

2017/18 Statement of Accounts (SOA) Overview

[page references are shown which cross reference to the full SOA document also available on the T&W internet site]

- The communication of financial information is a key aspect of public accountability. The Statement of Accounts provides detail about the funds available to the Council and how they have been used to deliver services together with a snap-shot of the financial position as at 31 March i.e. the value of assets and liabilities at year end.

BACKGROUND

- The structure and content of the Statement of Accounts is determined by Government Legislation, Accounting Standards, including International Financial Reporting Standards, and the Chartered Institute of Public Finance & Accountancy (CIPFA) Guidance and Codes of Practice.
- The Statement of Accounts comprises:
 1. **Narrative Report**
 2. **Statement of Responsibilities**
 3. **Annual Governance Statement**
 4. **Auditor's Report**
 5. **Expenditure & Funding Analysis**
 6. **Comprehensive I&E Account**
 7. **Movement in Reserves Statement**
 8. **Balance Sheet**
 9. **Cash Flow Statement**
 10. **Notes to the Accounts**
 11. **The Collection Fund Account**
 12. **Group Accounts**

KEY DATES

- Outturn report presented to Cabinet:
31 May 2018; Council 26 July 2018
- **Draft SOA presented to Audit Committee Members: 29 May 2018**
- Draft SOA available for Public Inspection for 30 days: including the first 10 working days in June
- **Start of External Audit: 18 June**
- Approval by Audit Committee: 24 July 2018
- **Final SOA published by 31 July 2018**

1. NARRATIVE REPORT [pages 3 -26]

Provides an overview of the budget and financial context, highlights issues raised during the year and provides a summary of both the revenue and capital outturn positions for the Council.

Revenue Position			
	Budget £m	Outturn £m	Variation £m
Cabinet Report	121.194	121.044	-0.150
Add: Funding Variance	0.000	1.161	+1.161
Add: Contribution from balances	0.557	0.000	-0.557
Service Outturn [page 11 SOA]	121.751	122.205	0.454
Council Tax, Govt. Grant and NDR	-121.194	-122.355	-1.161
Net General Fund Position	-0.557	0.150	0.707
	-121.751	-122.205	-0.454

General & Special Fund Balances - £m	
Balances bwfd 1/4/17	4.657
Contribution to Balances	0.150
Balances cwfd 31/3/18	4.807

Capital - £m	
Approved Capital Programme	101.65
Outturn	85.54
Funded by:	
Borrowing	52.55
Capital Receipts	2.25
Grants	21.30
Other Sources	9.44
Total	85.54

2. STATEMENT OF RESONSIBILITIES & ANNUAL GOVERNANCE STATEMENT [page 27]

Sets out the responsibilities of the authority and the Chief Financial Officer in respect of the SOA; details the governance framework, systems of control and standards of conduct; reviews the effectiveness of governance arrangements and identifies actions to be implemented in 2018/19.

3. AUDITORS REPORT [page 36]

Provides independent assurance to Members that the SOA have been compiled in accordance with UK accountancy regulations and that they give a true and fair view of the financial position as at 31 March 2018. KPMG will present their own report to Audit Committee. An unqualified audit opinion has been given.

4. MOVEMENT IN RESERVES STATEMENT [page 42]

Shows the different reserves held by the authority, analysed into Usable reserves (those which could be used to fund expenditure) and Other Reserves (technical reserves and those where funds would not be immediately realisable e.g. revaluation reserve where assets would have to be sold to release the benefit).

Usable Reserves	£m	Other Reserves	£m
General/Special Fund Balance	4.807	Pension Reserve - Deficit	(258.739)
Capital Grants Unapplied	2.943	Acc. Absence Reserve	(3.656)
Revenue Grants Unapplied	2.853	Capital Adjustment a/c	128.040
Earmarked Service Reserves	70.115	Revaluation Reserve	34.633
School Balances	3.788	Collection Fund	2.677
		Deferred Capital Receipts	34.426
		Other	(1.050)
Total Usable Reserves	84.506	Total Other Reserves	(63.669)
Total Reserves at 31 March 2018: £20.837m			

5. COMPREHENSIVE INCOME & EXPENDITURE A/C [page 41]

This statement shows the cost of providing services, in accordance with Accountancy regulations, not the amount funded from taxation.

	£m
Deficit on I&E Account	57.031
Less amounts included in I&E Account but which do not impact on the General Fund (including Depreciation, Impairments and Capital Grants Applied)	(70.738)
Plus amounts not included in I&E Account but which do impact on the General Fund (such as movement in reserves)	13.557
Actual Contribution to General Fund Balances	(0.150)

6. BALANCE SHEET [page 43]

Shows the value of assets and liabilities at 31 March.

Assets	£m	Liabilities	£m
Property, Plant & Equipment	471.531	Borrowing	256.702
Investment Properties	95.657	Creditors	64.507
Intangible Assets	2.081	Pensions Liability	258.739
Long Term Investments	9.265	PFI/Finance Leases	53.282
Assets Held for Sale	14.213	Provisions	20.160
Debtors	65.339	Other	3.928
Cash/Cash Equivalents	19.746		
Other Current Assets	0.323		
Total Assets	678.155	Total Liabilities	657.318
Total Net Assets at 31 March 2018: £20.837m			

7. CASHFLOW STATEMENT [page 44]

Shows cash inflows and outflows during the year.

8. NOTES TO THE ACCOUNTS [page 45]

60 notes providing further information to support the figures in the financial statements.

[listed in contents on page 1]

9. COLLECTION FUND [page 105]

Required by statute for billing authorities; records transactions relating to business rates and council tax income and payments to this Council, the Parishes, Police & Fire Authorities.

GROUP ACCOUNTS AND NUPLACE ACCOUNTS

Nuplace was incorporated on 1 April 2015. The principal activity of the company is the procurement of the construction and management of private and affordable residential property.

- Nuplace is wholly owned by Telford & Wrekin Council;
- 2017/18 was the third year of operation;
- During the year, the company acquired 3 new development sites at Blossom Walk, Hadley, (25 units), Springfields, Newport, (33 units) and Coppice Court, Snedshill, (39 units). The sites represent a mixture of two, three and four bedroom houses and two bedroom apartments, available for market and affordable rent. Construction continued at Miners Walk, Madeley and The Oaklands, Dawley, and units released were ahead of schedule, taking the number of properties completed and let at 31 March 2018 to 232. All sites are estimated to complete construction during the 2018/19 year, with the exception of Coppice Court, Snedshill which is forecast to practically complete in April 2019;
- KPMG are the appointed auditors for Nuplace;
- Nuplace generated an operating profit, before taxation of **£0.343m**. The Council also received income of **£1.2m** from Nuplace during 2017/18. A summary of the financial statements is shown below:

Profit & Loss Account 31 March 2018 - £	
Turnover	1,224,800
Cost of Sales	(122,161)
Gross Profit	1,102,639
Administrative Expenses	(110,636)
Other operating income	9,911
Operating Profit	1,001,914
Net Interest payable	(659,370)
Profit before taxation	342,544
Tax on Profit	(80,742)
Profit for the financial year	261,802
Revaluation of tangible fixed assets	2,457,947
Total Comprehensive Profit for the Year	2,719,749

Balance Sheet at 31 March 2018			
Assets	£m	Liabilities	£m
Tangible assets	40.165	Creditors	28.411
Cash at bank and in hand	0.326	Provisions	0.145
Debtors	0.010		
Total Assets	40.501	Total Liabilities	28.556
Total Net Assets at 31 March 2018: £11.945m			
Share Capital			£8.950m
Profit & Loss Account			£0.537m
Revaluation Reserve			£2.458m
			£11.945m

The Council has produced Group Accounts for 2017/18 which consolidate the Council's accounts with those of Nuplace to give an overall picture of the Council's activities.

PENSIONS [notes 12 and 13, page 58]

The Council participates in 3 pension schemes: the Local Government Pension Scheme, the National Health Service Pension Scheme and the Teacher's Pension scheme.

The pension fund assets and liabilities of the National Health Service and Teacher's schemes cannot be attributed to individual authorities and the Council is not therefore required to disclose detailed information relating to these.

The Local Government Pension Scheme (LGPS) is a Defined Benefit Scheme which is administered by Shropshire Pension Fund and detailed disclosures are available and shown in the accounts.

Both the Council and employees pay contributions into the LGPS fund, calculated at a level intended to balance the pension liabilities with pension assets. There is an actuarial evaluation of the fund undertaken every 3 years which determines the council's contribution. Following the valuation at 31/3/16 the contribution rate was set at 14.1% for 2017/18, supplemented with a lump sum payment.

The Council's assets and liabilities relating to the LGPS at 31 March were:

	31.3.17	31.3.18
	£'000	£'000
Total Present Value of Benefit Obligations	(780,393)	(777,821)
Fair Value of Pension Fund Assets	504,893	519,082
Deficit on Fund at 31 March	(275,500)	(258,739)
Deficit on Fund at 31 March prior year	(212,647)	(275,500)
Increase in deficit / (Decrease) in deficit	62,853	(16,761)

The cost charged to the Income and Expenditure account is not the employer contribution rate but an amount provided by the actuaries which takes into account the additional cost of pension obligations earned at 31 March – the principle being that local authorities must account for retirement benefits when they are committed to giving them.

RELATED PARTIES [note 50, page 98)

- Local authorities are required to show related party transactions as a disclosure note in the Statement of Accounts.
- Disclosure ensures that the SOA are presented in a fair and transparent manner.
- In 2016/17 there was a low return rate for disclosures; following this the process for completing and returning the Related Party Declaration forms was changed for 2017/18 and all forms were received before the closure of the audit.
- Any feedback or comments on the 2017/18 process are welcome.

PROPERTY, PLANT & EQUIPMENT [note 15, page 66)

Net Book Value	Total Property, Plant & Equipment £000	Of which PFI Asset £000
As at 1st April 2017	511,037	58,129
Depreciation charged in year	(15,214)	(1,606)
Additions	41,724	1,778
Revaluations charged to Revaluation Reserve	3,090	0
Revaluations Charged to Services (CIES)	(6,479)	0
Disposals	(48,337)	(45,825)
Reclassifications	(14,290)	0
As at 31st March 2018	471,531	12,476
Movement	(39,506)	(45,653)

- Impact on PPE of Academy conversions in 2017/18: -£48.0m (or 9.4% of NBV 1st April 2017)
- Impact on PPE of known Academy conversions in 2018/19: -£42.1m (or 8.9% of NBV at 31st March 2018)