

Report of the Cabinet Member for Finance, Performance and Customer Services

Statement of Accounts 2013/14

Summary

1. The purpose of this report is to present for information the draft Statement of Accounts for 2013/14 before they are audited.

Background

2. The Council has to prepare an annual Statement of Accounts and present them to Audit & Governance Committee. Members are not being asked, at this stage, to approve these draft pre-audit accounts. The Chief Financial Officer has already signed the draft accounts by the statutory deadline of 30th June and the audited accounts will be brought back to this Committee for approval on behalf of the Council.
3. Following the authorisation of the Chief Finance Officer on 30th June the accounts have been available for public inspection since 28th July and will continue to be available for 20 working days, with 26th August being the date on or after which local government electors for the area may exercise their rights to question the auditor about the accounts. Mazars are the Council's external auditors and they expect to issue a report and opinion by the end of September.
4. The pre-audit Statement of Accounts 2013/14 has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK and is produced in line with International Financial Reporting Standards (IFRS) which are the accounting standards used across the world making Local Authorities' Accounts more comparable with the private sector and worldwide.
5. The following key issues are highlighted for information

- a. There have been several significant changes in relation to the international accounting standard (IAS) 19 Employee Benefits. This has resulted in changes to accounting treatment for financial years starting on or after 1 January 2013, however there is no impact on the Balance Sheet. Full details are provided in Note 55 to the Final Accounts.
- b. Useable reserves increased from £60m at the end of 2012/13 to £91.8m at the end of 2013/14. Whilst this includes a small increase in general reserves as agreed in the Budget Strategy, the increase is primarily due to the Housing Revenue Account Investment Reserve and developer contributions.
- c. Cash and cash equivalents shown on the balance sheet have increased by c£26m following the increases outlined in point b above.
- d. 2013/14 is the first year of the Business Rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non- collection of rates. Instead of paying to a central pool, local authorities retain a proportion of the collectable rates due. In the case of York the local share is 49% and the remainder is distributed 50% to Central Government and 1% to North Yorkshire Fire and Rescue Authority (NYFRA).
- e. In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and hence business rates outstanding as at 31 March 2014. Within the draft pre-audit accounts a provision of £12.1m has been made for these amounts. This is the first year of the provision.
- f. Public Health transferred from the Health Service has been included in the Council's accounts for the first time. Additional disclosures have been made to reflect the small number of staff transferring into the council with a National Health Service pension.

Options

6. As this is a statutory requirement, no options are presented as part of this report.

Corporate Priorities

7. The Statement of Accounts provides a technical financial summary of the activities of the Council and assists in providing the Council with a viable financial position on which to base future budget projections. It is a statutory requirement that the accounts are approved by the Audit & Governance Committee after the audit but before 30 September 2013.

Implications

8. The implications are
 - Financial – The Statement of Accounts show that for 2013/14 there is a provisional under spend of £314k. The full details of the outturn position were reported to Cabinet on 1st July.
 - Human Resources - there are no human resource implications to this report
 - Equalities - there are no equality implications to this report
 - Legal - there are no legal implications to this report
 - Crime and Disorder - there are no crime and disorder implications to this report
 - Information Technology - there are no information technology implications to this report
 - Property - there are no property implications to this report
 - Other - there are no other implications to this report

Risk Management

9. Areas of risk identified throughout the Final Accounts process are monitored and managed on an ongoing basis to ensure the statutory deadline is met.

Conclusion

10. The production and publication of the Statement of Accounts is a statutory requirement that provides Members and interested parties with the chance to see the full financial position of the Council.
11. Bringing the Statement of Accounts to Audit & Governance provides an opportunity for Member led debate and compliance with defined best practice. It is an important part of Member involvement in corporate governance that scrutiny is undertaken of the Council's Accounts.

Recommendations

12. It is recommended that the Audit & Governance Committee notes;

- a. the draft pre-audit Statement of Accounts for the financial year ended 31 March 2014 and
- b. the annual governance statement contained within the accounts

Reason: To ensure that, in line with best practice, Members have had the opportunity to review the draft pre-audit Statement of Accounts.

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Specialist Implications Officer(s) None

Wards Affected: *List wards or tick box to indicate all* **All**

For further information please contact the author of this report

Annexes

- A – Explanation of core statements
- B – Draft Statement of Accounts 2013/14

Abbreviations:

IFRS – International Financial Reporting Standards
CIPFA – Chartered Institute of Public Finance and Accountancy
IAS - International Accounting Standard
NYFRA - North Yorkshire Fire and Rescue Authority
VOA - Valuation Office Agency