



ISLINGTON

Statement of Accounts 2019/20

Highlights

Presentation to Audit Committee

29th Sept 2020

Purpose & Agenda

The purpose of this session is to:

- Brief/remind the Committee on:
 - The role of the Audit Committee in relation to the Statement of Accounts (SoA)
 - Background on Local Government Statement of Accounts & major changes
 - Impact of Covid-19 on the SoA

- Present highlights from Islington's Statement of Accounts



Role of the Audit Committee



Narrative Report – Ensure it is consistent with financial statements, overall summary of financial performance, risks and challenges facing the Council

Accounting policies – Review the council’s accounting policies and, if applicable seek explanations for changes to these or departures from the Code

Financial Statements – Evaluate key messages from the financial statements and what it means for the future

Areas of Judgements – Review areas that involve judgments such as provisions and reserves

External Audit – Seek assurances that arrangements are in place to facilitate the external audit.

Approve Accounts following completion of the audit





ISLINGTON

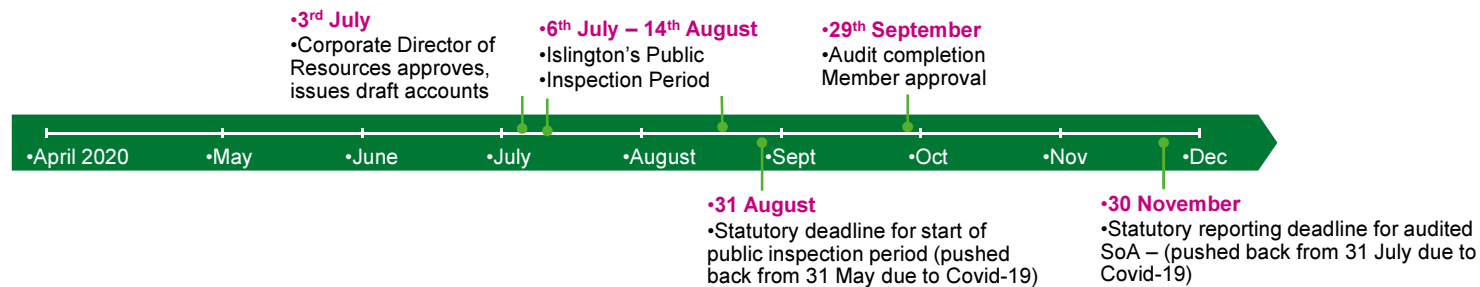
**Background and
explanation of the major changes
this year**

Background

- Legislative framework:
 - The 'Code' (Code of Practice on Local Authority Accounting 2019)
 - Defines proper practice. Based on IFRS
 - Mandatory Application
 - Materiality
 - Prescribes layout and terminology
- Major Changes:
 - No major changes
 - IFRS16 Leases – applicable in 21/22 although significant work to do in 20/21



Regulations – Accounts Timeline



Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

- Given the unique circumstances surrounding the production of the accounts for 2019/20 the statutory reporting deadlines for the public inspection period and audited Statement of Accounts have been pushed back by 3-4 months
- Islington's public inspection period commenced 10 weeks in advance of the statutory deadline, and the publication of audited accounts is also on track to be significantly in advance of the reporting deadline of 31 November



Impact of Covid-19 on SoA

External Audit Plan

- Property, Plant and Equipment material valuation uncertainty
- Allowance for non collection of receivables
- Going concern
- Pension asset valuations



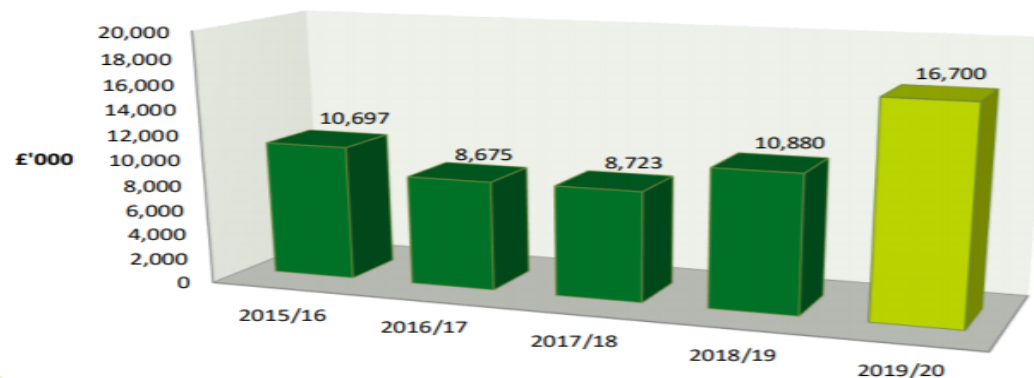


ISLINGTON

2019/20
Accounts Highlights

Income & Exp. Acct. & GF Balances

	£m
Spend on services	1,020.5
Service income	(776.1)
Financing & Transfers	9.9
Grant and council tax	<u>(259.5)</u>
GF underspend	<u><u>(5.8)</u></u>



- General Fund balance is now £16.7m

Changes to the provisional General Fund Outturn

	£m
Provisional outturn	(8.405)
Transfer to budget strategy reserve	2.597
Transfer to schools balances	0.632
Other minor movements	<u>0.026</u>
Net movement in GF balances incl. schools	<u>(5.150)</u>

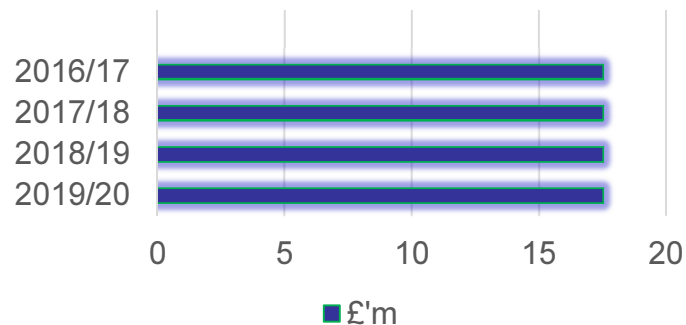


Housing Revenue Income and Expenditure Account

- Housing Stock valued at £3.048bn
- £76.9m Capital Spend
- Balanced position at end of year

	£'m
Income	(221.3)
Expenditure	196.3
Financing and transfers	25.0
Surplus	0.0

HRA Balances: £'m



<u>Housing Stock Numbers</u>	
Flats	22,776
Houses	2,464



Balance Sheet

- Long Term assets of £4.06bn
- Capital spend of £118.5m*
- Short term investments of £90.5m
- Long term borrowing of £276.6m

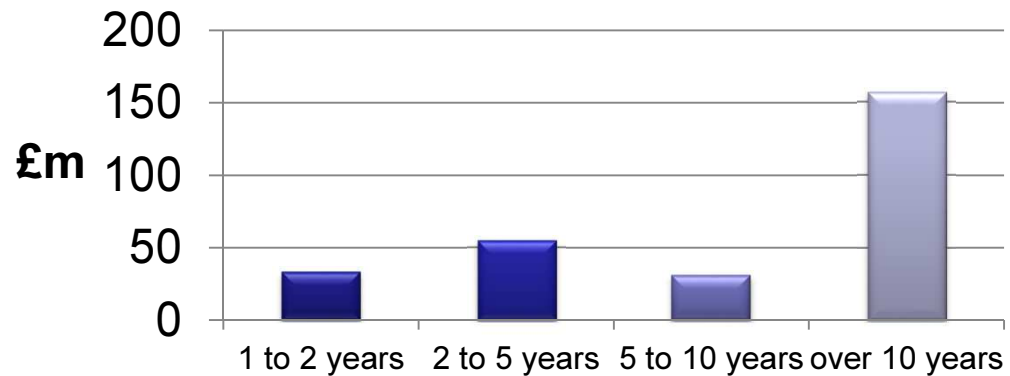
Capital Spend & Financing

	£m
Capital spend	118.5
Financed:	
Grants	25.2
HRA	46.3
Borrowing	16.7
Receipts	30.1
Revenue	0.2
	<u>118.5</u>

Property, Plant, Equipt changes in year

	£m
Revaluations	6
Additions*	108
Depreciation	(58)
Disposals and transfers	(10)
Increase in fixed asset value	<u><u>46</u></u>

Long-Term Borrowing - Maturity Profile

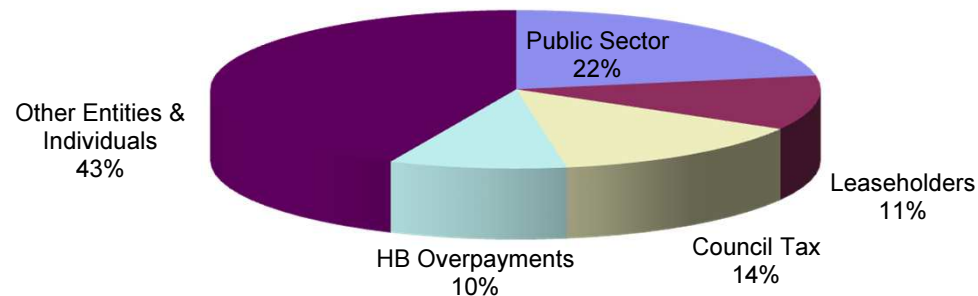


*The difference between the capital expenditure figure and the additions figure is due to capital spend taken to the CIES as REFCUS.

Debtors

	2019/20	2018/19
	£m	£m
Public Sector	38	27
Leaseholder	19	18
Council Tax	24	24
HB Overpayments	16	15
Others	74	63
Total debtors	171	147

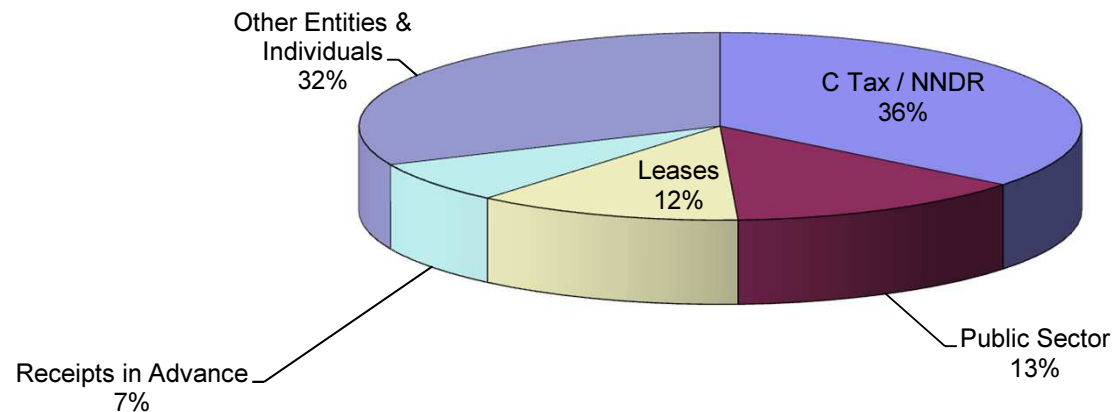
- Debtors increased by £19m
 - Public Sector: HB Subsidy Claim £7m
 - Nursing care invoices £1.2m
 - Increase in PCNs issued £4.7m
 - Housing rents £2.5m
 - Covid-19 grant for businesses £2.8m



Creditors

	2019/20	2018/19
	£m	£m
C Tax / NNDR	45	39
Public Sector	17	26
Leases	15	12
Receipts in Advance	9	8
Other Creditors	40	34
	<u>126</u>	<u>120</u>

- Creditors increased by £6m.
- C Tax/ NNDR: Greater Govt share of £13.9m NDR income in 19/20 compared to 18/19
- Offset by
- Public Sector: 18/19 Shared service IT costs £7m.





GF Earmarked Reserves & Provisions

Earmarked Reserves	£m
- PFI	4.9
- Budget Risk & Insurance	17.4
- NNDR Smoothing	7.7
- Housing Benefits	7.9
- Covid - 19	7.7
- Budget Strategy	21.1
- Others	13.6
	<hr/>
	80.3

- **NNDR Smoothing** – to insulate against volatility in NNDR income
- **Budget Risk & Insurance** – to mitigate impact of delayed savings
- **Housing Benefits** – for mitigating the risk of claims and reductions
- **Service Specific** – future commitments across Services
- **Budget Strategy** – to provide one off funding linked to the delivery of the medium term financial strategy
- **Covid – 19** – to fund Covid-19 related budget shortfall in 20/21

- **Insurance Provision** – as the Council self-funds most of its insurable risk, provision is set aside for outstanding claims.

Provisions	£m
Insurance	14.2
Business Rates Appeals	15.9
Other minor	3.3
	<hr/>
	33.4

Cash Flow Statement

2018/19 £'000	Cash Flow Statement	2019/20 £'000
(49,164)	Net surplus or (deficit) on the provision of services	(41,778)
160,993	Adjustments to the net surplus or deficit on the provision of services for non-cash movements	139,746
(43,560)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(51,234)
68,269	Net cash flows from Operating Activities (Note 31)	46,734
(20,058)	Investing Activities (Note 32)	(64,950)
(46,148)	Financing Activities (Note 33)	49,680
2,063	Net increase or (decrease) in cash and cash equivalents	31,464
(5,795)	Cash and Cash equivalents at the beginning of the reporting period	(3,732)
(3,732)	Cash and cash equivalents at the end of the reporting period (Note 30)	27,732

- **Operating Activities** – cash flows relating to the council’s day-to-day activities.
- **Investing Activities** - relate to capital expenditure and asset disposals.
 - Increase due to purchase of short term investments following receipt of Covid-19 grants and extra borrowing of around £40m at year end to hedge against Covid-19 related expenditure.
- **Financing Activities** – cash flows relating to interest, investments and borrowing.
 - Cash inflow from financing activities in 2019/20 due extra borrowing as above and timing of cash receipts and repayments of borrowing.
- The Council ended the financial year with a cash balance of £27.7m, an increase of £31.5m on 2018/19.



Collection Fund

	£m
Income	
- Council tax	(121.4)
- Business rates	(315.1)
Total Income	(436.5)
Expenditure	
- Precepts (C tax)	118.5
- LBI share of NDR	135.5
- National/local NNDR Pool	155.3
- LBI cost of collection	0.8
- Provisions & write offs	19.0
- Distribution of Surplus	6.8
Total Expenditure	435.9
Surplus for year	(0.6)
Surplus from previous year	(14.4)
Surplus carried forward	(15.0)

- 101,936 residential properties
- Islington band D council tax of £1489.67 including GLA
- Non-domestic rateable value was £717m
- National rate multiplier 49.1p

Pension Fund

Last revalued at 31.03.16

2019/20	£'m
Contributions in Pension & other expenditure	58.8
Net withdrawal from Fund	(70.1)
Return on investments	(11.3)
Total Fund Value	1,358.8
<i>Fund Value 2018/19</i>	<i>1,376.7</i>

