

Final Annual Statement of Accounts 2013/14

Committee: Audit Committee

Date: 16 September 2014

Author: Board Director Resources

Wards: All

Locality Affected: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To present the 2013/14 audited annual statement of accounts.
- 1.2 The audit committee is the designated body for approval of the Council's final accounts due for sign off by the end of September.

2. Recommendations

The Committee is recommended to:

- 2.1 Note the content of this report, the statement of accounts at Appendix 1, any verbal updates provided at the Committee meeting and updates from the External Auditors.
- 2.2 Approve the annual statement of accounts and the recommended change to accounting policy for depreciation chargeable on asset disposals.
- 2.3 Note the draft response to the CIPFA consultation on simplifying the main performance statement of the accounts (Appendix 2) and comment as appropriate.

3. Detail

- 3.1 Further from the request made at the July Audit Committee meeting, additional narrative is provided below on material reasons for year-on-year variances in the main statements of the accounts:

Accounts Item	Change	Reason
In the Comprehensive Income & Expenditure Statement:		
Central Services to the public	£12m - £17m reduction in cost and income	No Council Tax benefit subsidy or cost included in 13/14 as included in collection fund
Cultural & related services	£15m increase in community related cost	Impairment charge from community assets
Adult social care	Income reduced by £7m and cost by £11m	Grant no longer shown within service lines and impairment in 12/13
Gain/Loss on	£36m increase in loss on	Almost double the

Further information on the subject of this report can be obtained from Darren Stevens, 07769281659, dstevens@swindon.gov.uk.

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Disposal of assets	disposal	academy value removals in 13/14 at £48m
Financing and Investment income and expenditure	£68m change in Pension interest cost and expected return on assets	Change as per required IAS19 adjustments where return on investments are now calculated differently
In the Balance Sheet:		
Assets	£93m reduction in Land and Buildings	Mainly reduction in values for academy disposals (£48m), and community asset reductions (£16m)
Pension Liability	£31m increase on the pension liability	Balance Sheet effect of the change in calculation under IAS19

- 3.2 Members also requested at the July Audit Committee that contact be made with central government over the position of the complexity of the statement of accounts. Further from this, a response has been prepared on a consultation that was opened on such a subject. The consultation is open until the 19th September and the response is attached at Appendix 2 for review and comment.

Audit of the Statement of Accounts

- 3.3 The draft accounts were provided to external audit with working papers for review at the end of June. The audit by Grant Thornton has progressed through the summer and they will report separately at Committee on the audit and their conclusions.
- 3.4 As the audit continues to the point at which the accounts are signed off, a verbal update may be given at the Committee meeting for any material items that have arisen after circulation of the Committee report.
- 3.5 The changes agreed to date, and which are updated for in the annual accounts, were agreed to improve the accuracy of disclosures, and the way in which some transactions move through the different statements. The below material areas have been adjusted for:
- 3.5.1 Wichelstowe Asset Under Construction (AUC) – part of the value of the Wichelstowe development AUC included £7m for S106 contributions. The accounts have held this S106 credit value as a receipt in advance creditor, where other S106 contributions received from external developers are held and as AUC for the cost. It has been raised, however, that the Council cannot have a creditor against itself, and therefore the value of the S106 contribution should not be shown under creditors. To correct this, the initial

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cost needs reversing from AUC and income from S106 balances. The amount of S106 used to fund capital schemes then needs adjusting against the CAA. This will remove related balances from the balance sheet. The balance remaining of 'S106 funding' will need to become part of the on-going capital programme.

- 3.5.2 Community asset impairment – the impairment of some Community assets has been reversed to reflect that such assets should be held at historic cost. This has added £6m back onto the asset base.
- 3.5.3 A reduction in value associated with a change in use of elements of the Shaw Landfill site to Community Forest was originally shown as a disposal. This has been corrected to show the reduction as impairment, resulting in £3.6m switching from profit/loss on disposal to service charge.
- 3.6 In addition to the material numerical changes noted above, the accounting policy for depreciation not being charged in the year of disposal has been reviewed and it is recommended that this policy be reversed. As depreciation is an indication of an asset being consumed, through normal use and wear and tear, there is no reason that depreciation should not be charged in disposal years, as the asset will still have provided service benefit.
- 3.7 On receipt of the external audit report and agreement on the accounts, the Chair will be required to sign off the statements on behalf of the Committee. Signatures for the annual governance statement will be sought from the Leader of the Council and Chief Executive prior to formal publication.

4. Alternative Options

- 4.1 None – the annual statement of accounts is a statutory process.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 These have been reflected in the body of the report.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no such direct implications.

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Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would have a detrimental impact on services.

6. Consultees

- 6.1 The Board Director Finance, Revenues, Benefits and Property (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None.

8. Appendices

- 8.1 Appendix 1: Annual Statement of Accounts (*To be forwarded to members of the Committee under separate cover. Copies of the accounts are available on request from Committee and Member services*)
- 8.2 Appendix 2: Draft response on simplifying the accounts consultation