

MIDDLESBROUGH COUNCIL

AGENDA ITEM 4

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

29TH JUNE 2017

STATEMENT OF ACCOUNTS 2016/17

James Bromiley – Strategic Director Finance, Governance & Support

PURPOSE OF THE REPORT

1. For Members of the Corporate Affairs and Audit Committee to receive and review the draft Statement of Accounts for 2016/17.

BACKGROUND

2. The Statement of Accounts is a technical publication containing accounting statements and notes prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting (the Code). The Code is updated annually and specifies the accounting principles and practices to be followed by Local Authorities when preparing the Statement of Accounts.

3. The purpose of each of the Statements within the Accounts is as follows:

4. **Appendix A – Narrative Report**

The narrative report provides an analysis of the development and performance of the authority in the financial year and its position at the year end. It includes both financial and non-financial indicators relevant to the performance of the authority.

5. **Appendix B - Comprehensive Income and Expenditure Statement.**

The statement sets out details of the expenditure incurred and income received by the Council during the 2016/17 financial year. It shows the income and expenditure broken down by Service Directorate, the net cost of providing Council services for the year and how this has been funded from Government Grants, Non Domestic Rates and Council Tax.

6. The Statement format has been revised for 2016/17. Previously the individual service classification was in a standard format as prescribed by the code. From

2016/17 onwards, Councils are required to present the information based on the organisational structure of the authority. The comparative figures for 2015/16 have been restated in the same format.

7. Appendix C - Balance Sheet.

The Balance Sheet sets out the value of assets owned by the Council, the level of creditors and debtors and the level of provisions and reserves held by the Council as at 31st March 2017.

8. Appendix D – Movement in Reserves Statement.

This statement shows the movement in the year on the different reserves held by the Council, split between ‘usable reserves’ (those that can be applied to fund expenditure or reduce local taxation) and ‘unusable reserves’ (those that are not cash backed) .

9. Appendix E – Cash Flow Statement.

The Cash Flow Statement summarises the inflows and outflows of cash. The other main statements are prepared on an accruals basis, whereby accounting transactions are recognised in the period in which the service has been carried out regardless of whether cash has been paid or received. The Cash Flow Statement excludes any non-cash accruals.

10. Appendix F - Collection Fund Statement.

The Collection Fund Statement is a ring fenced account detailing transactions relating to Non-Domestic Rates and Council Tax income collection.

11. Appendix G – Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a new note to the accounts that Local Authorities are required to include in their Statement of Accounts from 2016/17 onwards. It highlights how net expenditure for the year was allocated for decision making purposes between the Council’s Directorates .It also highlights the accounting adjustments required to restate the net expenditure in the format required in accordance with generally accepted accounting practice for inclusion in the Comprehensive Income and Expenditure Statement.

EXTERNAL REVIEW

12. The statements are subject to audit by EY. The audit is due to take place during July and August 2017 and the final audited Statement of Accounts will be presented to this Committee for approval in September 2017 along with an ISA 260 report from the Auditors summarising any issues arising from the audit and any changes to the accounts.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

13. The accounts highlight the fact that the Council is in a sound financial position with the level of balances being in line with the Council's Medium Term Financial Plan.
14. The Council achieved a net revenue budget saving for 2016/17 of £216k against a revenue budget of £115.9 million.

RECOMMENDATIONS

15. It is recommended that Members of the Committee approve the contents of the draft Statement of Accounts for 2016/17.

REASONS

16. The draft Statement of Accounts are required to be approved by Members of the Committee on or before the 30th June 2017.

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