

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Assistant Director Finance (S151)

To: Governance and Audit Committee – 26 June 2014

(Author: Mark Finch, Assistant Director Finance (S151))

Subject: Pre-audit 2013-14 Financial Statements

Purpose: To present the pre-audit 2013-14 Financial Statements for members' consideration, prior to formal approval by the Assistant Director Finance.

Recommendation:

- 1) That, as part of its governance role, the Committee considers that pre-audit 2013-14 Financial Statements.

1.0 BACKGROUND

- 1.1 The Accounts and Audit regulations 2011 require that
 - The Responsible Financial Officer signs the un-audited statement of accounts no later than 30 June each year; and
 - The statement of accounts be considered and approved by a committee of the Council no later than 30 September each year.

To continue the Council's good practice, this report presents the pre-audit financial statements to the Committee to enable comments and challenge from members, and to highlight any key areas.

- 1.2 The Financial Statements' production process is now almost complete, and shown in Appendix A is the pre-audit version of the 2013-14 Statements (this includes the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, Cash Flow Statement and Balance Sheet as at 31 March 2014).
- 1.3 Whilst the attached Accounts are complete, checks to ensure that they comply with disclosure requirements will continue up the 30 June statutory deadline, before the Accounts are signed by the Section 151 Officer and then passed for Audit. Any significant changes will be reported verbally to the Committee on the 26 June.
- 1.4 The significant items to bring to members attention this year are;

Introduction of Business Rates Retention and new accounting requirements

The way in which National Non-Domestic Rates (NNDR) income is collected and distributed changed from 1 April 2013. Prior to this date, NNDR income was collected by the Council and paid over to the Government, who then redistribute sums back to local authorities in the form of NNDR grant. From 1 April 2013 a new Business Rates Retention scheme came into force whereby local authorities retain a share (South Holland 40% and Lincolnshire County Council 10%) of the NNDR income collected and pay the remaining 50% to central Government.

The differences resulting from the retained business rates scheme from 2012-13 to 2013-14 show in various places within the accounts, the main differences are included in the Collection Fund, taxation and non-specific grant income and expenditure (Note 11) and unusable reserves – collection fund adjustment account (Note 24).

Defined Benefit Pension Schemes

The adoption of the amended Accounting Standard IAS 19 'Employee Benefits' has resulted in re-classifications of costs/information which is essentially a re-organisation of existing information, but the disclosure note (Note 39) has a different look to previous years.

The pension liability for the Council at 31 March 2014 is £27.710m (£25.176m at 31 March 2013)

Resources available

At the 31 March 2014, the Council has the following usable reserves available to finance future capital and revenue expenditure.

Reserve	31 March 2014 £'000	31 March 2013 £'000
General Fund Working Balance	2,034	2,034
General Fund Earmarked Reserves	7,883	5,009
Housing Revenue Account Working Balance	6,835	5,213
Housing Revenue Account Earmarked Reserves	200	200
Capital Receipts Reserve	1,410	1,419
Capital Grants Unapplied	1,612	1,643
Total Usable Reserves	19,974	15,518
Capital Grants Receipts in Advance	633	658

- 1.5 As part of the closedown process, members and certain officers are required to complete Related Party Transaction disclosure returns. During 2012-13 there were delays in obtaining all disclosure forms and at its meeting in September KPMG recommended 'that the Governance & Audit Committee monitors the process in future years and follows up any individual cases of non-return of declarations'. At the date of this report 1 return were still outstanding.
- 2.0 **OPTIONS**
- 2.1 Note the report and the pre-audit financial statements (Appendix A).
- 3.0 **REASONS FOR RECOMMENDATION(S)**
- 3.1 The report and appendix are for information and consultation, no approvals are required at this stage
- 4.0 **EXPECTED BENEFITS**
- 4.1 To enable comments and challenge from the committee members and to highlight any key areas of note.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

5.1.1 *It is the opinion of the Report Author that there are no implications.*

5.2 **Constitution & Legal**

5.2.1 Accounts and Audit regulations 2011

5.3 **Contracts**

5.3.1 *It is the opinion of the Report Author that there are no implications.*

5.4 **Corporate Priorities**

5.4.1 *It is the opinion of the Report Author that there are no implications.*

5.5 **Crime and Disorder**

5.5.1 *It is the opinion of the Report Author that there are no implications.*

5.6 **Equality and Diversity / Human Rights**

5.6.1 *It is the opinion of the Report Author that there are no implications.*

5.7 **Financial**

5.7.1 This appendix is of a financial nature and therefore finance is included.

5.8 **Risk Management**

5.8.1 Risks are included in the financial statements as required.

5.9 **Staffing**

5.9.1 *It is the opinion of the Report Author that there are no implications.*

5.10 **Stakeholders / Consultation / Timescales**

5.10.1 *It is the opinion of the Report Author that there are no implications.*

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 n/a

Background papers: - None

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Director / Officer who will be attending the Meeting: Mark Finch, Assistant Director Finance (S151)

Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A – Pre-audit Financial Statements 2013-14

(This appendix will be circulated in due course.)