

# Regulatory and Audit Committee

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<b>Title:</b>	<b>DRAFT Statement of Accounts for the year ending 31 March 2015</b>
<b>Date:</b>	10 June 2015
<b>Author:</b>	Richard Ambrose – Director of Assurance
<b>Contact officer:</b>	Elspeth O'Neill - Financial Accountancy Manager Telephone (01296) 382130
<b>Electoral divisions affected:</b>	All

## Summary

The draft unaudited Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2015 is presented to the Regulatory and Audit Committee for information.

The Committee may wish to consider if, in their opinion, the appropriate accounting policies have been followed and whether there are concerns arising from the financial statements that need to be brought to the attention of the Council.

The Director of Assurance as the Council's appointed Section 151 Officer will sign the unaudited Statement of Accounts following this meeting, after which the audit of the Accounts can commence and the draft Accounts will be published on the Council's website.

The finalised Statement of Accounts is to be approved by the Chairman of the Regulatory and Audit Committee and the Section 151 Officer following the audit and consideration of the Auditors report by 30 September 2015.

## Recommendation

**To review the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2015 and to note the timing and requirements for completion and authorisation of the draft and final Statement of Accounts.**



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## **Key issues:**

### **Pension Liability**

A loss of £140.115m in respect of pensions liabilities has been recorded in year due to a change in financial assumptions adopted by the actuary, in particular a reduction in the discount rate applied to discount scheme liabilities to 3.3% (2013/14 4.4%). This reflects the downward trend in long-term bond rates. This loss is partly off-set by a £46.408m gain in assets in excess of interest cost. The overall position is a net £113.906m increase in pension liabilities to £585.015m. The above figures are calculated on an accounting basis (for IAS19) which is different to the calculations undertaken for funding purposes and for other statutory purposes undertaken under UK pension's legislation. As a result the increase in pension liabilities is not expected to result in an increase in employer contributions which are determined by the triennial funding valuations.

### **Schools Assets**

The 2014/15 Code of Practice includes new accounting requirements for Schools. This has resulted in a change in accounting for non-current assets of Foundation Schools and Voluntary Controlled Schools.

- Foundation Schools non-current assets (£45.837m) are now included on-balance sheet as either the Council or the School controls the service and economic potential of these assets.
- Voluntary Controlled Schools non-current assets (£58.678m) are no longer recognised where the assets are owned by the Diocese of the Church of England and the use of the school under 'mere' licence passes no interest in these assets to the School or Council.

As a result a prior period adjustment has been made to reduce the value of Other Land & Buildings in the balance sheet by £12.841m.

### **Valuations of property, plant and equipment**

The 2014/15 Code of Practice requires that all items of Property, Plant & Equipment in a single class should be revalued simultaneously. The approach that we have adopted in 2014/15 is to value 20% of items across all classes on a 5 year rolling programme. As a result the approach is non-compliant with the Code. CIPFA have reviewed the Code requirements and the 2015/16 draft Code has been updated to allow for this approach to comply. We believe that the approach will not result in a material misstatement of asset values at the balance sheet date.

### **Energy from Waste**

On 17 April 2013 the Council signed a 30-year contract for circa £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. Financial close was completed on 22 August 2013 and construction commenced on site on 11 September 2013. An asset under construction has been recognised in the Council's balance sheet of £115.675m based on the value of works as at 31 March 2015 certified by an independent certifier. A corresponding long-term 'PFI-type' liability has been recognised.

### **Outstanding information**

Work is outstanding on the finalisation of the prior period adjustment in relation to Schools in particular to validate the third Balance Sheet and produce the prior year comparator table for Property, Plant and Equipment.

The Bucks Care Accounts are also currently being finalised for agreement by the Bucks Care Board. A summary of the audited Profit & Loss Account will be incorporated into the Final Statement of Accounts for Buckinghamshire County Council in September.

## **Resource implications**

The overall position shows a £1.002m underspend against the net revenue budget of £345.822m. The budget included planned use of the General Fund reserve of £11.074m. As a result of the underspend the actual use of General Fund reserves is £10.072m reducing the General Fund reserve to £21.044m. Earmarked reserves have increased to £132.947m. The General Fund reserve is expected to reduce to an estimated £18m (5.5% of the Council's net budget requirement) by the end of 2015/16 following the recent Council approval to release £3m to fund plane and patch works on the unclassified roads network.

## **Legal implications**

None

## **Other implications/issues**

None

## **Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

None

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## **Background Papers**

None

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