



WYCOMBE
DISTRICT COUNCIL

Report For:	Audit Committee
Meeting Date:	Audit 10 October 2019
Part:	Part 1 - Open
If Part 2, reason:	N/A
Title of Report:	APPROVAL OF THE STATEMENT OF ACCOUNTS 2018/2019
Officer Contact: Direct Dial: Email:	David Skinner 01494 421322 david.skinner@wycombe.gov.uk
Ward(s) affected:	All
Reason for the Decision:	The Committee is responsible for ensuring effective scrutiny of the Council's Statement of Accounts 2018/2019
Proposed Decision/Recommendation:	<p>It is recommended that Members of the Audit Committee:</p> <ul style="list-style-type: none">(i) consider and note that the signed Annual Governance Statement (for 2018/2019) which was approved by this Committee on 30 May 2019 has been incorporated within the Statement of Accounts;(ii) review the Statement of Accounts 2018/2019 and raise any issues which will provide them with the assurance needed so as to approve the Statement of Accounts on behalf of the Council;(iii) subject to consideration of the External Auditor's Audit Findings Report (the ISA 260 Report), approve the Letter of Representation (Appendix B) in the capacity of those charged with Governance;(iv) subject to (ii) above, approve the Statement of Accounts for 2018/2019; and(v) authorise the Head of Finance & Commercial, following consultation with the Chair, to make any final amendments to the Accounts arising from outstanding audit work prior to the approval of the accounts by the auditor.
Sustainable Community Strategy/Council Priorities-Implications:	The Accounts and Audit Regulations 2015 require "larger relevant bodies", (of which Wycombe District Council is classed), to produce a Statement of Accounts for each financial year

	<p>The annual Statement of Accounts is typically approved by the Members of this Committee no later than 31 July each year. The financial year 2018/2019 has been an exception because the Council's External Auditor, EY LLP, was unable to source the staff needed in order to complete the necessary audit work in-line with the usual statutory timetable</p> <p>That excepted, this situation is permitted under Regulation 10, Paragraph (2a) of the Accounts and Audit Regulations 2015. As outlined within this Paragraph, the Council has been unable to publish the final audited 2018/2019 Statement of Accounts by the 31 July 2019 deadline in-line with Paragraph (1) of these Regulations</p> <p>As per the revised timetable agreed with the auditors, the accounts are being presented for approval by the Members of this Committee on Thursday 17 October 2019 and final audited accounts will be published by the end of October 2019</p> <p>Risk: Any applicable risks arising from the Council's financial and operational activities are disclosed within the main body of this Report and additionally within the Statement of Accounts 2018/2019</p> <p>Equalities: Not applicable</p> <p>Health and Safety: Not applicable</p>
Monitoring Officer / Section 151 (s151) Officer Comments:	<p>Monitoring Officer: The Accounts and Audit Regulations 2015 (pursuant to the Local Audit and Accountability Act 2014) require "larger relevant bodies", (of which Wycombe District Council is classed), to produce a Statement of Accounts for each financial year. The relevant provisions for late filing under Regulation 10 paragraph 2(a) have been met</p> <p>Section 151 (s151) Officer: This is a Section 151 Officer Report and all of the financial implications are included in the main body of this Report</p>
Consultees:	No other parties
Options:	No other additional options
Next Steps:	The Audit Committee to approve the Statement of Accounts 2018/2019
Background Papers:	<ul style="list-style-type: none"> - Accounts and Audit Regulations 2015; - The Local Audit and Accountability Act 2016; - CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019; - International Financial Reporting Standards (IFRS).
Abbreviations:	<ul style="list-style-type: none"> - s151 Officer – The Council's Section 151 Officer and appropriate individual charged with overseeing

	<p>the Council's governance obligations. This is the Head of Finance and Commercial;</p> <ul style="list-style-type: none"> - CIPFA – The Chartered Institute of Public Finance and Accountancy (the accounting governing body for Local Authorities in the United Kingdom); - IFRS – International Financial Reporting Standards which the Council adheres to in order to ensure that the Statement of Accounts is prepared in accordance with proper accounting practices; - ISA 260 – A specific reporting standard that the Council's external auditor (EY LLP) uses to address their risk obligations in the preparation of their closing summary of all key matters pertaining to the review of the Council's annual accounts; - CIL – the Community Infrastructure Levy – a levy charged on new builds (chargeable developments for the Council) with appropriate planning consent; - PPE – Council assets which have physical substance and are held for use in the supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year.
--	---

Appendices to this Report are:

Appendix A – Statement of Accounts

Background

1. The Statement of Accounts outlines the Council's financial performance for the year. The accounts provide public information on the Council's financial performance and are a key element of this performance review process by which the Council is held accountable to the public for the proper management and stewardship of financial resources.
2. The Accounts and Audit Regulations 2015 require Local Authorities to prepare a Statement of Accounts in accordance with proper accounting practice. As discussed above, the Statement of Accounts for 2018/2019 will be finalised later compared to last year. However, the Council was still able to publish a Draft Statement of Accounts for public inspection by 31 May 2019, approved by the Head of Finance and Commercial (the Council's s151 Officer).
3. Once the public inspection period has elapsed and the external audit has concluded, the Regulations state that the audited Statement of Accounts must be submitted to an appropriate Committee for authorisation. The Audit Committee will approve the Statement of Accounts on 17 October 2019.
4. In accordance with the International Standard on Auditing (ISA) 260, the External Auditor (EY LLP) prepares a detailed record of all matters arising from the audit of the Statement of Accounts. This Report is a separate item on the Agenda.
5. The Statement of Accounts is itemised at Appendix A and has been produced in accordance with all relevant statutory legislation and accounting best practice. The key financial sections within these accounts are summarised immediately below.

Accounting Policies

6. For 2018/2019, the Council concluded that consistent with 2017/2018, there was no requirement to prepare Group Accounts due to an absence of material subsidiary companies or other business arrangements. As last year, the Higginson Park Trust has not been consolidated (within the scope of IFRS 10 Consolidated Financial Statements). The Council remains the sole Trustee of this Charity but has no right to financial returns from its operation. Note 30 within the Statement of Accounts illustrates the Trust's financial activities for the year to 31 March 2019.

Following a concerted effort to declutter the Statement of Accounts at the end of the last financial year, the 2018/2019 accounts have been prepared in-line with 2017/2018 and the Council is satisfied that the accounts remain clear and concise in terms of presentation.

The Code of Practice requires the Authority to disclose information relating to the impact of an accounting policy change that will be required following the implementation of a new accounting standard in future financial years. Changes within the 2019/20 Code that are expected to have an impact from next year onwards are:

- IFRS 16 Leases
- IAS 40 Investment Properties
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

- Amendments to IFRS 9 Financial Instruments: Prepayment features with negative compensation

Significant Variances on Prior Year

7. **Comprehensive Income and Expenditure Account:** This summary reports the net cost for the year of all functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. Total Comprehensive Income and Expenditure for 2018/2019 was £27.8m (credit). In 2017/2018, the Council presented a net credit of £31.6m. The key elements within the decrease of £3.8m are:

a. Cost of Services key movements year-on-year

	2017/2018	2018/2019
	Net Expenditure	Net Expenditure
	£m	£m
Community	5.3	2.9
Housing Services	3.2	0.8
Planning	4.2	3.6
Digital Development	3.7	5.8
Finance and Resources	1.7	2.6

The total Cost of Services reduced by £0.4m overall compared to last year.

- b. Other Operating Expenditure – expenditure for the year to 31 March 2019 has increased by £3.8m on last year as a result of a decline in preserved Right to Buy receipts due to a decrease in the volume of Council Houses sold which decreased by 25 during the year to 31 March 2019.
- c. Financing and Investment Income and Expenditure – an overall increase for 2018/2019 due to a rise in interest received on last year of £0.2m and favourable changes in the fair value of the Property Pooled Fund of £0.7m. Additionally, an uplift in the fair value of Investment Properties this year of £2.6m.
- d. Taxation and Non-Specific Grant Income – year-on-year income has decreased by £1.5m. The key components are:
- Reduced New Homes Bonus monies of £0.7m;
 - A decrease in Revenue Support Grant of £0.5m;
 - Movement in Collection Fund accounting entries of £1.2m.

These decreases have been partially offset by increased income within the following categories - Council Tax income £0.5m and Community Infrastructure Levy (CIL) - £0.7m.

- e. Other Comprehensive Income and Expenditure for the year was £18.3m and consists of the Surplus on the Revaluation of Property, Plant and Equipment assets of £12.7m (with significant fair value increases within Leisure Centres of £9.7m and Public Conveniences of £1.9m) and the Actuarial Gain on Pension Assets/Liabilities of £5.6m.

These movements are subtotalled separately from the Provision of Services to reflect the fact that these amounts result primarily from changes in market prices and indices outside of the control of the Council.

8. Balance Sheet

The Council's net worth was £253.6m as at 31 March 2019, which represents an increase of £27.7m on the previous financial year. The key movements are:

- a. Total Long-Term Assets grew by £8.2m with key components including increases in the fair values of capital assets amounting to £19.3m, reduced investment in long-term deposit balances of £8m and a decrease in Long-Term Debtors of £3.1m;
- b. Total Current Assets increased by £9.8m on last year. Key factors – Investment Properties Held for Sale (increased by £7.0m), Short-Term Investments (rose by £15.1m), Short-Term Debtors (grew by £2.7m) and Cash and Cash Equivalents sums decreased by £15m;
- c. Non-Current Liabilities have fallen by £1.5m overall. This is due to a £0.7m reduction in the Pension Scheme liability (as a result of changes in financial and demographic assumptions determined by the actuary) and a decrease of £0.8m within Other Payables;
- d. Usable Reserves – The net reduction of £0.2m on last year is primarily represented by a decrease in Earmarked Reserves of £7.7m primarily used to fund the capital programme offset by increases in the Capital Receipts Reserve of £3m and Capital Grants Unapplied of £4.5m. Further details are provided in Notes 17a to 17e in the Statement of Accounts;
- e. Unusable Reserves – The net uplift of £28.0m is mainly due to the Capital Adjustment Account increasing by £15.2m primarily as a result of a rise in Revenue Reserves set aside to finance capital expenditure of £12.1m and movements within Investment Properties' market values of £2.0m. Additionally, the Revaluation Reserve increased year-on-year by £12.2m, the primary factors being an increase in the upward revaluation of assets of £3.7m, a reduction in the number of assets decommissioned, transferred and disposed (£1.8m) and a decrease in the value of assets not previously included in the Balance Sheet of £3.3m. Further details are provided within Notes 18a to 18h.

Cash Flow Statement: The net decrease of £15.0m has been driven by the reduction in short-term deposit balances held at year-end.