

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

30 JUNE 2016

REPORT OF THE SECTION 151 OFFICER

STATEMENT OF ACCOUNTS 2015-16

1. Purpose of this report

- 1.1 The purpose of this report is to present the unaudited Statement of Accounts for 2015-16 and the Harbour Authority Return for 2015-16 to Audit Committee for noting.

2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

- 2.1 The Council's financial performance is an important element in determining the extent to which the Corporate Objectives can be delivered.

3. Background

- 3.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 and its content is defined by the 'Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and CIPFA's Service Reporting Code of Practice (SERCOP).
- 3.2 The Statement of Accounts for 2015-16 have to be signed and dated by the responsible financial officer before the 30 June 2016, certifying that it presents a true and fair view of the financial position of the Council. The audited Accounts will be brought back to Audit Committee then for approval by 30 September 2016. The Code sets out the accounting principles and practices required to prepare a Statement of Accounts. However, it is the role of the responsible financial officer to make appropriate decisions in accordance with his/her professional judgement about the best and proper practices to be followed.

4. Current Situation / Proposal

- 4.1 The Council's Statement of Accounts for the financial year ended 31 March 2016 has been prepared and a copy is attached as Appendix A. The Statement of Accounts comprises a number of different statements relating to financial performance and reserves as well as a statement on corporate governance arrangements.
- 4.2 Also attached at Appendix B is the Annual Return for the Harbour Authority for noting.
- 4.3 Each year the Council prepares detailed revenue budgets for its activities and regularly reviews these budgets to take account of changes in plans, processes or assumptions and if necessary re-profile the original budgets. The following table

provides a summary of the revenue budget against spend for 2015-16. The revised budgets differ from those set at the beginning of the year as account has been taken of agreed transfers from contingencies. Overall there was a net under-spend on Directorates' budgets of £1.639 million. Details of the reasons why are provided on pages 6 to 14 in the Statement of Accounts 2015-16.

	Original Budget	Budget Transfers	Revised Budget	Actual	Variance
	15-16	In Year	15-16	15-16	15-16
	£'000	£'000	£'000	£'000	£'000
Directorates					
Education and Transformation	105,775	220	105,995	105,667	(328)
Communities	24,913	315	25,228	25,014	(214)
Social Services and Wellbeing	62,056	(771)	61,285	61,099	(186)
Resources	14,672	(100)	14,572	14,058	(514)
Legal & Regulatory Services	6,053	29	6,082	5,685	(397)
Total Directorate Budgets	213,469	(307)	213,162	211,523	(1,639)
Precepts & Levies	6,928	(16)	6,912	6,902	(10)
General Contingencies	5,732	(863)	4,869	3,728	(1,141)
Council Tax Reduction Scheme	14,254	(385)	13,869	13,348	(521)
Insurance Premiums	1,637	(3)	1,634	1,602	(32)
Capital Financing	10,315	57	10,372	10,660	288
General Government Grants	(1,400)	-	(1,400)	(1,400)	-
NNDR Discretionary Rate Relief	111	27	138	134	(4)
Net Expenditure	251,046	(1,490)	249,556	246,497	(3,059)
Appropriation (from) Reserves	-	-	-	(3,786)	(3,786)
Appropriation to PFI Reserve	299	-	299	299	-
Appropriation to Reserves	857	1,490	2,347	10,790	8,443
Net Budget	252,202		252,202	253,800	1,598
Revenue Support Grant	(148,002)	-	(148,002)	(148,002)	-
Non Domestic Rates	(40,408)	-	(40,408)	(40,408)	-
Council Tax	(63,792)		(63,792)	(65,544)	(1,752)
Net (Under)/Overspend on Services	-	-	-	(154)	(154)

4.4 The net under-spend for the year after allowing for capital financing and contingency costs, transfers to and from earmarked reserves and additional council tax income is £0.154 million. This is transferred to the Council Fund which increases to £7.604 million as at 31 March 2016 (£7.450 million at 31 March 2015). In February 2016, the Medium Term Financial Strategy (MTFS) recommended that in the face of continued uncertainty regarding the economy and public finances that the Council seeks to increase its Council Fund. This represents a 2.1% increase on the Council Fund from the balance at the 31 March 2015.

4.5 The reserves included in the accounts for 31 March 2016 are summarised in the table below:

Opening Balance 2014-15 £'000	Movement 2014-15 £'000	Closing Balance 2014-15 £'000	Reserve	Drawdown 2015-16	Additions 2015-16	Closing Balance 2015-16 £'000
7,395	55	7,450	Council Fund Balance		154	7,604
2,467	(57)	2,410	Delegated Schools Balance	(256)		2,154
3,051	356	3,407	Maesteg School PFI Equalisation		299	3,706
32,381	3,256	35,637	Earmarked Reserves	(11,316)	10,990	35,311
45,294	3,610	48,904		(11,572)	11,443	48,775

- 4.6 The Delegated Schools Balances represent amounts held by schools that are committed to be spent on schools and are not available to the Council for general use. Whilst the majority of schools have surplus balances, some are carrying deficits into 2016-17. In line with the the School Funding (Wales) Regulations 2010, and as part of the requirements of the Financial Scheme for Schools, schools have been asked to provide reasons for their balances. Reasons can include issues such as falling rolls, negative retrospective adjustments and planned initiatives.
- 4.7 The Maesteg School PFI Equalisation Fund has been set up to meet the future costs of the PFI contract, and as such is not available to the Council for general use.
- 4.8 There has been a slight drop in Earmarked reserves from £35,637 million to £35,311 million. However, there has been either expenditure funded from reserves or the unwinding of reserves no longer required within the movement totalling £11.316 million and then new reserves created or enhancements to existing reserves of £10.990 million. Further information can be found in note 31b of the main financial statements.
- 4.9 In addition to spending money providing services on a day to day basis, the Council also spends money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2015-16 was £25.1 million. Assets created, improved or under development as a result of this spend included:
- Vibrant and Viable developments – replacement of car park and new residential and retail accommodation at The Rhiw
 - All Wales Community Care Information System
 - Parc Derwen Primary School
 - Developments at the former Ogmores Comprehensive School
 - Celtic Court Refurbishment
 - Disabled Facility Grants
 - Carriage reconstruction and street lighting
- 4.10 The Annual Governance Statement (AGS) highlights the challenges the Council faces in the delivery of the £35.5 million savings identified in the Medium Term Financial Strategy.

5. Effect upon policy framework & procedural rules

5.1 There is legal requirement for the Statement of Accounts to be signed by the responsible financial officer by the 30 June following the end of the financial year.

6. Equality Impact Assessment

6.1 Whilst the production of the Statement of Accounts itself does not itself raise any equality issues, it does summarise the financial consequences of the budget reductions and service reconfigurations identified in the Council's Medium Term Financial Strategy. When these proposals were being developed consideration was given to their potential impact on protected groups within the community.

7. Financial implications

7.1 These are reflected in the body of the report.

8. Recommendation

8.1 It is recommended that Audit Committee:-

- note the unaudited Statement of Accounts for 2015-16 (Appendix A);
- note the Harbour Authority Annual Return 2015-16 (Appendix B).

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16 June 2016

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Background Documents:

Statement of Accounts 2015-16
Harbour Authority Annual Return 2015-16