

# Public Document Pack



To members of the  
Audit and Governance Committee

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DATE: 30 July 2019

Dear Councillor

## **AUDIT AND GOVERNANCE COMMITTEE - TUESDAY 30TH JULY 2019**

I am now able to enclose, for consideration at next Tuesday, 30th July, 2019 meeting of the Audit and Governance Committee, the following reports that were unavailable when the agenda was printed.

### **Agenda Item 13 – Annual Statement of Accounts 2018/19**

Yours sincerely

Rachel Graves

Democratic Services Officer

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## **Audit & Governance Committee**

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**Date of Meeting:** 30 July 2019

**Report Title:** Statement of Accounts 2018/19

**Senior Officer:** Alex Thompson, Director of Finance & Customer Services

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### **1. Report Summary**

- 1.1. The 2018/19 Statement of Accounts provide information on the financial assets and transactions of the Cheshire East Group for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.
- 1.2. The draft Statement of Accounts were prepared and submitted for external audit on 31<sup>st</sup> May 2019. The external audit of these Accounts is now complete and the external auditors, Mazars LLP anticipate providing an unqualified opinion.

### **2. Recommendations**

- 2.1. That members receive the report and note the changes to the draft Accounts in accordance with the Audit Completion Report.
- 2.2. That the Chairman of Audit and Governance Committee be given delegated authority to sign off the final Accounts on behalf of the Committee.

### **3. Reasons for Recommendations**

- 3.1. To ensure compliance with the Accounts and Audit Regulations 2015.

### **4. Other Options Considered**

- 4.1. Not applicable.

### **5. Background**

- 5.1. The amendments reported in Section 5 of the Audit Completion Report have been agreed and reflected in the final Statement of Accounts.

5.2. The amendments have an impact on all the primary statements but no impact on the usable reserves position reported in May. The revised summary statements for the group are provided in this report.

5.3. Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Summarised Comprehensive Income and Expenditure Statement	2018-19			2017-18
	Spend £000	Income £000	Total £000	Total £000
<b>Cost of Services</b>	<b>677,272</b>	<b>(353,802)</b>	<b>323,470</b>	<b>331,254</b>
Other Operating Income & Expenditure	13,437	(1,695)	11,742	4,363
Financing and Invt Income and Expenditure	43,990	(1,785)	42,205	18,803
Taxation and Non-Specific Grant Income		(359,268)	(359,268)	(338,281)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>734,699</b>	<b>(716,550)</b>	<b>18,149</b>	<b>16,139</b>
Tax Expenses	19		19	58
<b>(Surplus)/Deficit of the Group</b>	<b>734,718</b>	<b>(716,550)</b>	<b>18,168</b>	<b>16,197</b>
Surplus on revaluation of non-current assets			(10,212)	(41,708)
Surplus on revaluation of financial assets			(2,383)	(2,202)
Remeasurements of the net defined pensions benefit liability			86,911	(40,089)
<b>Total</b>			<b>92,484</b>	<b>(67,802)</b>

5.4. Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e., those that can be applied to fund expenditure or reduce taxation) and other 'unusable' reserves.

Summarised Movement in Reserves Statement	General Fund £000	Earmarked Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiary Reserves £000	Total Reserves £000
Opening Balance 1/4/18	10,316	51,474	35,364	97,154	244,171	617	341,942
Surplus / (Deficit) of the Group	(18,544)			(18,544)		376	(18,168)
Other Expenditure and Income					(74,316)		(74,316)
Accounting Adjustments	18,324		14,845	33,169	(33,169)		0
Transfer to Earmarked Reserves	220	(220)					0
<b>Closing Balance 31/3/19</b>	<b>10,316</b>	<b>51,254</b>	<b>50,209</b>	<b>111,779</b>	<b>136,686</b>	<b>993</b>	<b>249,458</b>
<b>Movement</b>							<b>92,484</b>

### 5.5. Group Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Summarised Balance Sheet	31 March 2019 £000	Restated 31 March 2018 £000	Change £000
Property, Plant & Equipment	962,151	932,948	29,203
Investment Property	6,706	5,928	778
Other Non-Current Assets	1,198	1,272	(74)
Long Term Investments and Debtors	30,550	33,778	(3,228)
<b>Long Term Assets</b>	<b>1,000,605</b>	<b>973,926</b>	<b>26,679</b>
Short Term Investments	4,244	11,777	(7,533)
Debtors	58,299	60,160	(1,861)
Cash & Cash Equivalents	18,579	8,928	9,651
Other Current Assets	929	1,444	(515)
<b>Current Assets</b>	<b>82,051</b>	<b>82,309</b>	<b>(258)</b>
Creditors	(102,209)	(94,968)	(7,241)
Short Term Borrowing	(56,535)	(62,306)	5,771
Other Current Liabilities	(9,397)	(11,829)	2,432
<b>Current Liabilities</b>	<b>(168,141)</b>	<b>(169,103)</b>	<b>962</b>
Provisions	(4,873)	(5,338)	465
Long Term Borrowing	(104,593)	(110,011)	5,418
Net Pension Liability	(497,107)	(375,729)	(121,378)
Other Long Term Liabilities	(58,484)	(54,112)	(4,372)
<b>Long Term Liabilities</b>	<b>(665,057)</b>	<b>(545,190)</b>	<b>(119,867)</b>
<b>Net Assets</b>	<b>249,458</b>	<b>341,942</b>	<b>(92,484)</b>
<u>Usable Reserves</u>			
Capital Receipts Reserve	3,000	4,030	(1,030)
Capital Grants Unapplied	47,209	31,334	15,875
Schools Reserves & Balances	5,557	4,443	1,114
Earmarked Reserves	45,697	47,031	(1,334)
General Fund Reserve	10,316	10,316	0
Profit and Loss Account	993	617	376
<b>Total Usable Reserves</b>	<b>112,772</b>	<b>97,771</b>	<b>15,001</b>
<u>Unusable Reserves</u>			
Revaluation Reserve	216,105	227,985	(11,880)
Capital Adjustment Account	430,051	419,988	10,063
Pensions Reserve	(515,149)	(407,568)	(107,581)
Other Unusable Reserves	5,679	3,766	1,913
<b>Total Unusable Reserves</b>	<b>136,686</b>	<b>244,171</b>	<b>(107,485)</b>
<b>Total Reserves</b>	<b>249,458</b>	<b>341,942</b>	<b>(92,484)</b>

- 5.6. The final audited version of the Statement of Accounts will be published on the Cheshire East website in accordance with the statutory deadline of 31<sup>st</sup> July 2019 following receipt of the necessary approvals.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. There are no legal implications identified.

### **6.2. Finance Implications**

- 6.2.1. As covered in the report.

### **6.3. Policy Implications**

- 6.3.1. There are no policy implications identified.

### **6.4. Equality Implications**

- 6.4.1. There are no equality implications identified.

### **6.5. Human Resources Implications**

- 6.5.1. There are no human resource implications identified.

### **6.6. Risk Management Implications**

- 6.6.1. The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices.

### **6.7. Rural Communities Implications**

- 6.7.1. There are no direct implications for rural communities.

### **6.8. Implications for Children & Young People/Cared for Children**

- 6.8.1. There are no direct implications for children and young people.

### **6.9. Public Health Implications**

- 6.9.1. There are no direct implications for public health.

### **6.10. Climate Change Implications**

- 6.10.1. There are no direct implications for climate change.

## **7. Ward Members Affected**

- 7.1. Not applicable.

## 8. Consultation & Engagement

- 8.1. In accordance with Regulation 15(2) (b) of the Accounts and Audit Regulations 2015 the accounts were made available for public inspection between 3<sup>rd</sup> June 2019 to 12<sup>th</sup> July 2019.

## 9. Access to Information

- 9.1. The Statement of Accounts 2018/19 will be made available on the Cheshire East website.

## 10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

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Job Title: Financial Strategy and Reporting Manager

Email: [Joanne.wilcox@cheshireeast.gov.uk](mailto:Joanne.wilcox@cheshireeast.gov.uk)

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