

Regulatory and Audit Committee

Title:	Draft Statement of Accounts for the year ended 31 March 2016
Date:	Wednesday 25 May 2016
Author:	Richard Ambrose – Director of Assurance
Contact officer:	Elspeth O'Neill - Financial Accountancy Manager Telephone (01296) 382130
Local members affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The draft unaudited Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2016 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 due 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 31 July 2016.

Recommendation

To review the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2016 and to note the timing and requirements for completion and authorisation of the draft and final Statement of Accounts.



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Supporting information

Narrative Report

The Accounts contain a Narrative Report for the first time this year (replacing the Explanatory Forward). The purpose is to offer interested parties an easily understandable effective guide to the most significant matters reported in the accounts. The Narrative Report should be fair, balanced and understandable for the users of the financial statements.

Investment Property

A “Corporate Landlord” approach has been adopted towards our property estate in order to drive better value from these assets. Reviews of both the agricultural estate and the remainder of the property estate have been carried out. This has resulted in a change of strategy in relation to the agricultural estate to hold these assets to earn rentals or for capital appreciation or to dispose to achieve a capital receipt. As a result, these assets are now classified as Investment Property and valued at fair value in the accounts. This has resulted in a £27.101m increase in values.

Pension Liability

A gain of £71.922m has been recorded in year due to a change in financial assumptions adopted by the actuary in relation to the present value of the defined benefit obligation. A small drop in expected CPI increases has reduced the present value of future pension and salary costs; in addition the discount rate (which is the annualised yield at the 18 year point on the Merrill Lynch AA-rated corporate bond yield curve) has increased to 3.6% (2014/15 3.3%). This gain goes some way to reversing the net £111.889m loss recorded in 2014/15; however the overall trend remains an increasing net pension liability over the last 5 years.

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. Employer contributions are determined by the triennial funding valuations, the next valuation is due in October 2016.

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. The facility plant has passed all the tests and is due to become operational in late May. An asset under construction has been recognised in the Council’s balance sheet of £159.691m based on the value of works as at 31 March 2016 certified by an independent certifier. A corresponding long-term ‘PFI-type’ liability has been recognised.

Papers to follow

The Pension Fund Accounts will follow this report.

Resource implications

The overall position shows a £0.362m overspend against the net revenue budget of £303.625m. The budget included planned use of the General Fund reserve of £3.298m. As a result of overall use of General Fund reserves is £3.660m reducing the General Fund reserve to £17.384m. Earmarked reserves have decreased to £97.452m. There are no further planned reductions to the General Fund reserve in the MTP which is now set at around 5.5% of the Council's net budget requirement.

Legal implications

None

Other implications/issues

None

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

None

Background Papers

Draft Statement of Accounts for Buckinghamshire County Council and Pension Fund for the year ended 31 March 2016
