

**Audit Committee
31 May 2016**

Annual Report and Accounts 2015/16

Leader Cllr Clive Eginton
Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Andrew Jarrett - Head of Finance

Reason for Report: To present the annual report and accounts to members.

RECOMMENDATION: That the draft annual report and accounts be approved.

Relationship to Corporate Plan: The financial resources of the Council impact directly on its ability to deliver the corporate plan pledges.

Financial Implications: Good financial management and administration underpins the entire document.

Legal Implications: It is a statutory requirement to follow the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) when producing the annual accounts.

Risk Assessment: The Section 151 officer is responsible for the administration of the financial affairs of the Council. Adhering to the SORP mitigates the risk of receiving a qualified set of accounts. The Accountancy Team has also reviewed its overall calculations/workings against the CIPFA published Disclosure Checklist for 2015/16 and entered into detailed discussions with the appointed Audit Manager prior to and during the completion of the accounts. In addition the Accountancy Team has also performed a “dry run” process to establish whether it can finalise the Accounts by the end of May, as legislation has been passed to bring the closedown process forward a month for the production of the 2017/18 Accounts. This has been a useful trial and a number of lessons have been learned.

1.0 Introduction

1.1 The annual accounts for 2015/16 have been produced in full compliance with the Statement of Recommended Practice (SORP) and all other relevant accounting legislation. There are actually very few accounting changes for 2015/16.

2.0 The Annual Report and Accounts

- 2.1 The main highlights of the annual accounts are to be found in the narrative report to the accounts beginning on page iii. In overall terms, 2015/16 has been another challenging year. Although overspent due to a series of “one – off” items the overall expenditure has remained fairly close to budget and we have been able to increase some of our reserves.
- 2.2 The detailed management accounts were included in the outturn report presented to the Cabinet on the 12 May 2016. This report indicates the continuing financial pressure that the Council faces due to Central Government’s continuing austerity programme. As a direct result this Council has managed to reduce expenditure and increase income in a number of services and continue to maintain a “prudent” levels of balances. It is also beginning to explore and accept some more commercial opportunities to either increase revenue or cut cost in order to protect frontline service provision.
- 2.3 In order to provide a summary financial position of how the Council ended 2015/16 a list of all available reserves is detailed below.

Balances held as at 31 March 2016

Useable Reserves	B/fwd 31/3/15 £k	In Year Movement (Surplus)/Deficit £k	C/fwd 31/3/16 £k
General Fund Balance	(2,380)	169	(2,211)
General Fund Earmarked Reserves	(6,953)	(936)	(7,889)
Housing Revenue A/c Balance	(2,000)	Nil	(2,000)
HRA Earmarked Reserves	(6,730)	(2,090)	(8,820)
Major Repairs Reserve	Nil	Nil	Nil
Capital Receipts Reserve	(985)	(457)	(1,442)
Capital Grants Unapplied	(1,434)	(288)	(1,722)
Total cash-backed reserves	(20,482)	(3,602)	(24,084)

Notes

- Some of the in year movements on the General Fund, the HRA and Earmarked Reserves have slightly changed since the position reported to the Cabinet on the 12 May as a consequence of further review and/or additional information.
- 2.4 As can be seen from the above balances, the Council is now in a strong position to deal with the funding challenges it faces. A strong culture of financial awareness is now embedded in senior managers, members and operational service managers. This is enhanced with regular budget monitoring reports tabled at Management Team meetings, meetings of the Cabinet and the Policy Development Groups.
- 2.5 This Council continues to take proactive steps to strategically plan for further reductions in Central Government financial support. The Head of Finance, with the Chief Executive and Heads of Service will be meeting all service

managers to discuss funding reduction scenarios in order to balance our ongoing expenditure needs associated with the updated Corporate Plan. This planning will need to fundamentally review ongoing service provision regarding volume, frequency, quality and process.

3.0 The Audit

- 3.1 Grant Thornton will commence the formal audit of our draft Accounts week commencing the 1 June 2016 and will be on site for approximately 3 weeks. They anticipate having their final report in time to present to the special Audit Committee on the 15 July 2016. Both parties have been working hard together to facilitate the earliest reporting for the Audit Committee.

4.0 Conclusion

- 4.1 Members are asked to approve the draft annual report and accounts which reflect a true and fair view of the financial position of the Council as at 31 March 2016.

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Background Papers:

File Reference:

Circulation of the Report: Cllr Peter Hare-Scott