surplus on management accounts £490k, but Surplus on CI&E Statement (page 19) £4.297m
- 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.

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Reconciliation between Management Accounts and Statement of Accounts

| | £'000 |
|--|---------------|
| Comprehensive Income & Expenditure Statement - Surplus for year | (4297) |
| Add: Depreciation and impairment of assets | 976 |
| Less: Non current assets written off on disposal | (7,820) |
| Add: Transfer of sale proceeds | 8,725 |
| Less: Revenue expenditure funded from capital under statute | (1,443) |
| Add: Capital grants and contributions applied and unapplied | 850 |
| Less: Contribution from capital receipts to government pool | (302) |
| Add: Accumulated absences adjustment | 192 |
| Less: Pensions IAS19 adjustments | (1,213) |
| Add: Housing Revenue Account surplus | 3,066 |
| Add: Provision for repayment of debt and loan premiums | 1,235 |
| Add: Capital expenditure charged to revenue | 1,800 |
| Add: Council Tax and NNDR surplus | 444 |
| Add: Net Transfers to earmarked reserves | (1,489) |
| GF Underspend as reported in Outturn Report (management accounts) | 490 |

Any Questions?

