



Oldham
Council

Report to Cabinet

2018/19 Annual Statement of Accounts

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Corporate Services

Officer Contact: Anne Ryans – Director of Finance

Report Author: Anne Ryans – Director of Finance
Ext. 4902

16 September 2019

Reason for Decision

To advise Cabinet of the recently approved 2018/19 audited Statement of Accounts and the External Auditor (Mazars LLP) Audit Completion Report (ACR) and Annual Audit Letter.

Executive Summary

The report presents the Council's audited Statement of Accounts for the financial year 2018/19 as considered by the Audit Committee on 25 June 2019. Delegated authority was given to the Vice Chair of the Audit Committee and the Director of Finance to approve the accounts pending the resolution of two national pension related issues. The accounts were subsequently approved on 10 July 2019, with no changes to the Statement of Accounts presented and accepted at the Audit Committee on 25 June 2019.

The report highlights:

- The content of the External Auditors Audit Completion Report and Annual Audit Letter containing the unqualified opinion on the Statement of Accounts and positive value for money opinion.
- The overall revenue outturn position for 2018/19 was a surplus of £0.849m. This was an increase on the favourable variance of £0.255m projected at month 9 that was reported to Cabinet on 25 March 2019.
- The year-end variances that were attributable to each Portfolio.
- Schools balances at 31 March 2019 were £6.925m but were offset by the deficit on the Dedicated Schools Grant (DSG) of £2.723m leaving a net balance of £4.202m held within other earmarked reserves.
- The final Housing Revenue Account (HRA) balance was £21.305m.
- The balance on the Collection Fund was a surplus of £4.147m.
- The small reduction in revenue account earmarked reserves of £2.108m to a level of £80.623m, an increase in other earmarked reserves to a level of £12.935m and an increase in balances to £14.840m reflective of the revenue outturn position.

-
- Expenditure on the Council's Capital Programme for 2018/19 was £48.564m which was a small increase on the month 9 forecast expenditure of £48.267m. The increase in expenditure required funding allocated to future years to be re-profiled to fully finance the Capital Programme in 2018/19.
 - Capital Receipts in year totalled £6.180m, which when taken with the brought forward balance, gave a total of £14.927m, which was used to finance the Capital Programme in year.
 - The significant items in each of the primary financial statements.
 - Changes to the draft Statement of Accounts.
 - The performance of the Finance Team in closing the accounts

The presentation of the audited Statement of Accounts provides Cabinet Members with the opportunity to review the Council's year-end financial position (following completion of the audit by the Council's External Auditors, Mazars LLP).

Recommendations

That Cabinet:

- 1) Notes the Council's final accounts position for 2018/19, the Statement of Accounts, the Audit Completion Report and Annual Audit Letter
- 2) Commends this report and Statement of Accounts to Council.

2018/19 Statement of Account**1. Background**

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timelines and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which attempt to facilitate the production of accounts in a standardised and consistent format across the public and private sectors giving greater transparency for stakeholders.
- 1.2 These accounting practices are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2018/19 Code of Practice on Local Authority Accounting in the UK and any additional CIPFA guidance such as the year end Final Accounts Bulletins. Members of Cabinet can be assured that the accounts were prepared so that all the requirements of the Code were complied with.
- 1.3 For 2018/19, the requirements and timeline for the approval of a Local Authority's Statement of Accounts are set out in the Accounts and Audit Regulations 2015. The legislation requires that following the conclusion of a 30 day period of public inspection the Council must submit the Statement of Accounts for consideration and approval to Committee or by Members meeting as a whole, by no later than 31 July 2019.
- 1.4 In Oldham, the body designated to receive and approve the accounts is the Audit Committee. The public inspection period for the 2018/19 Statement of Accounts began on 10 May and concluded on 21 June 2019 with no objections to the Accounts being received.

2. Current Position

- 2.1 The Council submitted its draft financial statements to the External Auditors, Mazars LLP, on 2 May 2019 in line with Council's early closedown processes (the statutory deadline was 31 May 2019). In line with good practice, the draft Statement of Accounts was issued to Audit Committee members and then presented for review at the Audit Committee meeting of 6 June 2019. This gave members of the Audit Committee the opportunity to consider the key issues and ask officers and the External Auditor any relevant questions. All matters raised were addressed at the meeting to the satisfaction of the Committee.
- 2.2 The audited Statement of Accounts was subsequently considered at Audit Committee on 25 June 2019. However, due to two on-going national legal cases, which had the potential to impact on the measurement of the Council's pension liability, the Committee was unable to formally approve the Accounts on 25 June 2019. Members were, however, content to accept the amended set of financial statements that were presented and delegated the approval of the Accounts to the Vice Chair of the Audit Committee and the Director of Finance on receipt of advice from the External Auditors following a resolution to the national pension issues. This was, however, expected that the resolution to the matter would not have a significant impact on the Council's Statement of Accounts the Audit Committee had considered.
- 2.3 Following the conclusion of the national pension issues, the estimated impact of the legal cases was not considered to be material and there were no amendments to the Statement of Accounts that had been presented, considered and accepted by the Audit Committee at its meeting on 25 June 2019. The Accounts were subsequently approved under delegated authority by the Vice Chair of the Audit Committee and the Director of Finance on 10 July 2019.

-
- 2.4 The Statement of Accounts was updated during the audit process. The changes can be found at Appendix 2, with the approved Statements incorporating the amendments shown in Appendix 1. During the audit process there was only one change to the balance sheet position and this related to the accounting treatment for assets previously held as Assets Under Construction.
- 2.5 The final element of the 2018/19 audit is the Whole of Government Accounts (WGA) return. The audit of the WGA is always undertaken after the Statement of Accounts has been approved. The work is nearing completion and it is anticipated that the audit will be concluded in line with the Ministry of Housing, Communities and Local Government (MHCLG) deadline of 13 September 2019.
- 2.6 Following the conclusion of the Statement of Accounts audit, Mazars LLP is required to provide the Council with an annual Audit Completion Report and Value for Money (VFM) opinion. Both are shown in the draft Audit Completion Report (ACR) at Appendix 3. As at the time of issuing the ACR, there were three matters which remained to be addressed, two of which had been finalised before the 25 June Audit Committee meeting. These items, together with the findings in relation to the national pensions issue were formally acknowledged in the letter from Mazars LLP to the Members of the Audit Committee at Appendix 4.
- 2.7 Subsequently, the Council has received the Annual Audit Letter from the External Auditor and this is presented at Appendix 5. This confirms the contents of the ACR, provides information on the audit fee and also provides a forward look in relation to Local Authority financial resilience, financial reporting and audit developments.
- 2.8 It is important to note that the audit cannot be formally concluded until the audit of the WGA has been finalised.
- 2.9 The financial year 2018/19 was the first year that the Council's accounts audit has been undertaken by Mazars LLP. As would be expected, extensive testing was conducted, including the examination of larger samples and more in-depth review of processes. The overall audit process was positive and despite the additional testing, the ACR provided only one recommendation for improvement related to the Statement of Accounts. This pertains to the Related Parties Disclosure at Note 13. As the Council seeks to continually improve, the opinion of the auditor has been welcomed and thus additional assurance has been provided in this regard in 2018/19. The Council will continue with the more robust disclosure process in 2019/20.
- 2.10 The auditors VFM conclusion is positive, and states that for 2018/19 in all significant respects the Council has processes in place to ensure financial resilience.

3. General Fund Revenue Outturn

- 3.1 The Council's 2018/19 revenue outturn position has been presented in the Portfolio structure that was revised during the 2018/19 financial year. A comparison of revenue budget and outturn is set out in Table 1 below with explanations in the following paragraphs.

Table 1 – 2018/19 Revenue Outturn Compared to Revised Budget

	Budget £000	Actual £000	Variance £000
Net revenue expenditure			
Corporate and Commercial Services	7,296	6,748	(548)
People and Place	171,537	176,859	5,322
Reform	35,729	35,734	5
Chief Executive	2,305	2,280	(25)
Health and Adult Social Care Community Services	62,426	62,425	(1)
Capital, Treasury and Technical Accounting	(21,826)	(27,428)	(5,602)
Corporate and Democratic Core	6,677	6,677	-
Parish Precepts	298	298	-
Total net expenditure	264,442	263,593	(849)
Total Funding	(264,442)	(264,442)	-
Current net underspend	-	(849)	(849)

- 3.2 The Council achieved a surplus of £0.849m at the end of the financial year which is an increase on the favourable variance of £0.255m projected at month 9, reported to Cabinet on 25 March 2019. The increase in surplus was in part due to the success of specific management action to control spending towards the end of the financial year. The £0.849m has increased the Council's General Fund Balances as discussed at section 4.6. Further details on the variances by Portfolio are provided below.

Corporate and Commercial Service

- 3.3 This Portfolio comprises the majority of the operational support services including Finance, Legal, Commercial and Transformational Services and People Services. The Portfolio reported an underspend of £0.548m primarily as a result of vacancies.

People and Place

- 3.4 The People and Place Portfolio encompasses Economy, Education, Skills and Early Years, Children's Social Care, Community Services and Environmental Services. The overall objective of the Portfolio is to grow the economy of Oldham, improve education standards and support the Council's commitment to neighbourhood working.
- 3.5 The total adverse variance of £5.322m for 2018/19 was principally attributable to a £3.967m overspend within Children's Social Care. The outturn and use of reserves in 2017/18 necessitated a specific increase in resource allocation of £8.063m purely to prepare a balanced budget for 2018/19. In line with both regional and national trends, demand for services has continued to grow and from the outset it was clear that expenditure would not be contained within the increased resources that had been made available. The Children's Services Operating Model and Structural Resource Plan is currently being implemented to address the problems faced within Children's Social Care. Further details are provided throughout the Narrative Report in the Statement of Accounts.
- 3.6 The remaining variance is related to an increase in maintenance costs of Council buildings and the additional costs associated with the introduction of the Oldham Foundation Living Wage, particularly in relation to Catering and Cleaning Services. A further contributing factor was the high cost of Home to School transportation in the Education and Early Years Directorate.

Reform

- 3.7 The Portfolio was created part way through the financial year bringing together a number of services that were previously held in other Portfolio's. This area now encompasses Public Health, Heritage, Libraries and Arts, Sport, Youth as well as holding responsibility for Policy, Strategy, Communications, Public Service Reform, Transformation and Business Intelligence.
- 3.8 The total over spend of £0.005m in relation to a budget of £35.729m was clearly minimal and in line with the month 9 forecasts reported to Cabinet.

Chief Executive

- 3.9 The Portfolio includes the budgets for the Council's Chief Executive and Senior Management Team (SMT). The outturn position was in line with the month 9 projection showing a modest underspend £0.025m.

Health and Adult Social Care Community Services

- 3.10 The Portfolio is split into four broad strands; care management, social work intervention, adult provider services, client support services and commissioning. Actual expenditure of £62.425m was £0.001m less than the budget of £62.426m. The most significant issue to note was that considerable overspends on community care were offset by increased client contributions and other recoveries of cost.

Capital, Treasury and Technical Accounting

- 3.11 The Portfolio includes the budgets associated with the Council's Treasury Management activities including interest payable on loans and interest receivable on investments. It also includes the revenue budgets associated with technical accounting entries. The year-end position showed a favourable variance of £5.602m as a result of a reduction in the Prudential Borrowing requirement due to capital expenditure reprofiling and therefore a reduction in associated borrowing costs.

Corporate and Democratic Core

- 3.12 As anticipated, the expenditure associated with this Portfolio was in line with budget.

Parish Precepts

- 3.13 Payments of Parish Precepts and top up grant funding to Parish Councils were in line with the 2018/19 budget resulting in a nil variance.

4. Other Revenue Outturn Issues

Dedicated Schools Grant (DSG)

- 4.1 Total school balances at 31 March 2019 were £6.925m which was an increase of £1.379m compared to the 2017/18 total of £5.546m. Due to the deficit of £2.723m within the Dedicated Schools Grant (DSG) funded budgets it is necessary to reduce the level of schools balances to a net £4.202m.
- 4.2 As the deficit on the DSG was greater than 1% of the 2018/19 total DSG allocation (including Academies) the Council was required to prepare a recovery plan for the Department for Education (DfE) outlining how it will bring the DSG deficit back into balance within a three-year timeframe. The plan was submitted on 28 June 2019. The Council and

Schools Forum have been working together to agree changes to funding arrangements and operational practice in order to manage the financial position.

Housing Revenue Account (HRA)

4.3 The HRA generated a £1.143m surplus, which was a £1.860m increase from the original budget projection, increasing the HRA reserve to £21.305m. The reasons for this variance can be explained as:

- HRA operational income, including rent, service charges, PFI credits and other recovery of costs was £28.279m. This is £0.553m more than the original budget of £27.726m, due to higher service charges and rent collected against prudent original budgets along with one-off income for overage on the build out of Primrose Bank.
- HRA operational expenditure underspent by £1.316m. This is primarily explained by a £1.588m underspend on capital schemes funded by revenue, predominantly concerning the Sheltered Housing for Adults with Learning Disabilities Scheme (SHALD) which will now be financed in 2019/20. The remaining variances related to a number of new income streams for workflows that were initiated during the year.

4.4 Other variances within the HRA do not have a net effect on the balances as they are all reversed within the account and are considered “below the line”. These include items such as depreciation and impairment on capital assets.

Collection Fund

4.5 The Collection Fund, which includes all transactions relating to Council Tax and Business Rates, returned a surplus of £3.513m for 2018/19, an improvement of £2.308m compared to the projected outturn at month 9. The surplus, together with the balance brought forward of £0.634m, gives a total of £4.147m available for distribution, of which the Council’s share is £3.689m. This is being used to support the 2019/20 and future years budgets.

Reserves and Balances

4.6 The overall surplus of £0.849m increased the level of general balances to £14.840m. This provides increased financial resilience for the Council and enables balances to be held at a value sufficient to support 2020/21 budget setting in line with the calculated risk assessment presented to Budget Council in February 2019.

4.7 The Revenue Account earmarked reserves balance slightly reduced from £82.731m to £80.623m whilst other earmarked reserves increased by £3.661m to £12.935m. These include movements in the Schools Balances and the Revenue Grant Reserve (which are not available for general use).

4.8 The net position was a small overall increase in earmarked reserves to £93.558m. Many of the earmarked reserves have been set aside to provide financing for future expenditure plans. More details can be found in Note 15. Earmarked Reserves in the Statement of Accounts.

5. Capital

5.1 The Council incurs expenditure on capital projects in accordance with the Local Authorities (Capital Finance and Accounting) Regulations 2003 definition of capital expenditure. Essentially this defines capital expenditure as spend on assets that have a life of more than one year.

- 5.2 The Council spent £48.564m on its Capital Programme in 2018/19 compared to the forecast spending of £48.267m projected at Month 9 (a small variance of £0.297m). The Capital Programme was financed through a number of sources including the use of Government grants, revenue contributions and capital receipts. The capital expenditure incurred during the year is shown in the table below by Portfolio area. The marginal variance identified above required the re-profiling of future years funding to fully finance the capital programme in 2018/19.

Table 2 - Capital Programme Outturn Compared to the Forecast Outturn

	2018/19 Forecast £000	2018/19 Actuals £000	Variance £000
Corporate and Commercial Services	14,477	14,525	48
People and Place	30,042	28,066	(1,976)
Health and Adult Social Care Community Services	2,129	2,058	(71)
Reform	216	169	(47)
Housing Revenue Account	1,097	2,246	1,149
Funds for Emerging Priorities	306	1,500	1,194
Total Expenditure	48,267	48,564	297
Total Funding	(48,267)	(48,564)	(297)

- 5.3 The table below shows the detail of the movement in capital receipts in 2018/19. In year receipts totalling £6.180m were received. The most significant disposals of non-current assets for the year were from the sale of the former Counthill School site (£2.659m), and the Falcon Centre (£0.405m). As part of the year end process the Council has taken a prudent approach to financing the Capital Programme by utilising the capital receipts balance instead of financing through Prudential Borrowing.

Table 3 - Capital Receipts Summary Position 2018/19

	2018/19 £000
Balance as at 1 April 2018	(8,747)
In year capital receipts:	
VAT Shelter	(933)
Right to Buy (RTB)	(980)
Disposal of non-current assets	(4,155)
Other	(112)
Total in year receipts	(6,180)
Total receipts available in year	(14,927)
Financing requirement	14,919
Payment to Government Housing Pool	8
Balance as at 31 March 2019	-

6. Summary Outturn Position

- 6.1 The Council's financial position continues to be strong, with the revenue underspend above that projected at month 9 and an overall increase in both balances and earmarked reserves.

This position demonstrates increased financial resilience against the continuing challenges the Council will face in 2019/20 and future years.

6.2 The capital outturn was managed to minimise the level of re-profiling required at year end. The Council was prudent in financing the Capital Programme in year by utilising capital receipts and government grants and contributions, removing the need to prudentially borrow and therefore alleviating the pressure that borrowing costs would have had on future revenue budgets.

6.3 The Council faces many risks, challenges and opportunities in the future. Many of these are discussed in the Narrative Report at the beginning of the Statement of Accounts. However, the Council has well-established and rigorous risk management processes, together with robust financial management and reporting, which will ensure that the Council is well placed to deal with any emerging issues in 2019/20.

7. Treasury Management

Borrowing

7.1 During the year the Council did not undertake any additional external borrowing and therefore as at the 31 March 2019 had total long and short term borrowings of £150.039m, this includes Public Works Loan Board (PWLB) loans, Lender Option Borrow Options (LOBO) loans and other market debt.

Investments

7.2 The Council managed all of its short-term investments (surplus cash investments) in house with the institutions listed in the Council's approved lending list. At the end of the financial year the Council had £69.900m of cash investments which are highlighted in Note 21 of the accounts.

7.3 The Council's investment strategy was to maintain sufficient cash reserves to give it necessary liquidity, whilst trying to attain a benchmark average rate of return of London Interbank Bid Rate (LIBID) on the relevant time deposit multiplied by 5%, whilst ensuring funds were invested in institutions which were the most secure. The table below shows the returns by the relevant time period:

Table 4 - Actual Performance Against Benchmark

	Benchmark LIBID Return %	Actual Return %
7 Day	0.533%	0.636%
1 Month	0.562%	0.767%
3 Month	0.709%	0.775%
6 Month	0.827%	0.800%
12 months	0.988%	1.070%
Average Return		0.759%

7.4 As can be seen, the Council's overall performance on its cash investments exceeded its LIBID benchmark in all periods except the 6 month duration.

8. Overview of Core Statements

8.1 The four core Statements to the Accounts are the:

- i) Comprehensive Income and Expenditure Statement
- ii) Movement in Reserves Statement
- iii) Balance Sheet
- iv) Cash Flow Statement

8.2 They are included in the Statement of Accounts on pages 37 to 41. A commentary of the key issues arising in each Statement is set out as follows:

Comprehensive Income and Expenditure Statement (CIES)

8.3 The CIES, shown below, is required under International Financial Reporting Standards (IFRS). It shows the accounting cost of providing services rather than the amount to be funded from taxation or rents. This means that it includes accounting transactions such as depreciation and revaluation gains/losses.

	Note	Gross Expenditure £000	2018/19 Gross Income £000	Net Expenditure £000
Chief Executive		3,277	(603)	2,674
Corporate and Commercial Services		66,602	(66,163)	439
Economy, Skills and Neighbourhoods		-	-	-
People and Place		344,952	(217,943)	127,009
Health and Adult Social Care Community Services		99,763	(35,885)	63,878
Reform		42,002	(6,694)	35,308
Capital, Treasury and Technical Accounting		2,992	(5,975)	(2,983)
Corporate and Democratic Core		6,677	-	6,677
Central Services		-	-	-
Housing Revenue Account		14,674	(28,279)	(13,605)
Cost of Services		580,939	(361,542)	219,397
Other Operating Expenditure:				
- Parish Council precepts		264		
- Payments to the Government housing capital receipts pool		8		
- Levies		33,045		
(Gains)/losses on the disposal of non-current assets		224		
Total Other Operating Expenditure				33,541
Financing and Investment Income and Expenditure (a)	3			47,501
Taxation and Non-Specific Grant Income (b)	4			(256,122)
Deficit on Provision of Services (c)				44,317
Other Comprehensive Income and Expenditure				
Revaluation gains on non-current assets	16a			(20,971)
Impairment losses on non-current assets	16a			202
Surplus on revaluation of available for sale financial assets				(1,241)
Remeasurement of net defined benefit liability	30			57,683
Total Other Comprehensive Income and Expenditure (d)				35,673
Total Comprehensive Income and Expenditure				79,990

Key points to note from the CIES are:

(a) Financing and Investment Income and Expenditure

- 8.4 Financing and Investment Income and Expenditure of £47.501m (detailed at Note 3) contains transactions relating to interest payable and receivable, dividend income and losses on transfer of schools to Academy Status.

(b) Taxation and Non Specific Grant Income

- 8.5 The sum of £256.122m (detailed at Note 4) contains Council Tax, Business Rates and grants received from Central Government to finance revenue expenditure throughout the year. This income is not attributable to a specific service.

(c) Deficit on the Provision of Services

- 8.6 The Deficit on the Provision of Services of £44.317m represents the Council's accounting deficit position for the year as required under IFRS which allows a comparison to be made with other organisations in both the public and private sectors. This deficit includes charges for accounting entries such as depreciation, impairment and pension adjustments which are reversed under statute as they should not impact on the Council's General Fund position and the Council Tax Payer when calculating the Council Tax requirement. These reversals are shown in the Movement in Reserves Statement.

- 8.7 As previously highlighted, the Council's outturn position for the year was an underspend of £0.849m, which has been credited to the Council's General Fund Balance as shown in the Movement in Reserves Statement presented below.

(d) Other Comprehensive Income and Expenditure

- 8.8 There are a number of elements to Other Comprehensive Income and Expenditure, the sum of which total £35.673m.

- 8.9 The Council's non-current assets are revalued on a rolling 5 year programme, any movement on the value of these assets which is not chargeable to the cost of service is instead reflected in other comprehensive income and expenditure and the revaluation reserve.

- 8.10 In addition, the remeasurement of the 'net defined benefit liability' represents the Pension Actuary's movement of the Council's pension liability as at the 31 March 2019. This remeasurement was based on a number of financial assumptions made by the Actuary based on market conditions at the 31 March 2019 in order to calculate the movement on the liability in the year. Further detail of the assumptions used are presented in Note 30. This adjustment is required by the accounting standards covering pensions.

Movement in Reserves Statement (MiRS)

- 8.11 The MiRS reverses the accounting transactions included within the Deficit on the Provision of Services shown above in the CIES. Once these transactions have been reversed the amount which is statutorily chargeable to taxpayers or rents is arrived at. A summary reconciliation showing the movement between the CIES position and the statutory position is shown below. The General Fund and HRA balances will be adjusted by the net Surplus or Deficit shown below. The subsequent balance will then be available to support expenditure in 2019/20.

- 8.12 A reconciliation of the budget monitoring position to both the CIES and MiRS shown below is provided in Note 1 Expenditure and Funding Analysis in the Statement of Accounts.

	General Fund £000	Housing Revenue Account £000	Total £000
(Surplus)/Deficit on the Provision of Services	47,005	(2,688)	44,317
Total Technical Accounting Adjustments	(49,408)	1,545	(47,863)
Use of Earmarked Reserves	1,554	-	1,554
Net (Surplus)/Deficit	(849)	(1,143)	(1,992)

Balance Sheet

8.13 The Balance Sheet below shows the Council's net assets have decreased by £80.422m in 2018/19 from £175.389 to £94.967m.

8.14 The decrease in net assets is mainly attributable to the following movements:

- An increase in the Pension Liability of £94.339m the majority of which relates to a change in the assumptions used by the Council's actuaries (Hymans-Robertson) as part of the Council's actuarial valuation, as described at paragraph 8.10. The assumptions are determined by the actuary and represent market conditions at the reporting date.
- A decrease in the value of Property, Plant and Equipment (PPE) of £26.970m relating to a number of disposals and impairments of assets within the Work in Progress category. However, this is somewhat mitigated by additions of PPE in year, and revaluation gains in other areas.
- Long Term Investments increased by £2.611m in year. This primarily relates to an investment relating to the acquisition of the Unity Partnership Ltd and a £0.800m increase in the value of the shares in Manchester Airport Holdings Ltd.
- The increase in Long Term Debtors primarily relates to an additional loan to Manchester Airport Group, from which the Council will receive interest until the sum is repaid.
- An increase in the value of short-term investments held at year end of £19.069m. This variance between years relates to timing differences on the maturity of investments which span fewer than 12 months.

Balance Sheet 2018/19

31 March 2018 £000		Note	31 March 2019 £000
754,633	Property Plant and Equipment	17	727,663
19,783	Heritage Assets	18	19,939
15,749	Investment Property	19	17,945
4,136	Intangible Assets		3,784
68,642	Long Term Investments	21	71,253
9,822	Long Term Debtors	22	21,507
872,765	Long Term Assets		862,091
13,166	Short Term Investments	21	32,235
588	Inventories		675
43,183	Short Term Debtors	22	47,577
42,450	Cash and Cash Equivalents	23	33,229
7,785	Assets Held For Sale (less than one year)		5,604
107,172	Current Assets		119,320
(1,668)	Short Term Borrowing	21	(1,666)
(51,414)	Short Term Creditors	24	(52,492)
(17,051)	Short Term Provisions	25	(13,335)
	Short Term Liabilities		
(8,970)	- Private Finance Initiatives	21,28	(9,751)
(247)	- Finance Leases		(219)
(1,009)	- Transferred Debt		(1,054)
(80,359)	Current Liabilities		(78,517)
(16,079)	Long Term Provisions	25	(15,916)
(148,381)	Long Term Borrowing	21	(148,373)
	Other Long Term Liabilities		
(312,580)	- Pension Liabilities	30	(406,919)
(242,203)	- Private Finance Initiatives	21,28	(232,747)
(304)	- Finance Leases		(507)
(3,383)	- Transferred Debt		(2,332)
(17)	- Deferred Credits		(17)
(1,242)	Capital Grants Receipts In Advance		(1,116)
(724,189)	Long Term Liabilities		(807,927)
175,389	Net Assets		94,967
(174,339)	Usable Reserves	MiRS MiRS	(173,342)
(1,050)	Unusable Reserves	, 16	78,375
(175,389)	Total Reserves		(94,967)

Cash Flow Statement

- 8.15 The Cash Flow Statement shown below highlights that cash and cash equivalents have decreased by £9.221m as a result of reduced proceeds from the disposal of non-current assets and, in line with the Council's Treasury Management Strategy, the duration of short-term investments increased resulting in more transactions which span financial years leading to a reduction in cash being held at the end of the financial year.

	Notes	2017/18 £000	2018/19 £000
Net deficit on the provision of services		(7,904)	(44,317)
Adjustment to surplus or deficit on the provision of services for non-cash movements	31	41,695	100,505
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31	(42,826)	(6,734)
Net cash flows from operating activities		(9,035)	49,454
Net Cash flows from Investing Activities	32	21,085	(49,239)
Net Cash flows from Financing Activities	33	(13,203)	(9,436)
Net increase or (decrease) in cash and cash equivalents		(1,153)	(9,221)
Cash and cash equivalents at the beginning of the reporting period		43,603	42,450
Cash and cash equivalents at the end of the reporting period		42,450	33,229

9. Amendments to the Draft Statement of Accounts

- 9.1 As mentioned at section 2.4 there were a small number of amendments arising from the audit process but nothing that impacted on the financial position of the Council. Further details can be found at Appendix 2, however briefly they are:

- Changes to the Group Accounts;
- Incorporation of the Pension Liability for The Unity Partnership Ltd. – this information was only made available by the actuary on 7 June, several weeks after the draft accounts had been prepared. They therefore could not be included any earlier;
- A minor amendment to the opening balance of Property, Plant and Equipment relating to Assets Under Construction;
- A number of amendments to disclosure notes.

10. The Performance of the Finance Service

- 10.1 The preparation of the accounts represents just one outcome of the range of achievements of the Finance Team during 2018/19 as it continues to enhance and develop its performance. The work of the Finance Team underpins the work of the Council as well as ensuring compliance with statutory requirements, budget management and excellent financial practice.
- 10.2 The early closure of accounts has been a significant driver of efficiency allowing work to be undertaken more effectively. This means members of the Finance Team are able to work on other tasks and projects once the accelerated accounts closedown process is complete.

10.3 It is important to note that the preparation of the accounts to such a high standard and within an accelerated timescale has been achieved by the hard work, commitment and dedication of the Finance Team. All team members can be proud of their contributions to the early closure of the accounts and in the other significant improvements in financial management that have been made. As in previous years, this represents a real team effort.

11. Options/Alternatives

11.1 No alternatives are presented other than that Cabinet notes the final accounts position for 2018/19, the Statement of Accounts, the Audit Completion Report and the Annual Audit Letter and commends this report and the Statement of Accounts to Council.

12. Preferred Option

12.1 The preferred option is that Cabinet notes the final accounts position for 2018/19, the Statement of Accounts, the Audit Completion Report and the Annual Audit Letter and commends this report and the Statement of Accounts to Council.

13. Consultation

13.1 Consultation has taken place with the Council's External Auditors, Mazars LLP and the Council's Audit Committee. In addition members of the public had the opportunity to inspect the Council's Statement of Accounts and supporting documents during the 30 day public inspection period which concluded on 21 June 2019.

14. Financial Implications

14.1 Dealt with in the body of the report.

15. Legal Services Comments

15.1 There are no Legal implications.

16. Co-operative Agenda

16.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the cooperative ethos of the Council.

17. Human Resources Comments

17.1 There are no Human Resource implications.

18. Risk Assessments

18.1 There are no risk implications as a result of this report.

19. IT Implications

19.1 There are no IT implications as a result of this report

20. Property Implications

20.1 There are no Property implications.

21. Procurement Implications

21.1 There are no Procurement implications.

22. Environmental and Health & Safety Implications

22.1 There are no Environmental and Health & Safety implications as a result of this report.

23. Equality, community cohesion and crime implications

23.1 There are no Equality, community cohesion and crime implications.

24. Equality Impact Assessment Completed?

24.1 Not Applicable

25. Key Decision

25.1 No

26. Key Decision Reference

26.1 Not Applicable.

27. Background Papers

27.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are provided in Appendices 1, 2 ,3, 4 & 5
Officer Name: Lee Walsh/Helen Cairns
Contact No: 0161 770 6608/5715

28. Appendices

28.1 Appendix 1 – 2018/19 Statement of Accounts
Appendix 2 – Changes to the Draft Statement of Accounts
Appendix 3 – Audit Completion Report
Appendix 4 – Letter – Conclusion of Pending Matters – Audit Completion Report
Appendix 5 – Oldham Council Annual Audit Letter 2018/19