

# Public Document Pack



Hinckley & Bosworth  
Borough Council

**Bill Cullen** MBA (ISM), BA(Hons) MRTPI  
Chief Executive

**Date: 19 July 2022**

**To: Members of the Audit Committee**

Cllr DS Cope (Chairman)	Cllr MR Lay
Cllr A Pendlebury (Vice-Chairman)	Cllr RB Roberts
Cllr MA Cook	Cllr BR Walker
Cllr REH Flemming	Cllr HG Williams
Cllr L Hodgkins	Cllr P Williams
Cllr C Ladkin	

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a meeting of the **AUDIT COMMITTEE** in the De Montfort Suite, Hinckley Hub on **WEDNESDAY, 27 JULY 2022 at 6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen  
Democratic Services Manager

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- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
- Proceed to **Willowbank Road car park**, accessed from Rugby Road then Willowbank Road.
- **Do not** use the lifts.
- **Do not** stop to collect belongings.

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We also allow the use of social media during meetings, which helps to bring the issues discussed to a wider audience.

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Thank you

## AUDIT COMMITTEE - 27 JULY 2022

### A G E N D A

1. APOLOGIES AND SUBSTITUTIONS
2. MINUTES OF PREVIOUS MEETING (Pages 1 - 2)  
To confirm the minutes of the meeting held on 6 July 2022.
3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES  
To be advised of any additional items of business which the Chairman decides by reason of special circumstances shall be taken as matters of urgency at this meeting (to be taken at the end of the agenda)
4. DECLARATIONS OF INTEREST  
To receive verbally from members any disclosures which they are required to make in accordance with the Council's code of conduct or in pursuance of Section 106 of the Local Government Finance Act 1992. **This is in addition to the need for such disclosure to be also given when the relevant matter is reached on the agenda.**
5. QUESTIONS  
To hear any questions received in accordance with Council Procedure Rule 12.
6. UNAUDITED STATEMENT OF ACCOUNTS UPDATE 2021/22 (Pages 3 - 12)  
To present to members the primary documents in the draft financial statement 2021/22 that are subject to external audit.
7. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIRMAN DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY  
As announced under item 3 above.

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# Agenda Item 2

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### AUDIT COMMITTEE

6 JULY 2022 AT 6.30 PM

PRESENT: Cllr A Pendlebury – Vice-Chairman in the chair  
Cllr MA Cook, Cllr REH Flemming, Cllr L Hodgkins, Cllr C Ladkin, Cllr BR Walker,  
Cllr HG Williams and Cllr P Williams

Officers in attendance: Rebecca Valentine-Wilkinson, Ashley Wilson and Sarah Knowles (Internal Auditor – Mazars)

58 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Roberts, Cope and Lay.

59 MINUTES OF PREVIOUS MEETING

It was moved by Councillor P Williams, seconded by Councillor Flemming and

RESOLVED – the minutes of the meeting held on 11 May 2022 be confirmed and signed by the Chairman.

60 DECLARATIONS OF INTEREST

No interests were declared.

61 INTERNAL AUDIT PROGRESS REPORT

Members were provided with an update on the internal audit plan for 2021/22 which highlighted the work completed since May 2022.

It was moved by Councillor HG Williams, seconded by Councillor Hodgkins and

RESOLVED - the updated internal audit plan be noted.

(The Meeting closed at 6.38 pm)

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CHAIRMAN

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee 27 July 2022

Wards affected: All wards

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### UNAUDITED STATEMENT OF ACCOUNTS UPDATE 2021/2022

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Report of Head of Finance (Section 151 Officer)

#### **1. Purpose of report**

- 1.1 To present to the Audit Committee the primary documents in the draft Financial Statement 2021/22 that are subject to external audit

#### **2. Recommendation**

- 2.1 The report is noted

#### **3. Background to the report**

- 3.1 In accordance with Accounts and Audit regulations, draft Financial Statements have to be signed off by the Council's Responsible Finance Officer (S151 Officer) and be ready for public inspection on or before the 1<sup>st</sup> August 2022. The unaudited statement will be published by 30<sup>th</sup> July 2022, and will be made available for public inspection.
- 3.2 At the time of drafting this report the Statement is still being completed, however the draft of the primary statements are attached to this report. Once published, the statements will be supplied to our External Auditor (Ernst & Young) for them to complete their audit and report back to the Audit Committee.
- 3.2 Following the conclusion of the period for the exercise of public rights the Head of Finance as the Responsible Finance Officer is required, on behalf of the authority, to re-confirm that they are satisfied that the Statement of Accounts presents a 'true and fair' view. The authority must then consider the Statement of Accounts, which at HBBC is the responsibility of the Audit Committee on behalf of the Council. At that meeting the Audit Committee will need approve the accounts by a resolution of that committee and ensure that they are signed and dated by the person presiding at the committee

as chair at which that approval is given. The Unaudited accounts are presented to help in the process.

3.3 The main elements of the Financial Statements that are included are noted below with a brief narrative explanation of their purpose.

<p>Movement in Reserves Statement (MIRS)</p>	<p>The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required.</p> <p>They include the general fund, earmarked reserves and the capital receipts reserve.</p> <p>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.</p>
<p>Comprehensive Income and expenditure Statement (CIES)</p>	<p>This covers the sources of all income received and the cost of providing services in the year based on International Financial Reporting Standards and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), rather than the amount funded from Council Tax, and other Government grants.</p> <p>The amount funded from Council Tax and Government grants differ from the information in CIES by a series of amendments made in accordance with regulations, these amendments are reflected through the Movement in Reserves Statement.</p>
<p>Balance Sheet</p>	<p>The Balance sheet gives the value of the Council's assets and liabilities at the financial year end, referred to as the Balance Sheet date. The net position of the total assets less total liabilities are matched by the overall level of reserves held.</p>
<p>Cash Flow Statement</p>	<p>The cash flow statement discloses movements in cash flows of the authority during the financial year. The cash flow statement shows movements in the authority's cash and cash equivalents. Cash equivalents include short term investments that are easily changeable into cash and only have an insignificant risk of changes in value.</p>
<p>Housing Revenue Account (HRA) &amp; Collection Fund</p>	<p>These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing; this has to be shown separately and has its own set of notes giving more detailed information. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for Central Government, Leicestershire County Council, Leicestershire Police &amp; Crime Commissioner, Leicester, Leicestershire and Rutland Combined Fire Authority and on behalf of Town &amp; Parish Councils.</p>



#### **4. Exemptions in accordance with the Access to Information procedure rules**

4.1 Report is taken in an open session.

#### **5. Financial implications [IB]**

5.1 Contained within the body of the report.

#### **6. Legal implications [MR]**

6.1 The legal implications are contained within the report

#### **7. Corporate Plan implications**

7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.

#### **8. Consultation**

8.1 None

#### **9. Risk implications**

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner

#### **10. Knowing your community – equality and rural implications**

10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.

#### **11. Climate implications**

11.1 The Financial statements can be used as a mechanism for the reporting of the council impact on climate change via sustainability reporting. The public sector as a whole currently lags well behind the private sector in such reporting. Action would be needed to introduce this non-financial element to

the financial statements to report to members and local residents how the council was performing against its declared climate emergency targets.

## **12. Corporate implications**

12.1 By submitting this report, the report author has taken the following into account:

- Community safety implications
- Environmental implications
- ICT implications
- Asset management implications
- Procurement implications
- Human resources implications
- Planning implications
- Data protection implications
- Voluntary sector

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Background papers:	None
Contact Officer:	Ilyas Bham, Ext 5924
Executive Member:	Councillor D. Cope

## Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserve	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020 carried forward</b>	<b>10,322</b>	<b>9,766</b>	<b>9,089</b>	<b>608</b>	<b>2,845</b>	<b>32,631</b>	<b>100,803</b>	<b>133,434</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>1,073</b>	<b>3,710</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,783</b>	<b>2,905</b>	<b>7,688</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,694	(4,103)	116	0	3,137	1,844	(1,844)	0
<b>Increase/(Decrease) in Year</b>	<b>3,767</b>	<b>(393)</b>	<b>116</b>	<b>0</b>	<b>3,137</b>	<b>6,627</b>	<b>1,061</b>	<b>7,688</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>14,089</b>	<b>9,373</b>	<b>9,205</b>	<b>608</b>	<b>5,982</b>	<b>39,258</b>	<b>101,864</b>	<b>141,122</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(5,935)</b>	<b>(602)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,537)</b>	<b>46,283</b>	<b>39,746</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	3,385	(1,942)	712	0	(1,770)	385	(385)	(0)
<b>Increase/(Decrease) in Year</b>	<b>(2,550)</b>	<b>(2,544)</b>	<b>712</b>	<b>0</b>	<b>(1,770)</b>	<b>(6,152)</b>	<b>45,898</b>	<b>39,746</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>11,539</b>	<b>6,829</b>	<b>9,917</b>	<b>608</b>	<b>4,212</b>	<b>33,106</b>	<b>147,762</b>	<b>180,868</b>
Fund Balances								
Earmarked Reserve	8,240	5,937						
Reserves set aside for Collection Fund	2,003	0						
General Fund Balance	1,351	0						
<b>Balance at 31 March 2022 carried forward</b>	<b>11,594</b>	<b>5,937</b>						

## Comprehensive Income and Expenditure Statement

2020/21			2021/22			
Gross Expenditure	Gross Income	Expenditure/ (Income)	Note	Gross Expenditure	Gross Income	Expenditure/ (Income)
£'000	£'000	£'000		£'000	£'000	£'000
4,493	(1,690)	2,803		4,801	(2,272)	2,529
21,537	(25,002)	(3,465)		24,065	(18,968)	5,097
12,135	(3,664)	8,471		13,718	(5,951)	7,767
2,472	(2,027)	445		1,982	(2,020)	(38)
9,045	(14,459)	(5,414)		13,159	(14,324)	(1,165)
<b>49,682</b>	<b>(46,842)</b>	<b>2,840</b>		<b>57,725</b>	<b>(43,535)</b>	<b>14,190</b>
2,414	0	2,414		2,490	0	2,490
3,734	(192)	3,542		3,976	(84)	3,892
0	(13,579)	(13,579)		0	(14,035)	(14,035)
<b>55,830</b>	<b>(60,613)</b>	<b>(4,783)</b>		<b>64,191</b>	<b>(57,654)</b>	<b>6,537</b>
		(16,663)				(28,760)
		13,758				(17,523)
		<b>(2,905)</b>				<b>(46,283)</b>
		<b>(7,688)</b>				<b>(39,746)</b>

## Balance Sheet

As at 31 March 2021 £'000	Note	As at 31 March 2022 £'000
259,042	Property, Plant & Equipment	289,680
121	Heritage Assets	121
385	Intangible Assets	358
92	Long Term Receivables	79
<u>259,640</u>	<b>Long Term Assets</b>	<u>290,238</u>
16,500	Short Term Investments	13,000
1,100	Assets Held for Sale	0
24	Inventories	26
12,278	Short Term Receivables	9,024
3,931	Cash and Cash Equivalents	6,909
<u>33,833</u>	<b>Current Assets</b>	<u>28,959</u>
(1,818)	Cash and Cash Equivalents	(742)
(18,699)	Short Term Payables	(23,836)
(478)	Short Term Lease Liability	(507)
(912)	Provisions	(629)
<u>(21,907)</u>	<b>Current Liabilities</b>	<u>(25,714)</u>
(1,398)	Long Term Payables	(1,015)
(70,069)	Long Term Borrowing	(67,128)
(58,932)	Other Long Term Liabilities	(44,334)
(45)	Capital Grants Receipts in Advance	(138)
<u>(130,444)</u>	<b>Long Term Liabilities</b>	<u>(112,615)</u>
<u><b>141,122</b></u>	<b>Net Assets</b>	<u><b>180,868</b></u>
39,258	Usable Reserves	33,106
101,864	Unusable Reserves	147,762
<u><b>141,122</b></u>	<b>Total Reserves</b>	<u><b>180,868</b></u>

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## Cash Flow Statement

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2020/21 £'000	Note	2021/22 £'000
4,783	Net surplus or (deficit) on the provision of services	(6,537)
7,126	Adjustment to surplus or deficit on the provision of services for noncash movements	19,226
4,402	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	3,836
<u>16,311</u>	Net Cash flows from Operating Activities	<u>16,525</u>
(9,750)	Net Cash flows from Investing Activities	(5,516)
<u>(8,627)</u>	Net Cash flows from Financing Activities	<u>(6,955)</u>
<u>(2,066)</u>		<u>4,054</u>
<u>4,179</u>		<u>2,113</u>
<u><b>2,113</b></u>	Cash and cash equivalents at the end of the reporting period	<u><b>6,167</b></u>

## Housing Revenue Account

2020/21 £'000	Income and Expenditure Statement	2021/22 £'000
	<b>Income</b>	
(12,666)	Dwelling Rents (gross)	(12,850)
(79)	Non-dwelling Rents (gross)	(78)
(668)	Charges for Services and Facilities	(697)
(1,046)	Contribution Towards Expenditure	(699)
<b>(14,459)</b>	<b>Total Income</b>	<b>(14,324)</b>
	<b>Expenditure</b>	
2,626	Repairs and Maintenance	2,944
3,583	Supervision and Management	3,787
266	Rents, Rates, Taxes and other charges	314
2,718	Depreciation and impairments of fixed assets	2,975
(201)	(Gain)/ Loss on Revaluation	3,012
1	Debt Management Costs	1
52	Contribution to the Bad Debt Provision	126
<b>9,045</b>	<b>Total Expenditure</b>	<b>13,159</b>
<b>(5,414)</b>	<b>Net Cost of HRA Services per authority Comprehensive Income &amp; Expenditure Account</b>	<b>(1,165)</b>
2,029	Interest payable and similar charges	1,991
(130)	Interest and investment income	(23)
(195)	(Gain)/ Loss on sale of HRA non-current assets	(201)
<b>(3,710)</b>	<b>(Surplus) or deficit for the year on HRA services</b>	<b>602</b>
	<b>Items included in the HRA I&amp;E but excluded from the Movement on the HRA Balance for the year</b>	
(604)	Net charges made for retirement benefits in accordance with IAS 19	(907)
195	Gain/ (Loss) on sale of HRA fixed assets	201
	<b>Items not included in the HRA I&amp;E but included from the Movement on the HRA Balance for the year</b>	
201	(Gain)/ Loss on Revaluation	(3,012)
3,009	Transfer from Major Repairs Reserve	3,009
(2,718)	Depreciation of Non-Current Assets	(2,975)
303	Transfer to/from Housing Repairs Account	(27)
464	Employers Contributions to the Leicestershire County Council pension scheme & retirement benefits	479
2,050	Contribution to/(from) Reserves	2,034
904	Contribution to/(from) Capital Financing	483
2	Movements regarding employee benefits accruals	0
<b>3,806</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>(715)</b>
<b>96</b>	<b>(Surplus)/Deficit for the Year</b>	<b>(113)</b>
<b>(891)</b>	<b>Balance Brought Forward 1 April</b>	<b>(795)</b>
<b>(795)</b>	<b>Balance Carried forward 31 March</b>	<b>(908)</b>

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## Collection Fund Statement

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2020/21 £'000		2021/22 £'000
	<b>Income</b>	
(71,537)	Income from Council Tax	(75,438)
(24,783)	Income Collectable from Business Ratepayers	(33,680)
<b>(96,320)</b>	<b>Total Income</b>	<b>(109,118)</b>
	<b>Expenditure</b>	
71,585	Precepts and Demands from County, District, Fire and Police Authorities	74,544
33,550	Payments under Business Rates Retention	34,905
124	Costs of Collection	123
	<u>Bad and Doubtful Debts/Appeals</u>	
(34)	- Write Offs/ Ons	1,405
676	Provisions	1,560
	<u>Contributions:</u>	
(48)	Distribution of Previous Year's Estimated Balance	(7,858)
<b>105,853</b>	<b>Total Expenditure</b>	<b>104,679</b>
9,533	Movement on Fund Balance	(4,439)
(1,371)	Opening Fund Balance 1 April	8,162
<b>8,162</b>	<b>Closing Fund Balance 31 March</b>	<b>3,723</b>