

Agenda Item	14
Report No	HC/21/17

## HIGHLAND COUNCIL

**Committee:** Highland Council

**Date:** 29<sup>th</sup> June 2017

**Report Title:** Annual Accounts for the year to 31<sup>st</sup> March 2017

**Report By:** Director of Finance

### 1. Purpose/Executive Summary

- 1.1 This report presents the unaudited annual accounts for the year to the 31st March 2017 for the Highland Council, Highland Charities Trust, Highland Council Charitable Trusts and the Highland Council Pension Fund.
- 1.2 Copies of the full accounts documents can be found on the Council website - [www.highland.gov.uk/accounts](http://www.highland.gov.uk/accounts)
- 1.3 The Highland Council's General Fund shows a surplus of £1.8m for the year but with non-earmarked balances decreasing to £11.4m (or 2.0% of the revenue budget).
- 1.4 The Highland Council Pension Fund shows a surplus of £295.6m for the year and net assets as at the 31st March 2017 of £1,764.9m.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. Receive the unaudited Annual Accounts for the Highland Council, Highland Charities Trust, Highland Charitable Trust and the Highland Council Pension Fund for the year ended 31st March 2017 and note that these will be presented to the appointed auditor by the prescribed date of the 30th June 2017.

### **3. Annual Accounts 2016/17**

- 3.1 The Annual Accounts summarise the transactions and provide the year end position for financial year 2016/17- the year ended 31st March 2017.
- 3.2 The Council is required to prepare annual accounts under the Local Authority Accounts (Scotland) Regulations 2014 and in accordance with proper accounting practices. The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code is based on International Financial Reporting Standards (IFRS).
- 3.3 The regulations require the unaudited accounts to be submitted to the appointed auditor no later than the 30th June and require elected members to consider the unaudited accounts at a meeting no later than the 31st August. Once audited, the accounts will be taken to the Audit and Scrutiny Committee, along with the auditor's report, on the 28th September.
- 3.4 The audited accounts and auditor's report for the Highland Council Pension Fund will be presented to the Pensions Committee and Board on the 31<sup>st</sup> August.

### **4. Accounts documents**

- 4.1 Due to their size the accounts documents have not been appended to this report but can instead be found on the Council's website:  
[www.highland.gov.uk/accounts](http://www.highland.gov.uk/accounts)
- 4.2 As a high level overview of the Council's performance in the year the management commentary section of the Council's accounts can be seen at **Appendix 1**. The management commentary is intended to assist users in understanding the objectives and strategy of the Council, and provide a review of its business and financial performance in the year. In addition it provides information on the principal risks and uncertainties which are likely to affect the future development and performance of the Council.
- 4.3 The Council's key financial statements, including the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, Balance Sheet, Cash Flow Statement, Remuneration Report and Annual Governance Statement, along with supporting notes, can be seen in the full accounts document via the above web link.

### **5. Highland Council Year End Position**

- 5.1 The Council's accounts show that as at the 31<sup>st</sup> March 2017 the general fund non-earmarked reserve stands at £11.363m, a decrease of £0.290m over the year. In total, useable reserves have reduced by £8.492m to £66.579m. A summary of reserves can be seen on page six of the accounts.
- 5.2 Near-final corporate revenue and capital monitoring statements were presented to the Corporate Resources Committee on the 14th June. At that meeting Members agreed to earmark £1.644m of the general fund non-earmarked reserve reducing the available balance to £9.720m or 1.73% of the annual revenue budget.

## **6. Highland Council Pension Fund Year End Position**

- 6.1 At 31st March 2017 the Pension Fund had net assets of £1,764.9m as can be seen in the Net Assets Statement on page 33 in the Pension Fund accounts.
- 6.2 The considerable increase in net assets over the year was principally due to investment returns and increases in the value of investments.
- 6.3 The pension fund undergoes a triennial actuarial valuation. The last such valuation was undertaken for the Fund's position as at 31<sup>st</sup> March 2014 and revealed that the Fund's assets were sufficient to meet 96% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date.
- 6.4 Work has commenced on the latest such valuation for the position as at 31st March 2017. The outcome of that work will influence the future rate at which individual employers contribute to the fund.

## **7. Implications**

- 7.1 Resource implications are as outlined in this report.
- 7.2 There are no specific Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever, Risk or Gaelic implications.

Designation: Director of Finance

Date: 20<sup>th</sup> June 2017

Author: Edward Foster, Head of Corporate Finance

Background Papers:

Corporate Revenue Near Final Monitoring Report for 2016/17 and Corporate Capital Near Final Monitoring Report for 2016/17, items 7 and 8, Corporate Resources Committee, 14th June 2017.