

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee (Special)
<b>Date of Meeting:</b>	12 December 2022
<b>Subject:</b>	Statement of Accounts 2021-2022
<b>Report of:</b>	Finance Manager
<b>Head of Service/Director:</b>	Head of Finance and Asset Management
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	One

## **Executive Summary:**

The Statement of Accounts for 2021-22 shows the financial position of the Council as at 31 March 2022 as well as the performance during the year.

Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.

## **Recommendation:**

**The Committee is asked to RESOLVE:**

- 1) That the 2021/2022 Statement of Accounts be APPROVED, subject to 2) below.**
- 2) That authority be delegated to the Head of Finance and Asset Management in consultation with the Chair of the Audit and Governance Committee to amend the approved 2021/2022 Statement of Accounts upon receipt of advice for any outstanding issues from the External Auditor.**

## **Financial Implications:**

Revenue and capital balances as detailed within the report.

## **Legal Implications:**

The process and schedule for approval of the Statement of Accounts are regulated this year by the Accounts and Audit (Amendment) Regulations 2021 which have amended the Accounts and Audit Regulations 2015.

A revision was made to this legislation in June 2022 extending the deadline for publication of the audited accounts by two months from 30 September 2022 to 30 November 2022. This extension only applies to the 2021/22 Statement of Accounts. From 2022/23 onwards the deadline for publication of the audited accounts is 30 September 2022.

## **Environmental and Sustainability Implications:**

There are no direct environmental and sustainability implications arising from the accounts.

## **Resource Implications (including impact on equalities):**

There are no direct resource implications.

**Safeguarding Implications:**

There are no direct safeguarding implications

**Impact on the Customer:**

As the accounts reflect 2021-22 there is no direct impact on the customer.

**1.0 INTRODUCTION**

- 1.1** The Finance team faced a number of challenges in producing a draft set of accounts including maternity leave for a key member of staff, training up new members of the team and competing priorities. Despite these challenges, the Finance team presented the draft accounts to Grant Thornton by 7 July 2022. It was expected that Grant Thornton would then commence the audit of the draft accounts in July, but this was not possible due to resourcing difficulties and the audit was delayed until September.
- 1.2** The majority of the audit work has been completed now with no material adjustments to the primary statements at the time of writing this report. A verbal update will be given at the Committee of any changes.
- 1.3** The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the Audit Findings Report and confirm that they approve them for publication, subject to any amendments advised by the External Auditor which will be dealt with by delegation to the Head of Finance and Asset Management in consultation with the Chair of the Audit and Governance Committee. The auditor's work is ongoing at the time of the report hence the need for recommendation 2 above.

**2.0 THE STATEMENT OF ACCOUNTS**

- 2.1** With the loss of our most experienced accountant, and a new member of staff to bring into the process, the team focussed on trying to train up new and existing staff on areas they were not familiar with. We have concentrated on transferring knowledge and skills within the team to build a more resilient and knowledgeable team in the future. This has added time to the preparation of the accounts however we believe in investing the time for future gain.
- 2.2** Whilst the audit of the accounts has not concluded, we have already sat down to review the current Audit Findings Report (AFR) and taken on board any issues or errors included that could be minimised through a change in processes or year-end procedure as part of our accounts de-briefing session. With the date for the preparation of the 2022-23 accounts likely to be brought back to the end of May deadline in 2023 it is imperative that we find efficiencies in the way we produce the statements.
- 2.3** The 2021-22 financial year was also another year where COVID-19 affected day to day operations and specific COVID-19 relates grants and expenditure inflated income and expenditure.

## 2.4 Comprehensive Income and Expenditure Account

The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK, which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015. The accounts do not show our financial position against budget (which is how we monitor our performance internally) however this can be found in the Executive Committee meeting on 6 July 2022 under Financial Outturn Report. The relationship between the outturn position and the statements in the accounts can be shown in the table below.

	£,000	Source
<b>Outturn against budget per Exec report</b>	(4,201)	Executive Committee report 6 July 2022
Earmarked Reserve expenditure recoded to services	1,842	
Planning Obligation income and expenditure recoded to services as per	445	
Capital funded by revenue not included within Outturn	194	
Planned use of reserves in budget	3,519	
Other transfers from reserves not in budget e.g. Mayor's Charity	(20)	
<b>Expenditure and Funding Analysis Statement - (Surplus)/Deficit on Provision of Services</b>	1,779	Expenditure and Funding Statement on page 27 of Statement of Accounts
Capital included within CIES and not outturn	(4,167)	
Cash payments for pensions in budget but in CIES it is replaced by IAS19 accounting regulations	1,447	
Timing difference between what is chargeable for NDR and council tax under statute and what is recognised under accounting principles.	(4,026)	
Fair value gains (losses) on assets recognised in CIES	(596)	
<b>Comprehensive Income and Expenditure Statement - (Surplus)/Deficit on Provision of Services</b>	(5,563)	Comprehensive Income and Expenditure Statement on page 2 of Statement of Accounts

**Note: Figures in brackets show a surplus (or gain)**

## **2.5 Balance Sheet**

The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has increased from £26m to £43m.

The change in net worth is summarised in the Movement in Reserves Statement which is on page 3 and there are a number of movements (mainly on unusable reserves) which contribute to this, including.

- a reduction in the Collection Fund Adjustment Account of £4m which is mainly due to the large business rates collection fund deficit accrued in 2020-21 being released in 2021-22.
- the pension deficit has decreased by over £8m due mainly to a change in financial assumptions (a higher discount rate results in a lower net present value of the pension obligation).

## **2.6 Collection Fund Balances**

The balance on the Collection Fund for Council Tax at the year-end was a surplus of £983k.

Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and ourselves, based on a proportion of the total precept demand from each body. Of this, £953k has already been allocated, based on an estimate of the outturn position in January 2022. The remaining balance of £30k will be incorporated in to the 2022/23 estimate of outturn in January 2023.

The balance on the Collection Fund for business rates at the year-end was a deficit of £1.88m (£11.65m deficit in 2020-21) which is mainly due to a successful business rates challenge by Virgin Media resulting in a rates refund of £1.8m back to 1 April 2017. Our share of this deficit is £752k and this has been budgeted for in the current year in line with statutory regulations.

## **2.7 Capital Resources**

The total balance of capital resources (excluding CIL receipts) as at 31 March 2022 is £1.5m including capital grants.

Expenditure on capital projects was £1.28m in 2021/22 and included £160k on new Grounds Maintenance vehicles, £140k on IT equipment, £178k on the Ashchurch Bridge project and £531k on Disabled Facilities Grants.

## **3.0 CONSULTATION**

**3.1** The accounts and supporting documents were available for inspection by any person interested between 7 July 2022 and 17 August 2022 however no one exercised these rights.

Between the 7 July 2022 and 17 August 2022, the Auditor has been available to receive questions and objections relating to the accounts from local electors.

Both these opportunities were placed on the Council's website

## **4.0 ASSOCIATED RISKS**

**4.1** None directly as a result of this report.

**5.0 MONITORING**

5.1 None.

**6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**

6.1 The control and good management of financial resources is essential to effectively deliver the Council's priorities.

---

**Background Papers:** None.

**Contact Officer:** Finance Manager Tel: 01684 272006

Email: [emma.harley@teokesbury.gov.uk](mailto:emma.harley@teokesbury.gov.uk)

**Appendices:** Appendix A – Statement of Accounts.