

**NON EXEMPT**

## **HAVANT BOROUGH COUNCIL**

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**Audit and Finance Committee**

**FOR DECISION**

### **STATEMENT OF ACCOUNTS 2021/22 - HAVANT BOROUGH COUNCIL**

**Chief Finance Officer**

**Key Decision: No**

**Report number: HBC/085/2022**

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#### **1.0 Purpose of Report**

- 1.1. To present the draft Statement of Accounts 2021/22 for approval.
- 1.2. To note the outturn position of the council's general fund of £0.154m
- 1.3. To approve the transfers from reserves.

#### **2.0 Recommendation**

- 2.1. That the Committee approve the draft 2021/22 Statement of Accounts for publication.
- 2.2. That the Committee note that the asset valuations are not yet complete and the draft Statement of Accounts will be updated as soon as they are available.

#### **3.0 Executive Summary**

- 3.1. This report details the main issues affecting the Council's draft Statement of Accounts 2021/22 and provides a commentary on the core financial statements. At the time of writing this report, the Council's external auditors, Ernst and Young, were yet to commence work on the accounts for 2021/22 with their core work scheduled for January 2023. The draft accounts include the Annual Governance Statement as previously approved.

## 4.0 Statement of Accounts

4.1. Detailed below is a brief description of the core financial statements and the issues relating to them.

**Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the authority, analysed into “useable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and un-useable reserves such as the revaluation reserve for land and property. The surplus of £3.542m on the provision of services line shows the true economic cost of providing the authority’s services, and these are shown in greater detail in the Comprehensive Income and Expenditure Statement. The net change of £0.154m before transfers from Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers from earmarked reserves is made by the Council.

**Comprehensive Income and Expenditure Statement** – this shows the Council’s actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months. It does not show the “cash” position for the Council and is intended to reflect private sector accounting practice in presenting a profit and loss account. Figures within this statement are significantly different from those presented in budget monitoring reports both due to differences in layout and inclusion of various items which are discounted for council tax setting purposes.

**Balance Sheet** – this is fundamental to the understanding of the Council’s yearend financial position. It shows the balances and reserves at the Council’s disposal and its long-term indebtedness, the net current assets employed in its operations and summarised information on the fixed assets held.

The Pension Fund liability of £36.495m shown in the Balance Sheet is a long term financial assessment of a possible shortfall on the Fund, based on the current situation and performance. As such, no immediate action is required to manage the deficit.

**Cash Flow Statement** – this brings together in a single statement the inflows and outflows of cash arising from the Council’s transactions with third parties for revenue, investment and capital purposes. Under International Financial Reporting Standards, the statement only reflects those flows of funds directly related to the Council. Where the Council acts as an agent, as in the case of collecting the Council Tax on behalf of precepting authorities, these inflows and outflows of cash are excluded.

**Collection Fund Income and Expenditure Account** – this reflects a statutory requirement for a Council which collects local taxes to maintain a separate account in relation to Business Rates and Council Tax and their distribution.

## Earmarked Reserves

### General Fund Earmarked Reserves

	Balance 01/04/2021	Transfers In	Transfers Out	Balance 31/03/2022
	£'000	£'000	£'000	£'000
Insurance Reserve	(653)	0	0	(653)
Financial Management reserve	(3,867)	0	0	(3,867)
Service Support Reserve	(1,304)	0	1,135	(169)
General Fund - earmarked	(22)	0	0	(22)
Capital Reserve	0	0	0	0
Restructuring reserve	(418)	0	0	(418)
Regeneration Reserve	(991)	0	0	(991)
Pensions Resilience Reserve	(789)	0	0	(789)
s31 Earmarked Reserves	(8,623)	0	5,237	(3,386)
Covid Stability Reserve	(2,180)	0	0	(2,180)
Leisure Contingency Reserve	(950)	0	0	(950)
<b>Total Earmarked Reserves</b>	<b>(19,797)</b>	<b>0</b>	<b>6,372</b>	<b>(13,425)</b>
<b>General Fund Balance</b>	<b>(3,509)</b>	<b>0</b>	<b>154</b>	<b>(3,355)</b>

## 5.0 Background

5.1. The Accounts and Audit Regulations 2015 require the Chief Finance Officer to sign the draft accounts by 31st July and certify that they present a true and fair view of the financial position of the Council at the end of the year to which it relates. There has been a delay in the preparation of the 2021/22 accounts due to only having approved the 2020/21 statement of accounts in August 2022.

## 6.0 Resource Implications

6.1. Financial Implications - None

6.2. Human Resources Implications - None

## 7.0 Legal Implications

7.1. The Statutory Accounts have to be noted and agreed for the Council to meet its statutory obligations to publish accounts.

## 8.0 Communication

8.1. The Statutory Accounts will be made public on the Council's website.

## 9.0 Appendices:

Appendix A: Draft Statement of Accounts 2021/22

Agreed and signed off by:

Monitoring Officer: 11/10/2022

S151 Officer: 11/10/2022

Portfolio Holder: [date)

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