

7. Monitoring Officer Comments:

This report raises no concerns for the Monitoring Officer.

8. Report Details:

STATEMENT OF ACCOUNTS 2016-17

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances.

Information contained in the Statement of Accounts will be consolidated into the Whole of Government Accounts.

8.1 Presentation of the Statement of Accounts

The Code of Practice on Local Authority Accounting provides guidance on the format and content of the Statement of Accounts and means that they have to conform to a national standard.

8.2 Main Changes to the Accounts

The key accounting changes affecting the Statement of Accounts for 2016-17 are:

- **Presentation of Financial Statements**

CIPFA/LASAAC undertook a review entitled 'Telling the Story', which resulted in changes to the 2016-17 Code of Practice on Local Authority Accounting in the United Kingdom. The purpose of the review was to both streamline the financial statements and improve their accessibility to the user.

The two key changes were:

- The face of the Comprehensive Income and Expenditure Statement now aligns with how the local authority reports its financial performance to Members, ending the mandatory requirement to report in accordance with the Service Reporting Code of Practice.
- Introduced a new Expenditure and Funding Analysis which provides a direct reconciliation between the ways the local authority is funded and the Comprehensive Income and Expenditure Statement.

- **Accounting for Support Services**

There is no longer an absolute requirement to apportion support service costs across services as overheads, following the departure from the Service Reporting Code of Practice. Instead, local authorities are free to report their financial performance in the same way that they operate and manage their services; improving transparency and accountability.

Support services are managed as separate functions within the Council, e.g. legal, finance and HR; therefore the opportunity has been taken to retain their costs as discrete functions rather than spread across Council services as overheads. The only exceptions being the statutory requirement to continue

charging support service costs to the Housing Revenue Account and to certain services that are required to recover their full costs (e.g. building control).

- **Retrospective Restatement**

Both the new reporting format for the Comprehensive Income and Expenditure Statement and the ending of support service recharges represent changes in accounting policies. This has therefore required the restatement of preceding year information so that figures for both 2015/16 and 2016/17 are directly comparable. There is no impact on the balance sheet information as a result of the changes in accounting policies.

- **Timetable for Closure of the Accounts**

Local authorities in England will be required to bring forward the timetable for the closure of the accounts in respect of the 2017-18 financial year and onwards. Local authorities will be required to publish their audited Statement of Accounts by the end of July. Prior to that, as the period for the public inspection of the accounts must include the first 10 working days of June, the authority must publish the unaudited Statement of Accounts by the end of May.

This represents a significant challenge as it will require the Statement of Accounts to be audited and published a full two months earlier than current statutory deadlines. In readiness of this change, the closedown timetable for the 2016-17 financial year was brought forward as a test run for 2017-18. This proved successful with the Finance Team issuing the draft accounts on 25 May 2017 achieving the earlier deadline a year earlier than required.

8.3 Audit Findings

At the time of writing, our external auditors anticipate issuing an unqualified audit opinion on the Authority's financial statements and their findings are as follows:

- **Material Misstatements**

No material misstatements were identified during the course of the audit.

- **Audit Adjustments**

Three audit adjustments were identified and corrected as follows;

- A net balance of £327k was owed to HMRC in respect of VAT as at 31 March 2017 and was incorrectly deducted from debtors. This has been reclassified to creditors with no impact on the Council's net assets.
- Note 31. Officer Remuneration was corrected to include one additional officer earning over £50,000 due to a back-dated Job Evaluation appeal.
- Note 39. Termination Benefits was corrected to show an exit package in the appropriate value banding.

- **Presentational**

A number of presentational issues were identified, which have been rectified. These included rounding figures and casting amendments.

Overall, the amendments to date have had no impact on either the General Fund balance or the Housing Revenue Account balance, which remain as reported to Council in July. The overall financial performance of the Council for 2016-17 was reported to Executive on 11 July 2017 and to Council on 25 July 2017.

9. How does the decision contribute to the Council's Corporate Plan?

The Statement of Accounts set out the financial position at the end of the 2016-17 and the transactions of the Council during 2016-17, both of which help underpin delivery of the Corporate Plan.

10. What risks are there and how can they be reduced?

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

12. Are there any other options?

No

Chief Finance Officer

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:

None

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