

DRAFT STATEMENT OF ACCOUNTS 2017-18

To: **Audit and Accounts Committee**

Date: **12th June 2018**

From: **Group Accountant (Closedown)**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **This report presents the unaudited draft Statement of Accounts for 2017-18.**

Recommendation: **The Committee is asked to acknowledge and comment on the attached 2017-18 Statement of Accounts as submitted for audit, ahead of its final review and approval at the Committee meeting on the 30th July 2018.**

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1. BACKGROUND

- 1.1 The annual Statement of Accounts (the Statement) provides a financial representation of the Council's direct and indirect activities over the course of the 2017-18 financial year. The publication of this document is an essential feature of public accountability as it details how the Council has used the public funds for which it is responsible.
- 1.2 The Statement is produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 (CoP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and based upon International Financial Reporting Standards (IFRS).
- 1.3 The process required for the approval and publication of the Statement is set out in the Accounts and Audit Regulations 2015. Accordingly, a draft Statement was certified by the Section 151 Officer by 31 May, prior to submission for audit by the Council's external auditor - BDO. Once the audit is completed, the finalised Statement will require further certification before being presented for approval by the Audit and Accounts Committee; the deadline for this approval is 31 July.
- 1.4 Although the Accounts and Audit Regulations do not require the draft Statement to be approved by this Committee, it is good practice to provide the opportunity to review the draft Statement ahead of the formal approval in July.

2. STATEMENT OF ACCOUNTS

2.1 Presentation

- 2.1.1 The draft Statement is produced in the format prescribed by the CoP and is attached at **Appendix 1**.
- 2.1.2 The Statement is made up of the following sections:
 - The Narrative Report - providing a summary of the most significant matters reported within the accounts and of the Council's financial position, this section is intended to outline the overall context within which the Council operates and provide a commentary on the Council's performance in 2017-18
 - Statement of Responsibilities – provides details of the formal responsibilities assigned to the Council and the Chief Finance Officer in respect of the Statement and the financial management of the Council.
 - The Core Financial Statements – providing a financial snapshot at 31 March 2018 of the Council's position and activity during the preceding year, they comprise:
 - Comprehensive Income and Expenditure Statement (CIES)**
Reports the net cost for the year of all of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
 - Movement in Reserves Statement (MIRS)**

Shows the movement in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves

Balance Sheet

Presents the value of the Council's current and non-current assets and liabilities as at 31st March 2018 with the bottom line effectively being the net worth of the organisation.

Cash Flow Statement

Summarising the inflows and outflows of cash arising from transactions with third parties, this analysis shows how the Council generates and uses cash and cash equivalents.

Expenditure and Funding Analysis

Demonstrating to council tax payers how the funding available to the Council has been used to provide services, the EFA also shows how this expenditure is allocated between the Council's directorates.

- Notes to the Core Financial Statements – provide further supporting details in order to aid readers' understanding.
- Accounting Policies – this section details the accounting policies followed by the Council throughout the year and applied in producing the Statement
- Local Government Pension Scheme Accounts – details the financial activities relating to the pension fund, together with a snapshot of the assets and liabilities of the fund at 31 March 2018.
- Glossary – the Statement inevitably includes a number of technical terms and this section provides an explanation of their meaning.
- Group Accounts – The Group Accounts incorporate the financial statements of This Land Group, the housing company 100% owned by the Council into the Council's accounts.

- 2.1.3 There have been no major changes to the way that the accounts have been compiled, with the major change being the reduced timescales in which the accounts have to be produced, audited and signed off.

2.2 Review of Accounts

- 2.2.1 The combined total of Earmarked Reserves and the General Fund Reserve reduced from £86.7m to £80.2m. The reduction of £6.5m comprises a £2.4m reduction in the General Fund Reserve and a net £4.1m reduction in Earmarked Reserves due to the reserves being utilised in year.
- 2.2.2 Short Term Borrowing has increased by £53.1m, from £95.4m to £148.5m. This reflects that the majority of borrowing taken place in year has been short term borrowing, as Long Term Borrowing has only increased by £6m from £345m to £351m.
- 2.2.3 Included within the £81.3m Long Terms Debtors figure within the Single Entity Accounts is £28m of borrowing owed by This Land Group to the

Council. As Cambridgeshire County Council is the sole shareholder of This Land Group, this balance is excluded from the Group Accounts Balance Sheet

- 2.2.4 In early April 2018, assets sales of £23.3m took place between the Council and This Land Group. Therefore, the Property, Plant and Equipment figure of £1,779m includes the value of assets that have since been sold to This Land Group. For completeness, it is expected that further asset sales of £10.3m will take place before the end of July 2018.

3. NEXT STEPS

- 3.1.1 The Statement is the result of a process vital to the delivery of robust financial management and provides a key element of the forward plan through confirming the availability of reserves and balances for future use.
- 3.1.2 As outlined above, the draft Statement is subject to external audit and the final audit started on the 4th June. Once the audit is concluded, the auditor will issue a formal opinion on the Statement and this will be reported to the Audit and Accounts Committee on 30 July.
- 3.1.3 In accordance with statutory requirements, the accounts will be open to public inspection for a period of 30 working days before the final audit opinion is issued. This opportunity runs from 1 June to 12 July 2018 inclusive and is advertised on the Council's website. During this period, officers will be available to deal with enquiries from the public and electors may also raise questions directly with the auditor.
- 3.1.4 The statutory deadline for publication is 31 July and, in accordance with recognised practice, the Council considers the Statement is published from the date that a final, approved copy is made available on the Council's website.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

There are no significant implications within this category.

5.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

5.3 Equality and Diversity Implications

There are no significant implications within this category.

5.4 Engagement and Consultation Implications

There are no significant implications within this category.

5.5 Localism and Local Member Involvement

There are no significant implications within this category.

5.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
CIPFA Code of Practice 2017-18 Statement of Accounts 2017-18 Statement of Accounts working papers. Outturn Integrated Resources & Performance Report for 2017-18	First floor Octagon (OCT 1114) Shire Hall, Cambridge CB3 0AP