

Subject:	Unaudited Statement of Accounts 2013/14		
Date of Meeting:	24 June 2014		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Jane Strudwick	Tel: 29-1255
	Email:	jane.strudwick@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Under the Accounts and Audit Regulations 2011, the council's Statement of Accounts (i.e. accounts) are to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. Under Brighton & Hove City Council's constitution, the Audit & Standards Committee is charged with this responsibility.
- 1.2 Accordingly, this report presents the unaudited accounts for 2013/14 for information purposes only. Copies of the accounts are made available to members of the Audit & Standards Committee. It is expected that the External Auditor will present an Audit Results Report to the September meeting of this committee on the conclusion of the audit of the 2013/14 accounts. An officer report will be presented to that meeting to enable Members to consider and approve the statement of accounts.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee note the accounts for 2013/14 and note that these are subject to audit and public inspection.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The main legislative requirements relating to the preparation, publication and audit of the council's accounts are contained in the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011 made under Section 27 of the 1998 Act.
- 3.2 It is a requirement that the annual accounts should be prepared as soon as practicable after the end of the financial year and approved by the Chief Finance Officer by 30 June and considered by a committee or Full Council, and approved by a resolution of that committee or meeting by 30 September. The accounts must be published and signed off by the External Auditor as soon as reasonably possible after conclusion of the audit and by 30 September.

Format of Accounts

- 3.3 The council is required to present its accounts on an International Financial Reporting Standards (IFRS) basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and covering the period 1 April 2013 to 31 March 2014.
- 3.4 In accordance with the Accounts and Audit Regulations, the accounts include:
- an explanatory foreword;
 - a statement of responsibilities;
 - the core financial statements (Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement);
 - supplementary statements (Housing Revenue Account and Collection Fund);
 - the notes to the accounts; and,
 - accounting policies.

Key Changes in the 2013/14 accounts

- 3.5 There have been two significant changes in the 2013/14 accounts in respect of the accounting for non domestic rates and post employment benefits.
- 3.6 The Government introduced a new Business Rates Retention Scheme with effect from 1 April 2013 which allowed the authority to retain 49% of the non domestic rates income it collects. Of the remainder, 50% is paid over to central government and 1% to the East Sussex Fire Authority. This funding is supported by a new Revenue Support Grant which reflects reducing central government spending in line with the government's deficit reduction approach. This change led to the council amending its accounting policy for non domestic rates. The collection of non domestic rates income, under the localisation of business rates, is now very similar to the collection of council tax in that the council, as a billing authority, recognises its proportion of the locally retained non domestic rates income in its Comprehensive Income and Expenditure Statement on a full accruals basis. A creditor is also recognised by the council for the income that has been collected from non domestic rate payers but not yet paid over by the council to central government and the East Sussex Fire Authority.
- 3.7 The Code introduced changes to the classification, recognition, measurement and disclosure requirements of employee benefits introduced by the June 2011 amendments to IAS 19 "*Employee Benefits*". The key change is the combination of the interest cost and the expected return on assets into a single net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. Therefore, where a scheme invests in assets expected to generate higher returns, these higher profits can no longer be shown (or lower profits where it invests in assets expected to generate lower returns). This has resulted in a reclassification change to the Comprehensive Income and Expenditure Statement. There is no impact on the level of the net pension liability reported in the accounts. This change also requires significant changes to the information disclosed in the accounts in respect of post employment benefits;

these are set out in the Pension Liability section of the Explanatory Foreword to the accounts together with an explanation of the impact of the change on the 2012/13 published accounts.

- 3.7 As a result of the Health and Social Care Act 2012, some of the responsibilities of Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) passed to local authorities on 1 April 2013 with the council taking on the responsibility for public health. The accounting transactions in respect of public health are now included in the council's accounts.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Under the Accounts and Audit Regulations 2011, the council's accounts are to be approved by the Chief Finance Officer by 30 June and following the audit process are to be approved by Members by 30 September each year. Under Brighton & Hove City Council's constitution, the Audit & Standards Committee is charged with this responsibility. The accounts are presented at this stage for information purposes only.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The purpose of this report is to present the council's accounts for 2013/14. There has been no external consultation, however, the accounts are required to be available for public inspection and residents of Brighton and Hove are able to inspect the accounts during the period 18 June 2014 to 15 July 2014.

6. CONCLUSION

- 6.1 At this stage, the accounts are for information only.
- 6.2 The accounts have not been audited by the External Auditor. It is expected that the External Auditor will present their Audit Results Report to the September meeting of this committee on the conclusion of the audit of the 2013/14 accounts.
- 6.3 Any material changes resulting from the conclusion of the audit will be included in the accounts to be reported to the Audit & Standards Committee in September 2014. An accompanying officer report will be presented to that meeting, to enable Members to consider and approve the accounts.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Detailed financial information is contained in the accounts. There are no other financial implications.

Finance Officer Consulted: Jane Strudwick

Date: 10/06/14

Legal Implications:

- 7.2 The relevant statutory requirements relating to the accounts are summarised in the report, in particular at paragraphs 1.1 and 3.1-3.2.
- 7.3 The report is for noting only. As indicated, the Committee has until 30 September by which to approve the statement of accounts and officers will prepare a separate report on that process for consideration by the Committee in time to comply with the statutory deadline.

Lawyer Consulted: Elizabeth Culbert

Date: 12/06/14

Equalities Implications:

- 7.4 There are no equalities implications arising directly from this report. The accounts are a statutory publication and are available for public inspection at the council's main offices and on the council's website. Information on the accounts will, as far as possible, be provided in a manner that meets the needs of those requesting information

Sustainability Implications:

- 7.5 There are no direct environmental implications arising from this report. However, it is believed that the reputation of the council's financial control framework and its ability to demonstrate sound financial management could have an impact on the willingness of other funding partners to invest in and with the council. This could affect the level of inward investment in respect of projects that contribute towards sustainability

Any Other Significant Implications:

- 7.6 There are no other significant implications arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. Unaudited Statement of Accounts 2013/14