

# CHESHIRE EAST COUNCIL

## REPORT TO: AUDIT & GOVERNANCE COMMITTEE

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**Date of Meeting:** 25 September 2014  
**Report of:** Chief Operating Officer  
**Subject/Title:** 2013-14 Statement of Accounts  
**Portfolio Holder:** Councillor Peter Raynes (Finance)

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### **1.0 Report Summary**

- 1.1 At the meeting on 26 June 2014 Members received a report setting out the key elements of the Council's pre-audit Statement of Accounts for 2013/14. The external audit of these Accounts is now largely complete and the external auditors, Grant Thornton anticipate providing an unqualified opinion.
- 1.2 An updated Statement of Accounts, informed by the findings from the audit process is now presented to the Committee for consideration prior to publication.

### **2.0 Recommendation**

- 2.1 That the Statement of Accounts be considered and approved as presenting a true and fair view of the Council's expenditure and income for the year and its overall financial position (subject to final audit clearance).
- 2.2 The Chairman of Audit and Governance Committee be given delegated authority to sign off the final Accounts on completion of the audit process on behalf of the Committee, in consultation with the Chief Operating Officer.

### **3.0 Reasons for Recommendations**

- 3.1 To ensure compliance with the Accounts and Audit Regulations 2011.

### **4.0 Wards Affected**

- 4.1 Not applicable.

### **5.0 Local Ward Members**

- 5.1 Not applicable.

### **6.0 Policy Implications**

6.1 None.

## **7.0 Implications for Rural Communities**

7.1 None

## **8.0 Financial Implications (Authorised by the Chief Operating Officer)**

8.1 As covered in the report.

## **9.0 Legal Implications (Authorised by the Head of Legal Services)**

9.1 There are no specific legal implications with regard to this report.

## **10.0 Risk Management**

10.1 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.

## **11.0 Background and Options**

11.1 At the time of writing the following amendments have been agreed and reflected in the final Statement of Accounts.

- The figures contained within the pre-audit Statement of Accounts included an amount for third party income generated from the PFI Extra Care Housing Scheme; this included a separate asset value and deferred liability balance of £16.4m reported as a prior period adjustment. It has been agreed that retaining this presentation would overstate the fair value of the Council's assets; these values have therefore been removed from the balance sheet.
- There remains some differences between the Council's overall PFI liability and future disclosures; these will be reviewed for the 2014/15 Accounts.
- Income relating to capital grants for schools (£8.9m) has been removed from capital grants receipts in advance and has been accounted for as income in the Comprehensive Income and Expenditure Statement and transferred to the capital grants unapplied grants.
- The Housing Benefit Subsidy grant income and administration grant (£87.8m) was treated as non ring fenced grant and included within 'taxation and non specific grant income' ; this has now been reclassified as income relating to the Housing Service.
- An amount of £12.2m held by the Council in administering the Growing Places Fund on behalf of the Cheshire & Warrington Local Enterprise Partnership has been reclassified as a long term creditor rather than capital grants received in advance.

- Various amendments have been made relating to pension transactions to reflect changes to IAS 19.

## 12.0 Summary of Final Accounts

12.1 The full set of Accounts will be provided to Members at the Committee. The changes outlined in the body of this report have had no material impact on the position reported in June. The revised summary statements are provided below.

### Comprehensive Income and Expenditure Account

Summarised Comprehensive Income and Expenditure Statement	2013-14			2012-13
	Spend £000	Income £000	Total £000	Total £000
Expenditure on Services	691,355	(379,349)	312,006	319,658
Corporate and Democratic Core	7,945	(6,895)	1,050	3,471
Non-distributed Costs	(4,982)	(28)	(5,010)	4,828
<b>Cost of Services</b>	<b>694,318</b>	<b>(386,272)</b>	<b>308,046</b>	<b>327,957</b>
Other Operating Income & Expenditure	48,604	(1,270)	47,334	44,443
Financing and Invt Income and Expenditure	26,344	(920)	25,424	23,355
Taxation and Non-Specific Grant Income	0	(332,244)	(332,244)	(322,819)
<b>(Surplus)/Deficit on Services</b>	<b>769,266</b>	<b>(720,706)</b>	<b>48,560</b>	<b>72,936</b>
Surplus on Revaluation of Assets/Invts	0	0	(20,032)	6,611
(Surplus)/Deficit on Pensions	0	0	(49,696)	64,684
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(21,168)</b>	<b>144,231</b>

12.2 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.

### 12.3 Movement in Reserves Statement

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

Summarised Movement in Reserves Statement	General Fund £000	Earmarked Reserves £000	Other Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Opening Balance 1/4/13	18,936	21,911	12,593	180,236	233,676
Surplus / (Deficit) on Services	(48,560)				(48,560)
Other Expenditure and Income				69,728	69,728
Accounting Adjustments	64,033		12,221	(76,254)	0
Transfer to Earmarked Reserves	(14,576)	13,244	1,332		0
<b>Closing Balance 31/3/14</b>	<b>19,833</b>	<b>35,155</b>	<b>26,146</b>	<b>173,710</b>	<b>254,844</b>

### Balance Sheet

- 12.4 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 2014 £000	Restated 31 March 2013 £000
Property, Plant & Equipment	752,998	795,193
Investment Property	11,539	9,846
Other Non-Current Assets	2,229	1,861
Long Term Investments and Debtors	29,976	27,881
<b>Long Term Assets</b>	<b>796,742</b>	<b>834,781</b>
Short Term Investments	18,072	11,490
Debtors	57,998	48,443
Cash & Cash Equivalents	26,036	32,688
Other Current Assets	6,454	1,569
<b>Current Assets</b>	<b>108,560</b>	<b>94,190</b>
Creditors	(77,390)	(71,489)
Short Term Borrowing	(12,570)	(7,588)
<b>Current Liabilities</b>	<b>(89,960)</b>	<b>(79,077)</b>
Provisions	(12,576)	(7,323)
Long Term Borrowing	(115,223)	(126,264)
Net Pension Liability	(388,432)	(431,324)
Other Long Term Liabilities	(44,267)	(51,307)
<b>Long Term Liabilities</b>	<b>(560,498)</b>	<b>(616,218)</b>
<b>Net Assets</b>	<b>254,844</b>	<b>233,676</b>
<i>Usable Reserves</i>		
Capital Receipts Reserve	1,704	1,077
Capital Grants Unapplied	24,442	11,516
Schools Reserves & Balances	8,810	12,626
Earmarked Reserves	26,345	9,285
General Fund Reserve	19,833	18,936
<b>Total Usable Reserves</b>	<b>81,134</b>	<b>53,440</b>
<i>Unusable Reserves</i>		
Revaluation Reserve	189,189	185,172
Capital Adjustment Account	384,568	434,443
Pensions Reserve	(388,432)	(431,324)
Other Unusable Reserves	(11,615)	(8,055)
<b>Total Unusable Reserves</b>	<b>173,710</b>	<b>180,236</b>
<b>Total Reserves</b>	<b>254,844</b>	<b>233,676</b>

### **13.0 Next Steps**

- 13.1 The final version of the Statement of Accounts will be published on the Cheshire East website before the statutory deadline of 30<sup>th</sup> September following completion of the final elements of the audit and receipt of the necessary approvals.
- 13.2 Headline information from these Accounts will be made available in the form of a Summary Statement of Accounts.

### **14.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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