

2015/16 Statement of Accounts (SOA) Overview

[page references are shown which cross reference to the full SOA document also available on the T&W internet site]

- The communication of financial information is a key aspect of public accountability. The Statement of Accounts provides detail about the funds available to the Council and how they have been used to deliver services together with a snap-shot of the financial position as at 31 March i.e. the value of assets and liabilities at year end.

BACKGROUND

- The structure and content of the Statement of Accounts is determined by Government Legislation, Accounting Standards, including International Financial Reporting Standards, and the Chartered Institute of Public Finance & Accountancy (CIPFA) Guidance and Codes of Practice.
- The Statement of Accounts comprises:
 1. **Narrative Statement**
 2. **Statement of Responsibilities**
 3. **Annual Governance Statement**
 4. **Auditor's Report**
 5. **Movement in Reserves Statement**
 6. **Comprehensive I&E Account**
 7. **Balance Sheet**
 8. **Cash Flow Statement**
 9. **Notes to the Accounts**
 10. **The Collection Fund Account**
 11. **Group Accounts**

KEY DATES

- Outturn report presented to Cabinet: 16 June 2016; Council 14 July 2015
- **Draft SOA presented to Audit Committee Members: 28 June 2016**
- Draft SOA available for Public Inspection for 30 days: 1 July – 12 Aug 2016 (must include 1st 10 working days in July)
- **Start of External Audit: 4 July**
- Approval by Audit Committee: 20 Sept 2016
- **Final SOA published by 30 Sept 2016**

1. NARRATIVE STATEMENT [pages 3 -21]

Provides an overview of the budget and financial context, highlights issues raised during the year and provides a summary of both the revenue and capital outturn positions for the Council.

Revenue Position			
	Budget £m	Outturn £m	Variation £m
Cabinet Report	123.062	122.083	-0.979
Contribution to balances	0.599	1.457	0.858
Service Outturn [page 11 SOA]	123.661	123.540	-0.121
Council Tax, Govt. Grant and NDR	-123.661	-123.661	0.000
2015/16 Underspend	0	-0.121	-0.121

General & Special Fund Balances - £m	
Balances bwfd 1/4/15	4.369
Contribution to Balances	0.121
Balances cwfd 31/3/16	4.490

Capital - £m	
Approved Capital Programme	90.5
Outturn	74.5
Funded by:	
Borrowing	39.0
Capital Receipts	2.7
Grants	27.8
Other Sources	5.0
Total	74.5

2. STATEMENT OF RESONSIBILITIES & ANNUAL GOVERNANCE STATEMENT [page 22]

Sets out the responsibilities of the authority and the Chief Financial Officer in respect of the SOA; details the governance framework, systems of control and standards of conduct; reviews the effectiveness of governance arrangements and identifies actions to be implemented in 2016/17.

3. AUDITORS REPORT [page 32]

Provides independent assurance to Members that the SOA have been compiled in accordance with UK accountancy regulations and that they give a true and fair view of the financial position as at 31 March 2016. KPMG will present their own report to Audit Committee. An unqualified audit opinion is expected.

4. MOVEMENT IN RESERVES STATEMENT [page 35]

Shows the different reserves held by the authority, analysed into Usable reserves (those which could be used to fund expenditure) and Other Reserves (technical reserves and those where funds would not be immediately realisable e.g. revaluation reserve where assets would have to be sold to release the benefit).

Usable Reserves	£m	Other Reserves	£m
General/Special Fund Balance	4.490	Pension Reserve	(212.647)
Capital Grants Unapplied	2.860	Acc. Absence Reserve	(2.338)
Revenue Grants Unapplied	2.804	Capital Adjustment a/c	190.896
Earmarked Service Reserves	45.456	Revaluation Reserve	45.196
School Balances	6.551	Collection Fund	5.437
		Deferred Capital Receipts	11.287
		Other	(0.775)
Total Usable Reserves	62.161	Total Other Reserves	37.056
Total Reserves at 31 March 2016: £99.217m			

5. COMPREHENSIVE INCOME & EXPENDITURE A/C [page 37]

This statement shows the cost of providing services, in accordance with Accountancy regulations, not the amount funded from taxation.

	£m
Deficit on I&E Account	30.955
Less amounts included in I&E Account but which do not impact on the General Fund, such as Depreciation, Impairments and Capital Grants Applied	(36.639)
Plus amounts not included in I&E Account but which do impact on the General Fund, such as minimum revenue provision (MRP)	0.013
Plus Movement in reserves	5.550
Actual Contribution to General Fund Balances	(0.121)

6. BALANCE SHEET [page 38]

Shows the value of assets and liabilities at 31 March.

Assets	£m	Liabilities	£m
Property, Plant & Equipment	485.007	Borrowing	164.098
Investment Properties	71.390	Creditors	62.872
Intangible Assets	2.437	Pensions Liability	212.647
Long Term Investments	3.533	PFI/Finance Leases	55.321
Assets Held for Sale	12.844	Provisions	20.073
Debtors	31.861	Other	0.481
Other Current Assets	7.637		
Total Assets	614.709	Total Liabilities	515.492
Total Net Assets at 31 March 2016: £99.217m			

7. CASHFLOW STATEMENT [page 39]

Shows cash inflows and outflows during the year.

8. NOTES TO THE ACCOUNTS [page 40]

60 notes providing further information to support the figures in the financial statements.

[listed in contents on page 1]

9. COLLECTION FUND [page 106]

Required by statute for billing authorities; records transactions relating to business rates and council tax income and payments to this Council, the Parishes, Police & Fire Authorities.

NARRATIVE STATEMENT [pages 3 – 21]

- New for 2015/16 - replaces the Explanatory Foreword and provides an explanation of the authority's financial position, context and background to assist in the interpretation of the financial statements. There is no defined format but there is guidance on what should be included.
- Clarifies that the SOA are unaudited and may be subject to change
- The Narrative Statement Includes:

An overview of the 2015/16 Budget;

A summary of the issues highlighted during 2015/16;

A summary of the revenue outturn for 2015/16;

A summary of the capital outturn for 2015/16;

The workforce analysis at 31 March 2016;

A list of provisions in the 2015/16 accounts;

An overview of the key achievements and performance during 2015/16;

Summarises the key strategic risks faced by the authority;

A brief commentary on the 2016/17 budget and financial outlook.

GROUP ACCOUNTS AND NUPLACE ACCOUNTS (BASED ON UNAUDITED/DRAFT NUPLACE ACCOUNTS)

Nuplace was incorporated on 1 April 2015. The principal activity of the company is the procurement of the construction and management of private and affordable residential property.

- Nuplace is wholly owned by Telford & Wrekin Council;
- 2015/16 was the first year of operation and a small operating loss was incurred as in this first year of operation properties were being constructed and only a small number were available for rent towards the end of the year;
- At 31 March 2016, 4 units were completed and the construction of the remaining properties was in progress;
- KPMG are the appointed auditors for Nuplace

The Council has produced Group Accounts for 2015/16 which consolidate the Council's accounts with those of Nuplace to give an overall picture of the Council's activities.

A reconciliation between the Council's single entity accounts and the Group accounts is shown below:

	2015/16 £m
Deficit from the Single Entity Accounts	+30.955
Deficit from Nuplace Accounts	+0.032
Removal of Trading Surpluses from Single Entity Accounts	+0.190
Deficit in Group Accounts	+31.177

Profit & Loss Account 31 March 2016 - £	
Turnover	1,135
Cost of Sales	(136)
Gross Profit	999
Administrative Expenses	(34,549)
Other operating income	1,360
Loss for the financial year	(32,190)

Balance Sheet at 31 March 2016			
Assets	£m	Liabilities	£m
Tangible assets	11.461	Creditors	8.911
Cash at bank and in hand	0.325		
Debtors	0.593		
Total Assets	12.379	Total Liabilities	8.911
Total Net Assets at 31 March 2016: £3.468m			
Share Capital			£3.500m
Profit & Loss Account			(£0.032m)

PENSIONS [notes 12 and 13, page 57)

The Council participates in 3 pension schemes: the Local Government Pension Scheme, the National Health Service Pension Scheme and the Teachers Pension scheme.

The pension fund assets and liabilities of the National Health Service and Teachers schemes cannot be attributed to individual authorities and the Council is not therefore required to disclose detailed information relating to these.

The Local Government Pension Scheme (LGPS) is a Defined Benefit Scheme which is administered by Shropshire Pension Fund and detailed disclosures are available and shown in the accounts.

Both the Council and employees pay contributions into the LGPS fund, calculated at a level intended to balance the pension liabilities with pension assets. There is an actuarial evaluation of the fund undertaken every 3 years which determines the council's contribution. Following the valuation at 31/3/13 the contribution rate was set at 12.6% for 2015/16, supplemented with a lump sum payment, giving an estimated combined rate of 17.1%.

The Council's assets and liabilities relating to the LGPS at 31 March were:

	31.3.15	31.3.16
	£'000	£'000
Total Present Value of Benefit Obligations	(644,054)	(633,381)
Fair Value of Pension Fund Assets	421,807	420,734
Deficit on Fund at 31 March	(222,247)	(212,647)
Deficit on Fund at 31 March prior year	(150,183)	(222,247)
Increase in deficit / (Decrease) in deficit	72,064	(9,600)

The cost charged to the Income and Expenditure account is not the employer contribution rate but an amount provided by the actuaries which takes into account the additional cost of pension obligations earned at 31 March – the principle being that local authorities must account for retirement benefits when they are committed to giving them.