

BROMSGROVE DISTRICT COUNCIL

**Audit Standards and Governance Committee 11th March
2021**

Statement of Accounts 2019-2020

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester Head of finance and Customer Services
Report Author	Job Title: Head of Finance and Customer Services Contact email:chris.forrester@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
This report contains exempt information as defined in Paragraph(s) of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. RECOMMENDATIONS

The Audit, Standards and Governance Committee APPROVES the Statement of Accounts elements requiring signature at Appendix 1

2. BACKGROUND

3. FINANCIAL IMPLICATIONS

3.1 None other than those included in this report.

4. LEGAL IMPLICATIONS

4.1 The Accounts and Audit Regulations 2015 require that the Council complies with statutory accounting legislation and changes.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 The Statement of Accounts have been audited by Grant Thornton and their audit opinion is included as an agenda item to this meeting. A copy of the elements of the Statement of Accounts required to be signed are provided as Appendix 1.

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5.2 Included within the Statement of Accounts there are a number of core financial statements that provide a summary of the financial position of the Council. These are:

5.3 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

5.4 Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

5.5 The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

5.6 The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

5.7 The Collection Fund

The Collection Fund shows the transactions of the Council in relation to the collection of Council Tax, and National Non-Domestic Rates and the way in which these have been distributed to the preceptors (the police, fire authority, county council and parishes). It is a statutory requirement for billing authorities to maintain this account.

Climate Change Implications

5.8 None

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 None

Operational Implications

6.2 None

7. RISK MANAGEMENT

7.1 The risks associated with the effective and timely delivery of the Statement of Accounts are to be developed further to ensure that a robust plan is in place to address the concerns raised during this Audit.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 – elements of statements of accounts requiring authorisation.

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro – Portfolio Holder Finance and Enabling	Various
Lead Director / Head of Service	Chris Forrester – Head of Finance and Customer Services	Various
Financial Services	Chris Forrester - Head of Finance and Customer Services	Various
Legal Services		
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	