

Subject:	Annual Governance Statement and Statement of Accounts 2017/18	Status:	For Publication
Report to:	Audit & Accounts Committee	Date:	19 th March 2019
Report of:	Finance Manager	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: Yes/No	Attached:	Yes/No
Biodiversity Impact Assessment	Required: Yes/No	Attached:	Yes/No
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1.	RECOMMENDATIONS
1.1	That Members note the contents of this report, and the changes made to the Annual Governance Statement and the Statement of Accounts 2017/18 (Appendix 1) since the draft was submitted in June 2018.
1.2	Members consider the Letter of Representation regarding the 2017/18 Accounts (Appendix 2).
1.3	Members approve the attached Annual Governance Statement and Statement of Accounts 2017/18 (see Appendix 1) delegating any minor subsequent amendments to the Head of Finance and the Chair of the Audit Committee ahead of final sign off and release for issue.
1.4	Members approve the Letter of Representation regarding the 2017/18 (Appendix 2).

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Members on the changes made to the Accounts for 2017/18 during the audit process to date.
- 2.2 Members consider the Letters of Representation for 2017/18 Accounts (Appendix 2)
- 2.3 Members approve the attached Annual Governance Statement and Statement of Accounts 2017/18 delegating any minor subsequent amendments to the Head of Finance and the Chair of the Audit Committee ahead of final sign off and release for issue.
- 2.4 Members approve the Letters of Representation regarding the 2017/18 (Appendix 2)

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
 - **A clean and green Rossendale:** our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.
 - **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
 - **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- *Operational Governance and Risks:* the Annual Governance Statement: Year ended 31st March 2018 details the significant risks faced by the Council and the measures in place to mitigate, manage and monitor those risks.
- *Level of General Fund Reserves:* The Council must set a level of General Fund reserves based on an assessment of the potential risks to which the Council is exposed. Through its Medium Term Financial Strategy the Council has acknowledged the level of risks in the general economic environment through a suggested minimum level of General Fund balances of £1m. The Balance Sheet in the Statement of Accounts at Appendix 1 shows the General Fund Balance at the 31st March 2018 remains at £1m.
- *Contingent Assets and Liabilities:* An assurance will be submitted verbally to the Members at the Committee to confirm the current position with regards to Contingent Assets and Liabilities.

5. BACKGROUND AND OPTIONS

5.1 Statement of Accounts 2017/18 (Appendix 1) and the audit process since June 2018

The original draft Annual Governance Statement and Statement of Accounts for 2017/18 were brought to this Audit & Accounts Committee in June 2018 and then submitted for public scrutiny and external audit. During the audit process the operation of the East Lancs Empty Homes Scheme, and the accounting treatment of the Homes and Communities Agency (HCA) Grant for the Scheme, from the 2014/15 Accounts were still ongoing.

Following the completion of the 2014/15 Audited Accounts the draft 2015/16 Accounts came to this Committee in December 2018, followed by the draft 2016/17 Accounts on the 5th March 2019. These 2017/18 Accounts have been updated with all changes arising from those audits, especially the 2016/17 comparator year figures. The final 2014/15 Accounts have now been signed off, and it is hoped that the final 2015/16 will be signed off before the end of March 2019.

5.2 Revenue Performance in 2017/18

The Narrative Report on page 15 includes an overview of the Revenue performance during the year. The main variances from the Original Budget are explained in a table on page 16 including:-

- Additional income from Collection Fund Court Costs recharged, Planning and Building Regs fees, Cemeteries and a management fee to Rossendale Transport Ltd.
- One-off refund of prior year costs from business rates and audit charges.
- Savings on Minimum Revenue Provision (MRP).
- This financial year was the first time that Rossendale Borough Council had taken the option to make an advance payment on the Lancashire County Pension Fund. The three-year payment will save around £307k over three years and the amount attributable to 2017/18 was deemed to be £74k
- Additional costs of vehicle hire in the operations team, funded by the MRP savings on replacement vehicles.
- A reduction in Licensing income which was faster than anticipated in the original budget following policy changes.

Capital progress included

- the ongoing Bacup Townscape Heritage Initiative

- commencement of Spinning Point Phase, particularly work on the former Town Hall.

5.3 Changes from the original draft submitted in June 2018

All proposed changes from the original draft version have been highlighted and they fall into three categories

- Changes fed through from the audit of the 2016/17 Accounts and the preceding years (highlighted in yellow)
- Changes identified so far from the 2017/18 audit (highlighted in blue)
- Changes from the adjusted presentation of the Group Accounts to correctly portray the sale of the Council's shares in Rossendale Transport Ltd (highlighted in green).

5.4 Other changes arising from the audit

There were some other amendments arising from the audit which were not related to prior years.

- Core Statements - the only changes to the Core Statements in 2017/18 resulting from the audit work to date are some corrections to the Cash Flow Statement. These can be seen in greater detail in Note 36a on page 66, reclassifying the cash impacts of changes in Long Term Debtors and Other Income as 'Net Cash Flows from Investing Activities'.
- Note 6 on page 33 - there has been a £52k reduction to the Lancashire Business Rates Pool Tariff, effectively increasing the surplus for the year.
- Collection Fund Note 2 on page 83 - the presentation of the note table has been corrected, though there has been no change to the underlying figures in the accounts.
- Group Accounts policies on page 78 - have been amended to reflect the changes noted below.
- Group Accounts - Rossendale Transport Ltd filed an interim set of accounts with Companies House which showed an operating loss of £11k, including turnover of £7,770k for the period 1st April 2017 to 12th January 2018. Following discussions with the auditors
 - The operational activity of Rossendale Transport Ltd has now been included in the Group Comprehensive Income and Expenditure Statement.
 - As a result, the Group Movement in Reserves has been amended to bring forward the opening balances at 1st April 2017 and write out the net closing balance at 12th January 2018.
 - The Transport element of the Group Balance Sheet as at 31st March 2018 has not changed from the nil position reflected in the draft accounts.
 - The Cash Flow Statement has been updated to reflect the operational activity during 2017/18.
 - Group Note 3 on property, plant and equipment assets has been amended to bring forward the opening balances at 1st April 2017, reflect the operational activity during the year in terms of depreciation and asset purchases, and write out the net closing balance at 12th January 2018 as the company was disposed of.
 - All the other notes reflected the correct Balance Sheet position of £zero at the 31st March 2018, so no changes have been required.
 - Group Pensions Fund Notes, have now been removed - the Pension Fund for

the Limited Company was transferred to Rossendale Borough Council at the beginning of 2016/17 and so there were no figures for the 31st March 2017 or for the 31st March 2018. A paragraph has been inserted on page 85 to explain this.

5.6 Letter of Representation - 2017/18 Accounts

This letter, from the Chair of this Committee and the Head of Finance, is to provide the External Auditor with the required assurances as to the completeness of the 2017/18 financial statements, the working papers and the disclosures made to the auditor. Members are asked to consider the contents of this letter and then approve its signature and submission to the Auditor.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Financial matters are noted in the report attached.

7. MONITORING OFFICER

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Unless specifically commented upon within the report, there are no implications for consideration. Staffing issues have been discussed with colleagues in the People & Policy section.

9. CONCLUSION

9.1 Members should note the changes made during the audit and the impact that these have of the Accounts for 2017/18.

9.2 Members consider the Letter of Representation regarding the 2017/18 Accounts (Appendix 2).

9.3 Members are now in a position to approve the Statement of Accounts for 2017/18 and the Annual Governance Statement on pages 19 to 24 attached at Appendix 1, delegating any minor subsequent amendments to the Head of Finance and the Chair of the Audit Committee ahead of final sign off and release for issue.

9.4 Members approve the Letter of Representation regarding the 2017/18 (Appendix 2) for issue to the external auditors.

Background Papers

Document	Place of Inspection
Draft Statement of Accounts 2015/16.	Audit & Accounts Committee 30 th June 2016 https://www.rossendale.gov.uk/download/meetings/id/7929/item_d5_appendix_1