

## ***FULL COUNCIL REPORT***

Date Written	1 <sup>st</sup> September 2015
Report Author	Adele Lewis
Service Area	Finance
Exempt/Non Exempt	Non Exempt
Committee Date	23 <sup>rd</sup> September 2015

*To: Mayor, Ladies and Gentlemen*

### **Statement of Accounts 2014/15**

#### **PURPOSE OF THE REPORT:**

To present for approval by Council the Final Audited Statement of Accounts for the 2014/15 financial year.

#### **1.0 INTRODUCTION AND BACKGROUND**

- 1.1 The Accounts and Audit (Wales) (Amendment) Regulations 2010 require final audited accounts for the financial year ended 31<sup>st</sup> March 2015 to be reported to Council for approval prior to 30<sup>th</sup> September 2015.
- 1.2 In accompanying the Audited Statement of Accounts this report is an Executive Summary of the financial performance of the Council during the financial year ended 31<sup>st</sup> March 2015 and its financial position at 31<sup>st</sup> March 2015.
- 1.3 The Provisional Statement of Accounts for 2014/15 was considered by Audit Committee on 27<sup>th</sup> July 2015 and amendments to the Provisional Statements of Accounts were presented by the External Auditors to the Audit Committee of 21<sup>st</sup> September 2015.
- 1.4 On approval of the audited accounts by this Council, the External Auditor, will complete an opinion of the financial statements and certify completion of the audit of the approved accounts.

## **2.0 INTERNATIONAL FINANCIAL REPORTING STANDARDS**

2.1 The Statement of Accounts for 2014/15 is prepared under International Financial Reporting Standards (IFRS), incorporating the following financial statements:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow

## **3.0 CHANGE OF ACCOUNTING POLICY**

3.1 Accounting policies are the specific principles, bases, conventions, rules and practices applied by an Authority in preparing and presenting statement of accounts. The 2014/15 statement of accounts include the following changes to Accounting Policies

- Group accounts were prepared for the 2013/14 Statements of Accounts as a result of consolidating the Accounts of Llwydcoed Crematorium. Group Accounts have not been prepared for the 2014/15 Statement of Accounts, instead Merthyr Tydfil County Borough Councils interest has been reflected within the single entity financial statements in compliance with the Code of Practice.
- Appendix E – Addendum to the 2014/15 Code, Accounting for schools in Local Authorities in England and Wales, requires Local Authorities to treat local authority maintained schools as separate entities. This has not resulted in a material change to the Statement of Accounts.

## **4.0 FINANCIAL IMPLICATION(s)**

### **4.1 Revenue Outturn**

A summary of the revenue outturn is shown in Table 1 and indicates an increase in General Fund Reserves in the year of £114,000.

Table 1 – Summary Revenue Outturn 2014/15

<b>Summary</b>	<b>Budget 2014/15 £'000</b>	<b>Provisional Outturn £'000</b>	<b>Variance £'000</b>
Community Services Directorate	70,642	70,175	-467
Customer Services Directorate	46,336	45,748	-588
Employee Severance Costs	772	772	0
Non General Fund Allocations	-1,380	-1,089	291
Discretionary Non Domestic Rate Relief	20	27	7
Collection Fund Surplus	-600	-849	-249
Contribution to/(from) Earmarked Reserves	-300	-300	0
Contribution from Outcome Agreement Grant	-1,100	-1,100	0
Contribution from Biffa Profit Share	-112	-112	0
Contribution from Efficiencies Reserve	-91	-91	0
Contribution from Strike Reductions Reserve	-85	-85	0
Contribution to Strategic Transformation Reserve	0	480	480
Contribution to Efficiencies Reserve	0	412	412
<b>Net Expenditure</b>	<b>114,102</b>	<b>113,988</b>	<b>-114</b>

A £114,000 net revenue expenditure surplus is reported for the year. The surplus position results from the following initiatives:

- Moratorium on non-essential expenditure
- Improving departmental budget management
- Directorate budget deficit recovery plans
- Transformation Programme Board challenge
- Budget Board challenge

#### 4.2 Capital Outturn

Capital expenditure of £30.8 million from available finance of £31.7 million was incurred during 2014/15. No capital finance was lost or relinquished since un-utilised Capital Grants from external sources and Capital Receipts can be carried forward to future years, and unsupported borrowing through the Prudential Code framework is able to be deferred to the following financial year. The financing of the Capital Expenditure is outlined in Table 2.

Table 2 – Capital Financing 2014/15

<b>Funding Source</b>	<b>£'000</b>
Borrowing	5,606
Capital Grants and Contributions	24,539
Capital Receipts	637
<b>Total</b>	<b>30,782</b>

#### 4.3 Financial Position

At 31<sup>st</sup> March 2015 the Council's General Reserves total £4.525 million, an increase of £114,000 from the balance at 31<sup>st</sup> March 2014 (refer to Table 1), which the Chief Finance Officer considers adequate for Merthyr Tydfil County Borough Council. General Reserves of £4.525 million equates to 4% of the net revenue budgeted expenditure in line with the budget board overarching aim "To maintain an adequate, healthy General Reserves balance of between 3.5% and 4% of the Council's annual budgeted Net Revenue Expenditure in ensuring the Council continues to remain financially viable."

### 5.0 SINGLE INTEGRATED PLAN AND SUSTAINABILITY IMPACT SUMMARY

5.1 The Single Integrated Plan & Sustainability Impact Assessment has been completed and the proposals positively impact on a number of aspects of the Corporate Plan and Single Integrated Plan, in particular the financial sustainability of public services. No negative impacts have been identified.

### 6.0 EQUALITY IMPACT ASSESSMENT

6.1 An Equality Impact Assessment (EqIA) form has been prepared for the purpose of this report. It has been found that a full assessment is not required at this time. The form can be accessed on the Council's website/intranet via the 'Equality Impact Assessment' link.

### 7.0 RECOMMENDATION(S) that

7.1 The Audited Statement of Accounts for 2014/15, being the financial year ended 31<sup>st</sup> March 2015, be approved.

**GARETH CHAPMAN**  
CHIEF EXECUTIVE

**STEVE JONES**  
CHIEF FINANCE OFFICER

<b>BACKGROUND PAPERS</b>		
Title of Document(s)	Document(s) Date	Document Location
Closure of Accounts working papers	February 2015 to September 2015	Accountancy

***Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.***