

BRECKLAND COUNCIL

Report of: Mark Finch, Assistant Director Finance

To: Audit Committee – 15 June 2012

(Author: Mark Finch, Assistant Director Finance)

Subject: Draft Statement of Accounts 2011-12

Purpose: To present the draft un-audited statement of accounts to the Audit Committee for comment and information

Recommendation(s):

That the Committee note the draft un-audited statement of accounts for 2011-12

1. 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 is presenting the draft statement of accounts to the Audit Committee to enable comments and challenge from the committee members and to highlight any key areas of note.

1.2 This is the second year the accounts have been produced on an International Financial Reporting Standards (IFRS) basis and therefore the changes this year are minimal. The statement of accounts (**Appendix A**) has been produced in accordance with proper practices issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

1.3 This is a draft version of the accounts and changes are anticipated before the final version is signed by the Responsible Financial Officer at the end of June. The likely changes are:

- Group Accounts are currently based on the ARP Trading draft accounts and may be updated when final figures become available.
- We are anticipating a change to the CIPFA Icelandic investments guidance and this could result in minor changes throughout the financial statements.
- A final quality check for wording, spelling, totalling, figure cross-checking and general readability will be made after all changes have been made and before the accounts are signed at the end of June.

1.4 Changes to The Code 2011-12

There has only been one major change to The Code for 2011-12 and this relates to Heritage Assets held by the Council. This has resulted in the re-statement of some balances and these are detailed in Note 46 to the accounts. The only asset held by the Council which has been classified as a heritage asset is the Charles Burrell Museum in Thetford and note 13 gives more details.

This note also details some low value heritage assets which are not recognised in the Balance Sheet and the reasons for not recognising them.

1.5 Revenue and Capital

- The capital out-turn was reported to Cabinet on 8 May 2012. In summary the final programme budget was £4.05m and the out-turn was £2.07m. This variance was mainly due to schemes running into 2012-13 and this is reflected by the addition of schemes totalling £1.97m to the 2012-13 capital programme where they are of an ongoing nature.
- The revenue out-turn delivered a saving against the budget of £0.5m and this variance has increased the General Fund balance.
- The General Fund balance has reduced from £4.08m at the start of the year to £2.58m at the end of the year. This is due to £2m being allocated to an earmarked Council Tax and Business Rates reserve and £0.5m being contributed in from the revenue out-turn saving. This new reserve is to manage timings of cost pressures from Government changes from localisation of Council Tax Support and retention of Business Rates.

1.6 Balance Sheet

- The value of Non-Current Assets has increased since last year. There was one major acquisition of an investment property during the year, to be used to generate income. The majority of Property Plant & Equipment asset values increased in the rolling programme of valuations. However there was a major impairment loss recognised in relation to the Old Anchor site at Thetford, resulting from the recognition of regeneration use of the site.
- The value of long term investments has reduced due to the elements of Icelandic investments classified as long term moving into the short term classification.
- The reduction in short term investments is offset by the increase in cash and cash equivalents balance. This movement reflects the limited counterparty list the Council has available for investments and its use of Money Market Funds as opposed to short term investments with banks and building societies.
- The Assets Held for Sale balance has reduced following the completion of the sale of the Old Dereham Swimming Pool site during the year. The remaining balance of £45k relates to a site in Thetford.
- Other Long Term Liabilities have increased as a result of an increase in the Pension Fund liability from £17.8m to £26.3m. This is matched by a corresponding change in the Pensions Reserve within the un-usable reserves. The change in pension fund valuation is a result of falling real bond yields and poor asset returns. The next triennial valuation of the pension fund is due in 2013.
- Usable reserves have increased as a result of the movement of £2m from the General Fund for the new Council Tax and Business Rates reserve, offset by the use of reserves during the year.

1.7 Collection Fund

- Our Council Tax collection rate was 98.2% for the year (compared to 98.1% in 2010-11) and our Business Rate collection rate was 98.2% (compared to 99.2% in 2010-11).
- The Collection Fund balance moved from a surplus position to a deficit of £0.3m, which will be allocated to precepting authorities at budget setting (£22k to Breckland).

2. OPTIONS

Note the report and the un-audited statement of accounts (Appendix A).

3. REASONS FOR RECOMMENDATION(S)

Report and appendix are for information and consultation, no approvals are required at this stage.

- 4. EXPECTED BENEFITS AND TIMELINES**
- 5. IMPLICATIONS**
 - 5.1 Carbon Footprint & Environmental Issues**
 - 5.2 Constitution & Legal**
 - 5.3 Contracts**
 - 5.4 Corporate Plan**
 - 5.5 Crime and Disorder**
 - 5.6 Equality and Diversity & Human Rights**
 - 5.7 Financial**
 - 5.8 Risk Management**
 - 5.9 Staffing**
 - 5.10 Stakeholders / Consultation**
 - 5.11 Other**
- 6. WARDS/COMMUNITIES AFFECTED**

Background papers:- *None*

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Appendices attached to this report:

Appendix A – Statement of Accounts