

2014/15 Statement of Accounts: Summary financial and accounting information

1. Purpose of Report

- 1.1. This brief report has been drafted to ensure that the attention of members of the Audit and Governance Committee are drawn to the key pieces of financial and accounting information contained in the 2014/15 Worcestershire County Council Statement of Accounts. This paper sets out in two parts:

Summary information for the County Council Statement of Accounts; and

External Borrowing

- 2.10. The Council's external borrowing has increased by £29.3 million to £272.6 million. The average rate of interest payable on long term borrowing was 4.29% for the year (4.35% 2013/14). The following table sets out the ratio of the County Council's long term borrowing against its local Tax revenue (Council Tax and share of National Taxation) to indicate a proxy for gearing in a local government sense.

Table 3: Ratio of External Borrowing to tax revenue

	2014/15	2013/14	2012/13	2011/12
External Borrowing (£ million)	272.6	243.3	248.0	253.3
Income from Taxation (£ million)	336.5	339.0	331.3	333.7
Ratio	0.8	0.7	0.8	0.8

- 2.11. This trend is consistent with the County Council's Treasury Management Strategy where the recent capital programme has been financed through internal borrowing. Looking forward this ability for the County Council to use internal balances will diminish as the County Council will start to access the external market to raise external borrowing to replace these balances as they are needed for other areas of County Council business.
- 2.12. The following table sets out the maturity profile of the County Council's External Borrowing portfolio as at 31 March 2015 compared to the equivalent position as at 31 March 2014.

Table 4: Maturity Profile of external debt as at 31 March 2015

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	£ million	% of portfolio	£ million	% of portfolio
AS at 31 March 2015				

Liquidity

- 2.14. The liquidity of the County Council is measured by the relationship of current assets to current liabilities. The County Council's current assets of £114.6 million are less than its current liabilities of £147.3 million, a ratio of 0.8:1, an increase on last year's ratio of 0.9:1.
- 2.15. The reduction in current assets includes:
- a £5.2 million reduction in Assets Held for Sale;
 - an £12.5 million reduction in Short Term Investments;
 - a £8.9 million increase in Short Term Debtors; and
 - a £4.8 million reduction in Cash and cash equivalents.
- 2.16. The increase in current liabilities in the main relates to a £1.9 million increase in short term provisions. The table below sets out the liquidity ratio over the recent past.

Table 5: The County Council's Liquidity Ratio

£ millions	2014/15	2013/14	2012/13	2011/12
Current Assets	114.6	128.2	136.4	124.2
Current Liabilities	147.3	144.4	137.0	131.3
Liquidity Ratio	0.78	0.89	1.0	0.95

Debtors

- 2.17. Short Term debtors have reduced by £8.9 million to £51.9 million. The debtors figure is net of a bad debt provision of £5.1 million, a calculated amount which equates to the value of all debts over 3 years old and a proportion of debts less than 3 years old (£1.1 million) and £4.0 million relating to the Council's proportion of the billing authorities council tax bad debt provision.
- 2.18. Trade debtors as a percentage of total debtors have reduced from 58% to 56% (£29.2 million). Other debtors relate mainly to other Local Authorities or Government Departments.

Investments

- 2.19. The Council deposits surplus cash with the UK Debt Management Office and other local authorities, typically for periods of less than one year. These investments have reduced by £12.5 million to £

3. Summary information for the Worcestershire County Council Pension Fund that is administered by the County Council

3.1.