

This provides a summary of some of the key issues from the 2015/16 Annual Accounts. It provides information on the Comprehensive Income and Expenditure Statement, the Balance Sheet, Reserves, Cash Flow Statement and also provides a comment on plans for the future.

Comprehensive Income and Expenditure Statement

The comprehensive income and expenditure statement shows the accounting cost of providing services rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

	Actual 15/16 £m	Actual 14/15 £m	Actual Variance Year on Year £m
Net cost of services	263.3	239.4	23.9
Other operating income and expenditure	1.7	0.9	0.8
Finance and investment income and expenditure	19.3	20.8	(1.5)
Total expenditure	284.3	261.1	23.2
Taxation and non specific grants			
General Government Grants	(176.5)	(174.9)	(1.6)
Government Capital Grants and other capital contributions	(16.9)	(16.4)	(0.5)
Non Domestic Rates Redistribution	(27.8)	(31.0)	3.2
Council Tax Income	(43.4)	(43.4)	(0.0)
(Surplus)/deficit on provision of services	19.7	(4.6)	24.3

The net cost of service provision for 2015/16 was £263.3m with total expenditure of £284.3m which was offset by taxation and non-specific grants totalling £264.6m. This left a deficit on the provision of service of £19.7m.

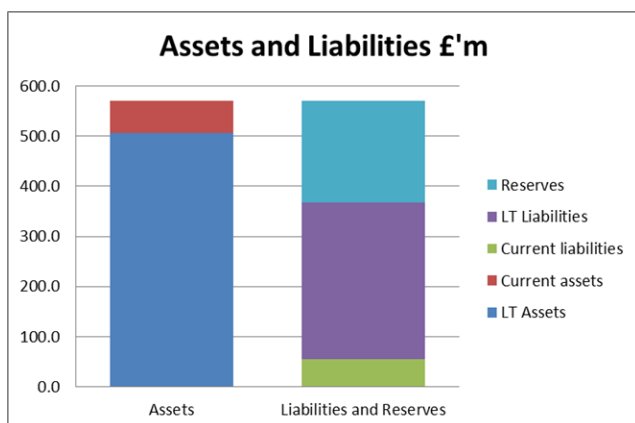
Total expenditure increased by £23.2m from 2014/15. Expenditure on services increased by £23.9m. This was off-

Reconciliation of Comprehensive Income and Expenditure Statement to Budgetary Outturn

The table below sets out a reconciliation of the (Surplus)/Deficit on the provision of services noted within the Comprehensive Income and Expenditure Statement to the revenue budget underspend for 2015/16 of £2.1m.

	£m	£m
Deficit on Provision of Services		(19.7)
Add Back:		
Depreciation	10.7	
Impairments of Asset charged to Services	25.0	
Interest Expense	21.6	
Pension Adjustment	10.9	
Other	0.8	
		69.1
Less:		
Loans Charges	(20.0)	
Capital Funding	(16.9)	
		(36.9)
Surplus on Revenue		12.5
Less: Earmarkings Carried Forward		(10.4)
Revenue Budgetary Outturn Reported to Management - Surplus		2.1

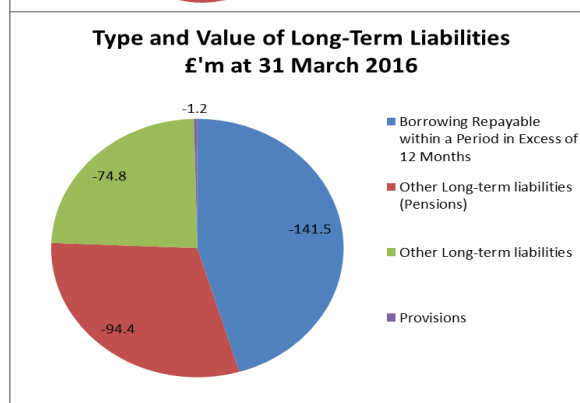
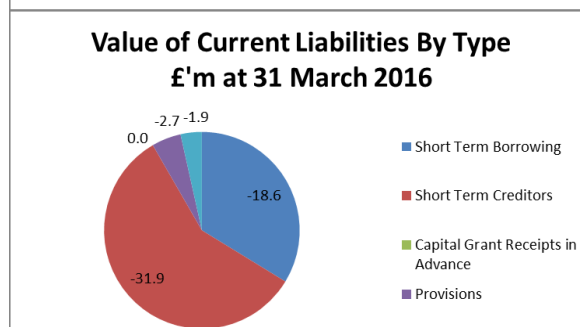
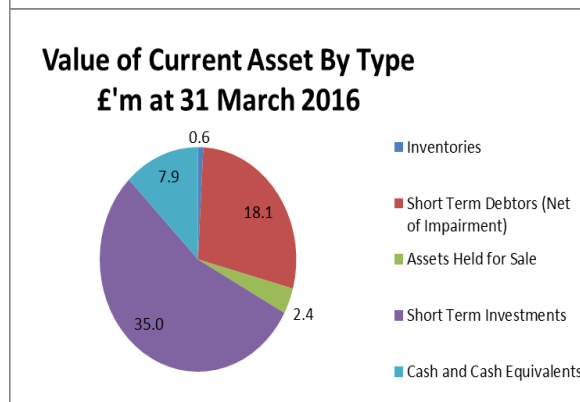
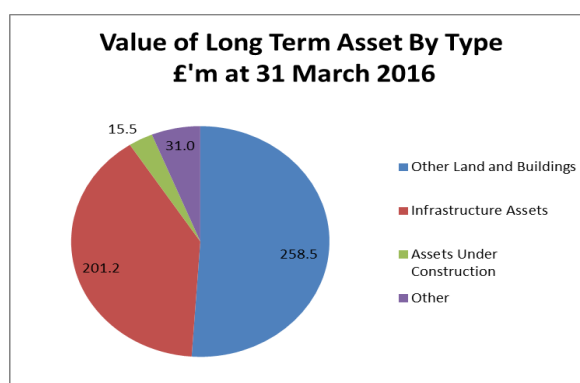
Balance Sheet—our assets and liabilities



The balance sheet shows the value of the assets and liabilities recognised by the council as at 31 March 2016. Net assets (assets less liabilities) are matched by the reserves held by the council.

The net assets of the council increased by £42.1m from £161.0m at 31 March 2015 to £203.1m at 31 March 2016.

Summary of Balance Sheet	31 March 2016 £'m
<p>Long term assets -includes property, plant and equipment as well as other intangible assets. There has been a reduction of £21.0m from £527.1m at 31 March 2015. The main reason for the decrease is due to a downward revaluation of Oban High School, Campbeltown Grammar School and Kirn Primary School to reflect the reduction in the useful life of these assets as they are due to be replaced by new schools.</p>	506.1
<p>Current assets - includes stock, short term debtors, assets held for sale, short term investments and cash. There has been a decrease of £7.1m from £71.1m at 31 March 2015 mainly as a result of a lower level of cash held at year end due to external debt being repaid and not replaced.</p>	64.0
<p>Current liabilities -includes short term borrowing, creditors, provisions and other short term liabilities. There has been a decrease of £17.6m from £72.7m at 31 March 2015 mainly as a result of repayment of external debt which had a life of less than one year.</p>	(55.1)
<p>Long term liabilities - Not due for payment for at least 12 months and comprise borrowing, payments due under the NPDO, provisions and pensions liability. There has been a decrease of £52.5m from from £364.5m at 31 March 2015 mainly as a result of pension liability decreasing due to increased discount factor.</p>	(312.0)
Total reserves	203.1



Reserves

Reserves can be usable or unusable:

Usable reserves:

- Backed by actual resources
- Can be applied to fund expenditure or reduce local taxation

Unusable reserves:

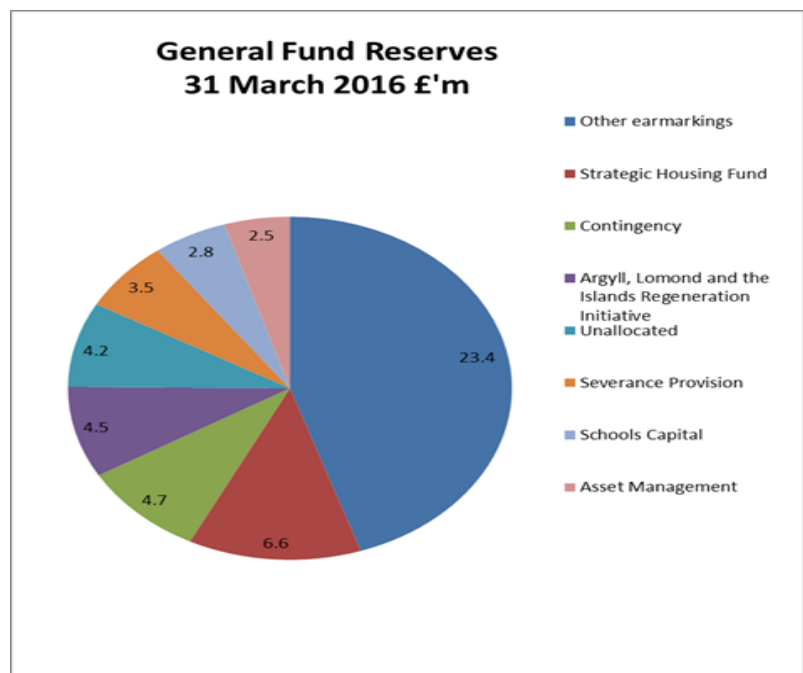
- Required purely for accounting purposes
- Do not represent resources available for the council to use

The council has total reserves of £203.1m, but most of these (£146.2m) are unusable reserves which are purely for accounting purposes and do not represent resources available for use. The usable reserves were £56.9m at 31 March 2016, the main element being the General Fund Balance of £52.2m.

	31 March 2016 £m	31 March 2015 £m
Unusable reserves	146.2	110.5
Usable reserves:		
Capital fund	4.0	3.7
Renewal and repairs fund	0.7	0.7
General Fund: Contingency	4.7	3.7
General Fund: Strategic Housing Fund	6.6	7.7
General Fund: Schools Capital	2.8	3.0
General Fund: Argyll, Lomond and the Islands Regeneration Initiative	4.5	0.0
General Fund: Asset Management	2.5	0.0
General Fund: Severance Provision	3.5	0.0
General Fund: Other earmarkings	23.4	19.5
General Fund: Unallocated	4.2	12.2
Total reserves	203.1	161.0

Unusable reserves have increased by £35.7m from £110.5m at 31 March 2015 to £146.2m at 31 March 2016 mainly due to an increase in the pension liability.

Usable reserves have increased by £6.5m from £50.4 at 31 March 2015 to £56.9m at 31 March 2016, mainly due to an increase to the amounts earmarked.



Cashflow

The cashflow statement shows the changes in cash and cash equivalents of the Council during the financial year. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	31 March 2015 £'m	31 March 2016 £'m	Movement £'m	
Net Cashflows from Operating Activities	-13.5	-11.8	1.7	Expenditure being funded from taxation and grant income has decreased by £1.7m
Investing Activities	8.2	9.8	1.6	Cash outflows for investments have increased by £1.6m
Financing Activities	-12.5	17.9	30.4	Inflow £12.5 in 14/15 and outflow of £17.9m in 15/16 - repayment of short and long term borrowing during year

Operating Activities is an indicator of the extent to which operations are funded by way of taxation and grant income or from the recipients of services provided.

Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Financing Activities cashflows are useful for predicting claims on future cash flows by providers of capital (i.e. borrowing).

Plans for the Future

The Council set a one year revenue budget for 2016-17 and a four year capital plan which focused on protecting core services and jobs, delivering what people want and building prosperity within the area. The budget has put us in a position to invest in creating economic growth. The package of measures agreed included an investment, from our financial reserves and capital funding, of some £75 million designed to attract more people to live and work here, securing employment and prosperity for our area.

One of the main elements of the Council's budget strategy for 2016-17 was Service Choices, which was an approach to plan for the estimated funding reductions by aligning the available budget to Member's priorities. Service Choices savings options were agreed not only for 2016-17 but for 2017-18 and beyond to allow for preparation time for some saving options where significant redesign of services is required to deliver the longer term savings. The future service choices savings already agreed by Members, the significant investments agreed as part of the budget in February 2016 to support the economy and deliver additional income streams as well as the transformation work that the Council is committed and is continuing to pursue, prepare the Council for the financial challenges ahead.

The full set of annual accounts is available on our website at:

http://www.argyll-bute.gov.uk/sites/default/files/unaudited_annual_accounts_2015-2016.pdf

The Council also produces an Annual Report which provides residents with further detail on how the money has been spent. The Annual Report for 2015-16 will be produced later this year, however, the 2014-15 Annual Report is available on the following web-link:

https://www.argyll-bute.gov.uk/sites/default/files/annual_report_updated_January_2016--post_prs.pdf

