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GOVERNANCE & AUDIT COMMITTEE

22 SEPTEMBER 2021

SUPPLEMENTARY PAPERS

TO: ALL MEMBERS OF THE GOVERNANCE & AUDIT COMMITTEE

The following papers have been added to the agenda for the above meeting.

These were not available for publication with the rest of the agenda.

Kevin Gibbs
Executive Director: Delivery

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|---|----------------|
| 6. FINANCIAL STATEMENTS 2019/20 | 3 - 4 |
| To receive the Councils Financial Statements 2019/20. | |

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Old note on page 42 of the accounts in the Agenda:

1 ACCOUNTING POLICIES

1.2 Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

Now replaced by:

1 ACCOUNTING POLICIES

1.2 Going Concern

The accounts are prepared on a going concern basis, i.e. on the assumption that the Council will continue to operate for the foreseeable future.

The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

However, the preparation of the financial statements requires management to assess the Council's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so. Covid-19 has been a significant consideration in the assessment due to the uncertainty surrounding its impact and duration. Whilst the impact has proved to be material, significant additional resources have been received from Central Government to support the Council and the wider local economy. Both the cash and reserves position of the Council have also been considered. A cash flow forecast has been produced to September 2022 that indicates the only borrowing required will be temporary short term borrowing towards the end of the financial year to aid cash management. As at the 31 March 2020, the Council had General Reserves of £7.1m which subsequently grew to £10.3m by the 31 March 2021. Both figures are significantly above the Council's minimum recommended prudent balance of £4.5m and no reliance has been placed on the General Reserve to balance the budget in 2021/22. There are also significant earmarked reserves (£82.1m as of 31 March 2021), in particular the Future Funding Reserve (£18.4m), used to smooth the impact of changes in Business Rates income and central government funding decisions, and the Business Rates Revaluation Reserve (£7.5m), which will be used to meet the cost of any significant downward Business Rates valuations. Overall, the Council is therefore in a relatively strong position in terms of managing its medium term financial position.

Old note on page 110 of the accounts in the Agenda:

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts were authorised for issue by Stuart McKellar, the Executive Director: Resources, on 23 September 2021.

Some asset valuations are based upon income generation, most significantly the town centre Car Parks, and consequently could be disproportionately impacted by Coronavirus (Covid-19) pandemic. As at the balance sheet date there had been an immaterial loss of income. The forecast impact of the current four month loss of income upon their valuations is a potential impairment totalling £1.5m. The impact of the pandemic upon asset valuations is very uncertain at the current time and will continue to be monitored.

Now replaced by:

41 NON-ADJUSTING POST BALANCE SHEET EVENTS

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts were authorised for issue by Stuart McKellar, the Executive Director: Resources, on 22 September 2021. There were no post balance sheet events.