

2018/2019 Annual Statement of Accounts

Report No:	PAS/WS/19/009	
Report to and date:	Performance and Audit Scrutiny Committee	25 July 2019
Cabinet Member:	Councillor Sarah Broughton Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

Decisions Plan: N/A

Wards impacted: All wards

Recommendation: It is recommended that:

- (1) The Committee approves the 2018/19 Statement of Accounts for Forest Heath District Council (attached at Appendix A) and St Edmundsbury Borough Council (attached at Appendix B) in accordance with powers delegated to it under the Council's Constitution;**

Continued:

- (2) The Chair of the Committee signs the certification of both of the 2018/2019 Statement of Accounts on behalf of the Committee; and**

- (3) The Chief Financial Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any presentational and non-material changes that may be required up to the date of publication.**

1. Background / Context

- 1.1 Statutory requirements for the reporting and approval of the Council's annual financial statements are set out in the Accounts and Audit Regulations 2015. The regulations require the Council to submit draft accounts to its external auditors, currently Ernst and Young (EY) by 31 May each year, with member scrutiny and approval of the accounts required once the audit has been concluded (by 31 July each year).
- 1.2 The outcomes of EY's review of the accounts are provided in the Annual Results Reports, which are included on this Committee's agenda. The attached accounts (**Appendix A** and **Appendix B**) have been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.
- 1.3 These are the final statutory annual accounts of the West Suffolk Council predecessor authorities of Forest Heath District Council and St Edmundsbury Borough Council. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is updated annually to reflect statutory and regulatory changes to accounting policies.

2. Financial Highlights – 2018/2019

- 2.1 A full commentary on the financial performance of the councils can be found in the Narrative Reports on pages 2 to 9 of the Statement of Accounts, key aspects of which are highlighted below:
- 2.2 **Revenue Expenditure** – The revenue outturn position at 31 March 2019 was an **underspend** for both councils: **£157,000 for Forest Heath** and **£10,000 for St Edmundsbury**. Details of major variances can be seen in the report reference PAS/WS/19/001, entitled '2018/2019 Performance Report – Year End Outturn' considered by this committee on 30 May 2019. These underspends were transferred to the Invest to Save Reserve in order to fund future efficiencies and initiatives. At the end of the year, the general fund reserves balances remained unchanged: £2m for Forest Heath and £3m for St Edmundsbury. The outturn underspends and the closing general fund balances are reflected in the Expenditure and Funding Analysis disclosures within the attached Statement of Accounts (**page 12**).
- 2.3 **Capital Expenditure** - Actual capital programme spend for the year was: **£6.2m for Forest Heath** which included expenditure on both Mildenhall Hub and West Suffolk Operational Hub; and **£17.5m for St Edmundsbury** which included investment in the commercial asset portfolio and expenditure on West Suffolk Operational Hub. Details of the major variances on the capital programme can also be seen in report PAS/WS/19/001.
- 2.4 **Usable Reserves** - An integral part of the Council's financial strategy is to ensure that usable reserves are maintained at a healthy level. Usable reserves are split into two main categories: revenue reserves (the General Fund and Earmarked reserves) and unallocated capital reserves (the Capital

Receipts Reserve and Capital Grants Unapplied Reserve). During 2018/19 the total value of the councils' usable reserves changed slightly: for **Forest Heath**, from £17.2m (at 1 April 2018) to **£19.8m** (at 31 March 2019), a net increase of £2.6m; and for **St Edmundsbury**, from £33.7m (at 1 April 2018) to **£32.5m** (at 31 March 2019), a net decrease of £1.2m. Further details regarding the movement on reserves during the year are provided on **page 14** of the Statement of Accounts.

- 2.5 **Pension Fund** - The Local Government Pension Scheme is a national statutory scheme which, for Suffolk authorities, is administered by Suffolk County Council. Annual scheme valuations based on International Accounting Standards (IAS 19) are undertaken for the purpose of the councils' annual financial statements. As at 31 March 2019, the councils' IAS19 pension valuations disclosed an overall fund **deficit** of: **£21.6m for Forest Heath** compared to £16.8m at 31 March 2018; and **£51.9m for St Edmundsbury** compared to £44.3m at 31 March 2018. The increase in deficits is primarily due to the financial assumptions at 31 March 2019 being less favourable than at the beginning of the year. It must be emphasised that this change in the Pension Fund's reported IAS19 deficit position has no immediate impact on the Council's General Fund or council tax payers, as the contribution rates to the Suffolk County Council pension fund are determined by a separate triennial actuarial review and not the IAS19 valuations. Further details regarding the councils' pension fund performance are provided on **page 5** of the Statement of Accounts.

3. Annual Governance Statement

- 3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is undertaken in line with the CIPFA/SOLACE '*Delivering Good Governance in Local Government Framework*' guidance. The outcome of this review forms the basis of the Annual Governance Statement (AGS) which was considered by this committee on 31 January 2019 (PAS/FH/19/001 and PAS/SE/19/001). The AGS does not form part of the Statement of Accounts (and is not covered by the Chief Finance Officer's certification or the audit report) but will be included alongside them in the final published accounts.

4. Payments to Councillors

- 4.1 Note 27 in the Statement of Accounts (Member's Allowances) provides summary total figures for Councillor allowances and expenses.
- 4.2 A more detailed analysis of these allowances, broken down by Members, is published online in accordance with the statutory responsibility to disclose this information as part of the local government transparency agenda. A link to the website location is provided below:

[Councillors allowances](#)

5. Alternative Options

- 5.1 The Accounts and Audit Regulations 2015 set out the requirements for the reporting and approval of the Council's annual financial statements. Therefore, there are no alternative options.

6. Consultation and engagement

- 6.1 This report and the appendices have been compiled by the Finance team in consultation external audit.

7. Risks

- 7.1 The reporting and approval of the annual accounts is a statutory function. The accounts are examined and certified by independent auditors, therefore there are no risks associated with the proposals.

8. Implications arising from the proposal

- 8.1 All implications arising from the proposals are covered within the report and its associated appendices.

9. Appendices

- 9.1 **Appendix A** – Forest Heath District Council Statement of Accounts 2018/19

Appendix B – St Edmundsbury Borough Council Statement of Accounts 2018/19

10. Background documents

- 10.1 [COU/FH/18/006](#) - (21 February 2018) - Budget and Council Tax Setting: 2018/19 and Medium Term Financial Strategy 2018-2022

[COU/SE/18/004](#) - (20 February 2018) - Budget and Council Tax Setting: 2018/19 and Medium Term Financial Strategy 2018-2022

[PAS/WS/19/001](#) - (30 May 2019) – 2018-2019 Performance Report – Year End Outturn