

**LGSS JOINT COMMITTEE**

**25<sup>th</sup> JUNE 2015**

**DIRECTOR OF FINANCE: MATT BOWMER**

<b>Subject:</b>	LGSS Annual Report (Statement of Accounts and Annual Governance Statement) 2014-15
<b>Recommendations:</b>	That the Joint Committee note the completion of the Draft LGSS Annual Report (Statement of Accounts and Annual Governance Statement) 2014-15, to be submitted to the external auditor.

**1. Purpose of Report**

- 1.1 This report presents the draft LGSS Annual Report, which includes the draft Statement of Accounts for 2014-15 and Annual Governance Statement due to be submitted to the external auditor by the 30<sup>th</sup> June 2015. The draft Annual Report is provided as Appendix A to this report. The Joint Committee is asked to note the completion of the draft LGSS Annual Report 2014-15, for submission for audit. There is no requirement under the Accounts and Audit Regulations 2011 for Committee approval pre audit but it is considered good practice to take the Committee through the main issues arising in the accounts at this stage.

**2. Background**

- 2.1 The Annual Report comprises the LGSS Statement of Accounts for 2014-15, along with the LGSS Annual Governance Statement.
- 2.2 The accounts are prepared under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2014-15, which is based on International Financial Reporting Standards (IFRS). This is line with the preparation of the annual accounts for both Northamptonshire and Cambridgeshire County Councils.
- 2.3 The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how LGSS has used the public funds for which it is responsible.
- 2.4 The signing, approval and publication of the Accounts is set out in Section 8 of the Accounts and Audit Regulations 2011. Accordingly they are certified by the Director of Finance by 30<sup>th</sup> June prior to submission to audit by the external auditor. KPMG have been appointed by the Audit Commission to undertake this work. The Accounts will require further certification and also approval by the LGSS Joint Committee by 30<sup>th</sup> September at the conclusion of the audit. The relevant sections of the founding authority constitutions delegate responsibility to the LGSS Joint Committee for the approval of the annual report.

**3. Consultation and Scrutiny**

3.1 This report has been produced in consultation with the LGSS Director of Finance and the LGSS Management Board. It is also subject to scrutiny through this Committee and its usual governance procedures.

#### **4. LGSS Statement of Accounts 2014-15**

4.1 The LGSS Statement of Accounts has been produced alongside the production of the annual Statement of Accounts of each founding authority and is based on the same financial records. Whilst the single entity accounts of Northamptonshire and Cambridgeshire County Councils include the proportion of LGSS attributable to each authority, the LGSS Statement of Accounts shows the combined position across all of the LGSS operational budgets (in other words excluding the managed budgets that LGSS manages on behalf of the founding authorities).

4.2 Some points to note:

- a) The LGSS Accounts have been prepared using the CIPFA Code of Practice on Local Authority Accounting (the Code) and the Service Reporting Code of Practice (SeRCOP). These specify the service headings to be included within the Comprehensive Income and Expenditure Statement (CIES). As LGSS is operating in a commercial environment all activity has been treated as trading activity; both with the founding authorities, Northamptonshire County Council and Cambridgeshire County Council, and with other partner bodies through Partnership and Delegation agreements. This trading activity falls outside of the services headings prescribed by SeRCOP, so SeRCOP specifies that within the CIES this is all shown within the Financing and Investment Income and Expenditure line. Further detail on LGSS's trading activity can be seen within Note 10 of the LGSS Accounts.
- b) There are no fixed assets shown within LGSS's balance sheet. The reason for this is that as LGSS is not a separate legal entity the fixed assets (such as buildings) are controlled by the host authorities and other partners. Consequently the fixed assets are recognised within the accounts of the relevant authority and are not within the LGSS accounts. The balance sheet within the LGSS accounts recognises debtors, creditors and provisions attributable to LGSS activity, and LGSS reserves.
- c) LGSS Operational Reserves as at 31 March 2015 were £2,005k, a reduction of £291k from the position of £2,296k as at 31 March 2014.

#### **5. Annual Governance Statement**

5.1 The Annual Governance Statement outlines the governance arrangement for LGSS and how these have been applied during the year.

#### **6. List of Appendices**

Appendix A: LGSS Annual Report (Statement of Accounts and Annual Governance Statement) 2014-15

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Background Papers:	LGSS 2014-15 Outturn Report
Does the report propose a key decision is taken?	NO
Has the report been cleared by the relevant Director?	YES Director of Finance: Matt Bowmer
Constituency Interest:	All