

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

Key changes and highlights

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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

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

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)

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, Shephoebility
- **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

Financial highlights in 2012/13 – General Fund

- Overall under-spend compared to revised budget for the GF of £201,000, 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 £8.1 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

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

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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

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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.

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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.

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Ongoing / Future Plans

- Commissioning - Leisure & Culture Trust
- Art Gallery & Museum Redevelopment
- St Pauls Regeneration
- Sale of North Place and Poitland 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 13 – 15 provide details

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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.

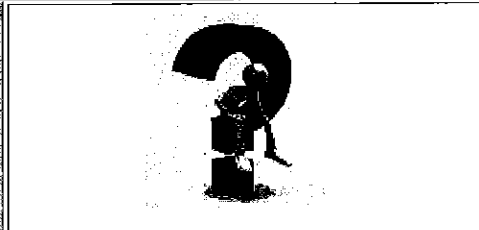
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Reconciliation between Management Accounts and Statement of Accounts

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)

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Any Questions?



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