

6. Statement of Accounts 2013/14 and Annual Governance Statement 2013/14

Appendix 1: Amendments to Statement of Accounts 2013/14 after version published within the agenda circulated to Members on 01/09/14

The attached pack includes all pages within the SoA that have been amended after the publication of the agenda that are included in the version to be signed:

Statement page number:	Note	Description of change
7	Explanatory Forward - 2	Page number updated from 43 to 42
11	Explanatory Forward - 3b	Table updated to agree to MiRS Narrative under table updated by same amount to agree to MiRS
12	Explanatory Forward - 3b	Table updated to agree to MiRS
19	Explanatory Forward - 6	Contribution to reserves updated to agree to MiRS
99	36 c) Exit Packages	Figures in narrative below table updated to agree to the table
113	45) Defined Benefit Pension Schemes - reconciliation of movements in fair value of scheme assets	12/13 comparators for Interest Income and Return on plan assets excluding the amount included in net interest expense adjusted back to original 12/13 figures following decision not to re-state 12/13 after changes to IAS 19 disclosures
142	H) Collection Fund	13/14 Total figure for Expenditure updated to correctly add down

B. EXPLANATORY FOREWORD

1. INTRODUCTION

The Council has a statutory duty to approve and publish this Statement of Accounts document for the period 1st April 2013 to 31st March 2014.

This document complies with recommended practice from the Chartered Institute of Public Finance and Accountancy and its format is largely prescribed.

To comply with the Accounts and Audit Regulation 2003 (as amended by later updates), the Council is required to make reasonable endeavours to have the Statement of Accounts audited and received and approved by the end of September 2014. The responsibility for approval is delegated to the Audit Committee. The Audit Committee met and approved the accounts at its meeting on 9th September 2014 to include any changes arising from the audit of the accounts. These accounts have been amended. The Council's Chief Financial Officer approved the accounts for publication on 9th September 2014.

This foreword outlines the key individual statements that comprise the Statement of Accounts, including a description of their purpose and the relationship between them. It also highlights the main activities/variations that took place during 2013/14 in each of the main activity areas.

2. THE STATEMENTS

Single Entity Accounts

These financial statements are for a single entity.

The detailed accounts and related information are shown from page 42 onwards and consist of the following:

Core Financial Statements

Movements in Reserves Statement

This statement shows the movement in the 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 local taxation) and
- Unusable Reserves.

The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The "Net Increase/Decrease before Transfers to Earmarked Reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

B. EXPLANATORY FOREWORD

b) General Fund Account

The following table summarises the position for the General Fund for 2013/14. Some notes are included following the table to explain the main variations to the budget for the year:

General Fund Account	Budget £000	Actual £000	Variance £000
Director of Regeneration, Enterprise and Planning	3,292	2,705	-587
Director of Housing	1,704	1,599	-105
Borough Secretary	14,354	13,349	-1,005
Director of Customers & Communities	14,446	13,346	-1,100
Total within Budget Managers Control	33,796	30,999	-2,797
Capital Expenditure charged to Revenue Account	0	132	132
Provisions	0	579	579
Net Support Service Recharges	-4,705	-6,967	-2,262
Interest and Financing	1,643	1,160	-483
Parish Precepts & Grants	993	993	0
Government Funding	-14,939	-18,381	-3,442
Council Tax	-13,225	-13,137	88
Council tax freeze grant	-142	-146	-4
Non specific grants (mainly New Homes Bonus)	-1,967	-4,057	-2,090
Technical Accounting Adjustments	-32,341	-39,824	-7,483
General Fund (under) / over spend	1,455	-8,825	-10,279
Net Contribution to/(from) Reserves	-1,455	8,310	-9,765
General Fund Deficit (Surplus)	0	-515	-515
Balance b/fwd		-3,128	
Balance c/fwd		-3,643	

Variations to Budget

After taking account of contributions to reserves and balances, the Council's General Fund working balance was increased by £515k. This is after making a net contribution to General Fund earmarked reserves of £8,310k to mitigate specific business risks.

B. EXPLANATORY FOREWORD

There were a number of variances that have contributed to this position, which are listed below. Further details of these variances can be found in the Council's outturn reports which were considered by Cabinet on 9th July 2014 and are available on the NBC website, see <http://www.northampton.gov.uk/budgetmonitoring>.

Under (-) / Over spends	£000s
Reserve Movements	9,765
Provisions	579
Net Support Service Recharges	-2,262
Interest and Debt Management	-483
Government Funding	-3,442
Non specific grants	-2,090
Asset Management	-71
Other Buildings & Land	55
Major Projects and Enterprise	162
Development Control	-648
Housing	-105
Non Distributed Costs	-82
Benefits	-346
Revenues	78
Business Improvement	-68
Performance and change	102
Electoral Services	-85
Legal	-229
Local Government Shared Service	-331
Customer Services	-87
Print Unit	68
Office Accommodation	-89
Information Technology	-58
Community Safety	50
Community and Other Grants	-51
Community Centres	-53
Environmental Protection	-246
Environmental Services	-603
Other Variations each below +/- £50k	57
Total	-515

B. EXPLANATORY FOREWORD

6. CONCLUSION

On the General Fund, the Council has managed to deliver an outturn at virtually on budget for 2013/14, allowing the Council to increase its level of working balances above its risk assessed level of £3.1m to £3.7m. In addition it was possible to increase the level of earmarked reserves for supporting future expenditure, mitigating against future business risks.

This was achieved against a backdrop of the increasingly challenging funding regime. The Government presupposes continuing efficiency savings from council services and continues with significant cuts to the amount of government funding for local authorities. The Council remains committed to its continuing programme of strategic business reviews, which aim to drive out further efficiencies and will allow the Council to meet the financial challenges ahead.

During 2013/14, the Council managed to increase its General Fund working balances to £3.6m whilst also contributing a net of £8.31m to General Fund earmarked reserves to mitigate some specific business risks. This is testament to the strong financial control operated by the Council and to the ability of service managers to deliver services, aided by strong support services, in a difficult economic climate.

The Capital Programme is under-spent by £9.8m in 2013/14 against budget; however this is largely to do with timing. The Council has made positive improvements in project management and is committed to maintaining and improving on this into the future.

The outturn for the Housing Revenue Account (HRA) shows that the level of working balances is maintained at £5m and general revenue earmarked reserves are increased. The revenue position of the HRA continues to be healthy with challenges facing the Council in delivering the capital improvements necessary to deliver good quality homes at an affordable price to its tenants.

The Council continues to consolidate and strengthen its financial position to enable a sound platform from which to maintain and improve essential services within available resources. The level of working balances and the risk mitigation provided by reserves should enable the Council to concentrate on improving its services and improving the overall efficiency of the Council in line with priorities.

F. NOTES TO THE CORE FINANCIAL STATEMENTS

c) Exit Packages

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other agreed departures		Total Number of exit packages by cost band		Total cost of exit packages in each band (£000)	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
£0 - £20,000	8	15	4	19	12	34	82	325
£20,001 - £40,000	2	2	1	7	3	9	88	251
£40,001 - £60,000	0	3	1	3	1	6	53	324
£60,001 - £80,000	0	0	0	1	0	1	0	73
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	1	0	0	0	1	0	122
Total	10	21	6	30	16	51	224	1,095

The total costs for 12/13 and 13/14 of £1,319k in the table above includes £1,095k for exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year and £224k for 2012/13.

Two exit packages included in the total of £1,095k in 13/14 were 60% funded by LGSS, see Note 36a for more information.

37. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2012/13 £000s	External Audit Costs	2013/14 £000s
97	Fees payable with regard to external audit services carried out by the appointed auditor (Section 5 Audit Commission Act 1998)	107
46	Fees payable for the certification of Grant Claims and Returns (Section 28 Audit Commission Act 1998)	12
143	Total	119

The Council's appointed auditor for the 2013/14 and 2012/13 Statement of Accounts audits was KPMG LLP.

F. NOTES TO THE CORE FINANCIAL STATEMENTS

Pension Assets and Liabilities Recognised in the Balance Sheet:

The amounts included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Present value of the defined benefit obligation	273,748	280,013	14,093	14,644	287,841	294,657
Fair value of plan assets	-160,419	-158,840	0	0	-160,419	-158,840
Net liability arising from defined benefit obligation	113,329	121,173	14,093	14,644	127,422	135,817

*Where provided by The Actuary, the split between LGPS and Discretionary Benefits Arrangements has been disclosed.

Reconciliation of the Movements in Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Discretionary Benefits Arrangements*		Total	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Opening fair value of scheme assets	142,153	160,419	0	0	142,153	160,419
Interest income	7,760	6,661	0	0	7,760	6,661
Remeasurement gain/(loss):						
The return on plan assets, excluding the amount included in the net interest expense	12,633	7,611	0	0	12,633	7,611
Contributions from employer	7,071	7,082	869	906	7,940	7,988
Contribution from employees into the Scheme	1,266	964	0	0	1,266	964
Benefits Paid:	-10,464	-10,520	-869	-906	-11,333	-11,426
Assets Distributed in Settlements	0	-13,377	0	0	0	-13,377
Closing fair value of scheme assets	160,419	158,840	0	0	160,419	158,840

*Where provided by The Actuary, the split between LGPS and Discretionary Benefits Arrangements has been disclosed.

H. COLLECTION FUND

2012/13 £000s	Collection Fund	2013/14 Council Tax £000's	2013/14 NNDR £000's	2013/14 Total £000's	Note
	INCOME				
-84,566	Council Tax (net of benefits, discounts & transitional relief)	-88,509	0	-88,509	
-14,796	Transfers from General Fund Council Tax benefits	235	0	235	
-93,664	Income collectable from business ratepayers	0	-98,294	-98,294	
-193,026		-88,274	-98,294	-186,568	
	EXPENDITURE				
	Precepts & demands:				
69,089	Northamptonshire County Council	59,857	0	59,857	56a
12,983	Northamptonshire Police and Crime Commissioner	11,248	0	11,248	56a
15,059	Northampton Borough Council	13,137	0	13,137	56a
	National Non-Domestic Rates				
93,363	Payments to national pool	0	0	0	CF1
-	Payments to Central Government	0	50,108	50,108	CF1
-	Payments to Northamptonshire County Council	0	10,022	10,022	CF1
-	Amount retained by Northampton Borough Council	0	40,086	40,086	CF1
301	Cost of collection	0	301	301	
-	Other transfers to General Fund - Enterprise Zone Growth	0	536	536	
-	Transitional Protection Payments	0	2,871	2,871	
	Bad & Doubtful Debts / Appeals				
2,020	Provisions	2,473	3,859	6,332	CF4
192,815		86,715	107,783	194,498	
-211	(Surplus)/deficit for the year	-1,559	9,489	7,930	
	COLLECTION FUND BALANCE				
	Balance brought forward at 1st April	-211	0	-211	
-211	Deficit/(surplus) for the year (as above)	-1,559	9,489	7,930	
-211	Balance carried forward at 31 March	-1,770	9,489	7,719	
	Allocated to:				
-	National Pool	0	0	0	
-	Central Government	0	4,744	4,744	
-150	Northamptonshire County Council	-1,257	949	-308	
-28	Northamptonshire Police and Crime Commissioner	-236	0	-236	
-33	Northampton Borough Council	-276	3,795	3,519	
-211	Fund Balance c/fwd	-1,770	9,489	7,719	56b