

22 September 2022 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks



Audit Committee

At the above stated meeting the attached presentation was shown for the following item:

	Pages	Contact
5. Audit Committee Member Development - Understanding Local Government Accounts	(Pages 1 - 14)	Alan Mitchell Tel: 01732 227483

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

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Understanding Local Government Accounts

Introduction

- What are the local government accounts

Page 2

External audit

- Audit committee

What are Local Government Accounts

- The Financial Statements are:
 - A detailed report on the of Financial activities & position of the local authority
 - They cover 12 months, April to March
 - Comprise of 5 Sections

What are Local Government Accounts

- Within the accounts:
 - 4 core statements
 - 39 disclosure notes
 - Collection Fund, glossary of terms, annual governance statement

What are Local Government Accounts

- Comprehensive Income & Expenditure Statement
- Single table showing both years

Page 5

Gross Exp. £'000	Gross Income £'000	Net Exp. £'000	Note	SDC			Group	
				Gross Exp. £'000	Gross Income £'000	Net Exp. £'000	Net Exp. £'000	Net Exp. £'000
6,056	(2,941)	3,115	People & Places	8,729	(4,885)	3,844	3,856	
29,739	(27,372)	2,367	Customer & Resources	26,659	(24,451)	2,208	2,221	
11,048	(4,859)	6,189	Finance & Trading	23,566	(5,405)	18,161	18,113	
8,700	(3,521)	5,179	Planning & Regulatory	10,320	(3,368)	6,952	6,952	
55,543	(38,693)	16,850	24 Net Cost of Services	69,274	(38,109)	31,165	31,142	
	(656)		Loss/(Gain) on Disposal of non current assets			(1,227)	(1,227)	
	(209)		25 Net (Surplus)/Deficit from Trading Operations			4,415	4,415	
	4,227		Parish Council Precepts			-	-	
	<u>1</u>		Contributions of housing capital receipts into Government Pool			-	-	
	<u>3,363</u>		Other Operating Expenditure			<u>3,188</u>	<u>3,188</u>	
	(157)		Movement in Fair Value Investment Property			(370)	1,355	
	-		Loss on Disposal of Investment Property			-	-	
	(1,000)		11 Investment Property			(1,591)	(1,591)	
	138		Interest Payable and similar charges			135	135	
	2,289		35 Net interest on the net defined benefit liability			2,059	2,059	
	<u>(229)</u>		Interest and Investment Income			<u>(289)</u>	<u>(178)</u>	
	<u>941</u>		Financing and Investment Income and Expenditure			<u>(50)</u>	<u>1,780</u>	
	(2,415)		29 Capital Grants and Contributions			(1,121)	(1,121)	
	(14,713)		Council Tax			(15,415)	(15,415)	
	(3,498)		Business Rates			(1,636)	(1,636)	
	(2,932)		29 Non Service Related Government Grants			(2,827)	(2,827)	
	<u>(23,558)</u>		Taxation and Non Specific Grant Income			<u>(20,999)</u>	<u>(20,999)</u>	
	(2,404)		(Surplus) or Deficit on the Provision of Services			13,304	15,111	
			Taxation relating to subsidiaries			-	-	
	(1,965)		(Surplus) or Deficit on the revaluation of property, plant & equipment assets			(1,331)	(1,331)	
	(6,731)		35 Remeasurement of the net defined benefit liability			(24,328)	(24,328)	
	<u>(8,696)</u>		Other Comprehensive Income and Expenditure			<u>(25,659)</u>	<u>(25,659)</u>	
	<u>(11,100)</u>		Total Comprehensive Income and Expenditure			<u>(12,355)</u>	<u>(10,548)</u>	

Agenda Item 5

What are Local Government Accounts

- Movement in Statement of Reserves (MIRS)
- 1 table for current year
- 1 table for previous year

Page 6

Financial Year	Notes								
	General Fund Balance	Earmark'd Reserves Balance	Total General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March	(1,500)	(19,373)	(20,873)	(3,627)	(558)	(25,056)	38,316	13,257	13,625
Movement in reserves during									
(Surplus) or deficit on the provision of services	13,304	-	13,304	-	-	13,304	-	13,304	15,111
Other Comprehensive Income and Expenditure	-	-	-	-	(1)	(1)	(25,658)	(25,659)	(25,659)
Total Comprehensive Income and Expenditure	13,304	-	13,304	-	(1)	13,304	(25,658)	(12,355)	(10,548)
Adjustments between accounting basis & funding basis under regulations (note 8)	(12,942)	-	(12,942)	584	(1,180)	(13,538)	13,538	-	-
Net (Increase)/ Decrease before Transfers to Earmarked reserves	361	-	361	584	(1,181)	(235)	(12,120)	(12,355)	(10,548)
Year end balance transferred (to)/from Budget Stabilisation Reserve	52	(52)	-	-	-	-	-	-	-
Other transfers to/from Earmarked Reserves	(413)	413	-	-	-	-	-	-	-
Total transfers (to)/from Earmarked Reserves (Note 9)	(361)	361	-	-	-	-	-	-	-
(Increase)/ Decrease in Balance at 31 March	(1,500)	(19,011)	(20,511)	(3,043)	(1,739)	(25,293)	26,195	902	3,077

Agenda Item 5

What are Local Government Accounts

- Balance sheet
- Snapshot as at 31 March
- Single table for both years

SDC		SDC		SDC	
£'000	Note		£'000	£'000	Group
SDC		Long Term Assets	SDC		Group
39,670	10	Property, Plant and Equipment	34,674		34,674
1,164	10	Surplus Assets	1,045		1,045
-	38	Heritage Assets	-		-
29,753	11	Investment Property	30,347		35,260
-		Intangible Assets	-		-
265	12	Long Term Investments	1,711		51
1,136	14	Long Term Debtors	3,291		800
71,988		Total Long Term Assets	71,068		71,830
		Current Assets			
18,078	12	Short Term Investments	11,087		11,087
180	16	Assets held for sale	187		187
2,773	15	Cash and Cash Equivalents	4,806		4,806
69	13	Inventories	64		64
5,973	14	Short Term Debtors	4,526		4,082
572	14	Payments in Advance	658		658
27,645		Total Current Assets	21,328		20,884
		Current Liabilities			
(8,320)	17 & 29	Receipts in Advance	(8,261)		(8,261)
(8,643)	17	Short Term Creditors	(9,236)		(9,242)
(2,699)	18	Short Term Provisions	(3,216)		(3,216)
(19,662)		Total Current Liabilities	(20,713)		(20,719)
7,983		Net Current Assets	615		165
		Long Term Liabilities			
(5,364)	17	Long Term Borrowing	(5,241)		(5,241)
(257)	18	Long Term Provisions	(257)		(257)
(87,574)	35	Net Pensions Liability	(67,037)		(67,037)
(33)	29	Capital Grants Receipts in Adv.	(50)		(2,537)
(93,228)		Total Long Term Liabilities	(72,585)		(75,072)
(13,257)		Total Net Assets/(Liabilities)	(902)		(3,077)
		Usable Reserves			
(559)	MIRS	Usable Capital Receipts Reserve	(1,739)		(1,739)
(19,373)	9	Earmarked Reserves	(19,011)		(19,011)
-		Profit and Loss Reserve	2,175		2,175
(3,627)	MIRS	Capital Grants Unapplied	(3,043)		(3,043)
(1,500)	MIRS	General Fund	(1,500)		(1,500)
(25,059)		Subtotal Usable Reserves	(25,293)		(23,118)
		Unusable Reserves			
(30,058)	20	Capital Adjustment Account	(20,709)		(20,709)
(18,812)	20	Revaluation Reserve	(19,825)		(19,825)
152	20	Accumulated Absences Act.	152		152
(382)	20	Collection Fund Adj. Account	(312)		(312)
87,574	20 & 35	Pensions Reserve	67,037		67,037
(158)	20	Deferred Capital Receipts	(148)		(148)
38,316		Subtotal Unusable Reserves	26,195		26,195
13,257		Total Reserves	902		3,077

What are Local Government Accounts

Balance sheet

SDC			£'000	£'000
£'000	Note		SDC	Group
Long Term Assets				
39,670	10	Property, Plant and Equipment	34,674	34,674
1,164	10	Surplus Assets	1,045	1,045
-	38	Heritage Assets	-	-
29,753	11	Investment Property	30,347	35,260
-		Intangible Assets	-	-
265	12	Long Term Investments	1,711	51
1,136	14	Long Term Debtors	3,291	800
71,988		Total Long Term Assets	71,068	71,830
Current Assets				
18,078	12	Short Term Investments	11,087	11,087
180	16	Assets held for sale	187	187
2,773	15	Cash and Cash Equivalents	4,806	4,806
69	13	Inventories	64	64
5,973	14	Short Term Debtors	4,526	4,082
572	14	Payments in Advance	658	658
27,645		Total Current Assets	21,328	20,884
Current Liabilities				
(8,320)	17 & 29	Receipts in Advance	(8,261)	(8,261)
(8,643)	17	Short Term Creditors	(9,236)	(9,242)
(2,699)	18	Short Term Provisions	(3,216)	(3,216)
(19,662)		Total Current Liabilities	(20,713)	(20,719)
7,983		Net Current Assets	615	165
Long Term Liabilities				
(5,364)	17	Long Term Borrowing	(5,241)	(5,241)
(257)	18	Long Term Provisions	(257)	(257)
(87,574)	35	Net Pensions Liability	(67,037)	(67,037)
(33)	29	Capital Grants Receipts in Adv.	(50)	(2,537)
(93,228)		Total Long Term Liabilities	(72,585)	(75,072)
(13,257)		Total Net Assets/(Liabilities)	(902)	(3,077)

Page 8

Note 10

	Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Operational Property Surplus £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Movements in Cost or Valuation						
At 1 April	23,603	5,323	211	1,164	14,703	45,003
Additions	5	582	-	-	4,721	5,308
Revaluation increases/(decreases) recognised in:	-	-	-	-	-	-
- Revaluation Reserve	1,162	-	-	(119)	-	1,043
- Surplus or Deficit	(10,959)	-	-	-	-	(10,959)
Derecognition - Disposals	-	(667)	-	-	-	(667)
Derecognition - Other	11,327	-	-	-	-	11,327
Reclassifications in PPE	-	-	-	-	-	-
Reclassifications other	-	-	-	-	(11,327)	(11,327)
At 31 March	25,138	5,238	211	1,045	8,097	39,729
Accumulated Depreciation and Impairment						
At 1 April	(517)	(3,653)	-	-	-	(4,170)
Depreciation Charge	(195)	(591)	-	-	-	(786)
Depreciation written out to the	-	-	-	-	-	-
- Revaluation Reserve	1,888	-	-	-	-	1,888
- Surplus or Deficit on the provision of services	-	-	-	-	-	-
Derecognition - Disposals	-	657	-	-	-	657
Derecognition - Other	-	-	-	(1,599)	-	(1,599)
Reclassifications	-	-	-	-	-	-
At 31 March	1,176	(3,587)	-	-	(1,599)	(4,010)
Net Book Value As at 31 March	26,314	1,651	211	1,045	6,498	35,719

Agenda Item 5

What are Local Government Accounts

- Cashflow Statement
- Single table for both years

Page 9

SDC			SDC	Group
£'000	Note		£'000	£'000
(2,404)		Net (surplus) or deficit on the provision of services	13,304	15,111
1,207	21	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	(15,708)	(22,493)
1,848	21	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	3,235	3,130
651		Net cash flows from operating activities	831	(4,252)
4,371	22	Investing Activities	(3,563)	1,521
(350)	23	Financing Activities	698	698
4,672		Net (increase) or decrease in cash and cash equivalents	(2,033)	(2,033)
(7,445)		Cash and cash equivalents at the beginning of the reporting period	(2,773)	(2,773)
(2,773)	15	Cash and Cash Equivalents at the end of the reporting period	(4,806)	(4,806)

Agenda Item 5

What are Local Government Accounts

March Outturn position

Note 1: EFA

Page 10

	Y-T-D
<i>Draft outturn position March</i>	Actual
<i>(Period 202012)</i>	
	£'000
People & Places	1,806
Customer & Resources	3,410
Finance & Trading	8,669
Planning & Regulatory Services	1,764
	15,648

Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,723	1,392	3,115	People & Places	1,806	2,038	3,844
3,298	(931)	2,367	Customer & Resources	3,410	(1,202)	2,208
8,305	(2,115)	6,189	Finance & Trading	8,669	9,492	18,161
1,904	3,274	5,179	Planning & Regulatory	1,764	5,188	6,952
15,230	1,620	16,850	Net Cost of Services	15,648	15,516	31,165
(15,419)	(3,835)	(19,254)	Other Income and Expenditure	(15,287)	(2,574)	(17,861)
(189)	(2,215)	(2,404)	(Surplus) or Deficit	361	12,942	13,304
(20,684)			Opening General Fund Balance	(20,873)		
(189)			(Surplus) or Deficit on General Fund Balance in Year	361		
(20,873)			Closing General Fund Balance at 31 March	(20,511)		

- The role of external auditors
 - To provide an opinion on the financial statements.
 - Value for Money opinion
 - Satisfy themselves that the council's governance and internal control systems are sound
 - regularly attend the council's audit committee

The audit committee

- In relation to the accounts
 - Must satisfy themselves that they understand the accounts.
 - The member working group
 - Raise questions for officers and auditors
 - Chairman on behalf of the committee signs the balance sheet

Any questions?

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