

Merton Council

Standards and General Purposes Committee

7 September 2017

Supplementary agenda

10 Additional Information - Amendments to Agenda Item 4

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Standards and General Purposes Committee 7 th September 2017	£000	£000
Adjustments to Core Statements since <u>June 2017 Committee</u>	DR	CR
<p>1. Reclassify capital charges within the CIES</p> <p>Charges relate to assets which were duplicate assets on the Balance sheet; i.e. the land was one asset and a finance lease debtor (of the land) was the second asset. The relevant financing entries relating to the assets were written out together with the asset. The financing entries were classified as impairments charged to the CIES (£2.131m) and impairment losses on non-current assets (charged to the revaluation reserve). (£1.337m).</p> <p>Both entries should instead have been classified as Losses and Disposal and charged to the CIES as part of “Other (income) expenditure within Other Operating Income and Expenditure. <i>This adjustment has already been included in the CIES in the account in the September SGPC agenda already issued.</i></p> <p>CIES Costs of Services-Environmental Services (*)</p> <p>(* CIES in September SGPC Committee report shows as CSF)</p> <p>CIES Other Operating Income and expenditure</p> <p>CIES Impairment Losses on non-current assets</p> <p>CIES Other operating income and expenditure</p> <p><i>Summary- This reclassification has no overall effect on Total Comprehensive Income and expenditure.</i></p>	<p></p> <p></p> <p></p> <p></p> <p>2,131</p> <p></p> <p>1,337</p> <p></p>	<p></p> <p></p> <p>2,131</p> <p></p> <p>1,337</p> <p></p>

Standards and General Purposes Committee 7 th September 2017	£000	£000
Adjustments to Core Statements since June 2017 Committee	DR	CR
<p data-bbox="237 309 1283 341">2. Business Rates Supplement Creditor balance- no longer justified</p> <p data-bbox="188 384 1368 488">The Council had a creditor balance of £869,511 in the draft accounts being the difference between sums received for BRS and sums paid over to the GLA. Both of these were based upon accepted reports from the NDR system</p> <p data-bbox="188 531 1395 675">The difference between these sums goes back to 2010/11 so the £870k is the sum of seven years' differences and is held as a creditor (liability) balance. Officers have sought unsuccessfully in the past to clarify whether there is a liability for the sum. The Council needs to confirm whether there is any liability for the balance.</p> <p data-bbox="188 718 1395 821">To enable this matter to be resolved whilst accounting correctly for the balance at this point, the balance has been taken to revenue (the CIES) and transferred to an earmarked revenue reserve. This increases the Council's revenue reserves.</p> <p data-bbox="188 865 1395 933"><i>This adjustment has NOT been included in the CIES in the account in the September SGPC agenda already issued.</i></p> <p data-bbox="188 976 1189 1008">Balance Sheet-Short Term Creditor- BRS Creditor- write out of creditor</p> <p data-bbox="188 1051 992 1083">CIES Financing and Investment Income and expenditure</p> <p data-bbox="188 1126 846 1158">MiRs Transfer to earmarked revenue reserves</p> <p data-bbox="188 1201 864 1233">Balance Sheet- Usable Reserves-BRS Reserve</p> <p data-bbox="188 1275 1301 1307"><i>Summary- this adjustment increases the Council's revenue reserves by £870k,</i></p>	<p data-bbox="1422 976 1480 1008">870</p> <p data-bbox="1422 1126 1480 1158">870</p>	<p data-bbox="1749 1051 1807 1083">870</p> <p data-bbox="1749 1201 1807 1233">870</p>

Standards and General Purposes Committee 7 th September 2017	£000	£000
Adjustments to Core Statements since <u>June 2017 Committee</u>	DR	CR
<p data-bbox="235 311 862 343">3. NDR Impairment Provision -reclassify</p> <p data-bbox="190 383 1299 454">The impairment provision for bad and doubtful debts (“bad debt provision) was misclassified as a Creditor rather than as a reduction of debtors.</p> <p data-bbox="190 486 1400 566"><i>This adjustment has NOT been included in the CIES in the account in the September SGPC agenda already issued.</i></p> <p data-bbox="190 678 705 710">Balance Sheet- Short Term Debtors</p> <p data-bbox="190 750 739 782">Balance Sheet – Short Term Creditors</p> <p data-bbox="190 821 996 853"><i>Summary- This reclassification has no effect on reserves</i></p>	<p data-bbox="1422 750 1489 782">723</p>	<p data-bbox="1747 678 1814 710">723</p>

Standards and General Purposes Committee 7th September 2017	£000	£000
Adjustments to Core Statements since <u>June 2017 Committee</u>	DR	CR
Summary (1+2+3)		
Comprehensive Income and Expenditure		
(Surplus)) or deficit on provision of services (Adjustments 1 and 2)	467	
Other comprehensive income and expenditure(Adjustment 1)		1,337
Total Comprehensive Income and Expenditure (net of the above)	<hr/>	<hr/> 870
Balance Sheet		
Short Term Debtors (Adjustment 3)		723
Short Term Creditors (Adjustments 2 and 3)	1,593	
Net Assets (net of the above)	<hr/> 870	<hr/>
Balance Sheet-Earmarked Reserves (Adjustment 2)		870
Total Reserves		<hr/> 870

**SGPC 7th September 2017
Covering Report**

		Sept 2017 AFTER audit adjs	
		Jun-17 to date	
Page 3	2.11	£62.65m	£63.52m
Page 4	Table 1 Reserves	£000	£000
	Usable Reserves		
	Earmarked reserves	31,639	32,509
	Revenue Reserves	61,259	62,129
	Total Usable reserves	91,496	92,366
	Total Reserves	57,412	58,282

Page 5	Table 2 2016/17 Outturn and Budget Variances (following audit)	Outturn £000	Outturn £000
	Environment and Regeneration	21,698	19,567
	Net Service Expenditure	151,299	149,168
	Corporate Provisions	60	1,321
	Total General Fund	151,359	150,489
	Net overspend	3,227	2,357

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**SGPC 7th September
Summary Accounts**

	Jun-17	Sept 2017
	£m	AFTER audit adjs to date
		£m
Page 1	Financial Highlights	
	Total net assets fell by	57
	Fall in Usable	56
	Fall in unusable	10
		47
	Net Overspend	5.4
		4.6
Page 2	Revenue Spending	
	Children, Schools and Families	
	Gross Expenditure	211.6
	Net Expenditure	213.7
		50.9
		53.0
	Environment and Regeneration	
	Gross Expenditure	64.2
	Net Expenditure	30.5
		62.1
		28.4
Page 6	Summary Balance Sheet	
	Current Liabilities	-79
		-78
	Total Assets Less Current Liabs	584
		585
	Total Net Assets	57
		58
	Reserves which can be spent	-91
		-92
	Total Net Worth	-57
		-58
Page 7	Reserves and Fund Balances	
	Usable reserves	91
	Fund balances	92
		61
		62
	Revenue Reserves	40.2
		41.1
		66%
		66%
	GF Schools	8.2
		8.2
		13%
		13%
	GF Schools	12.8
		12.8
		21%
		21%

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**SGPC 7th September
Narrative Statement**

		Sept 2017 AFTER audit adjs	
		Jun-17 to date	
		£000	£000
Page 1	Corporate Provisions		
	Outturn	60	1,321
	Variance -	5,047 -	5,917
	Total General Fund		
	Outturn	151,359	150,489
	Variance	5,983	5,113
	Net Overspend		
	Outturn	3,227	2,357
	Variance	5,447	4,577
	Transfers from e/m reserves		
	Outturn -	3,227 -	2,357
	Variance -	5,447 -	4,577
Page 2	Corporate provisions		
	Net Overspend	£5.05m	£5.92m
Page 2	2.1 Fund balances & Reserves	£000	£000
	Earmarked reserves		
	Movement -	1,455 -	2,325
	Closing balance	40,235	39,365
	Sub Total- Fund Balances		
	Movement -	6,086 -	5,216
	Closing balance	61,259	62,129
	Total Usable Reserves		
	Movement -	9,584 -	8,714
	Closing Balance	91,496	92,366

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SGPC 7th September 2017
MOVEMENT IN RESERVES

	General Fund Balances	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Balance at 1 April 2016	(67,345)	(29,582)	(4,154)	(101,080)	(12,728)	(113,808)
<i>Movement in reserves during 2016/17</i>						
Total Comprehensive Income and Expenditure	11,164	0	0	11,164	44,362	55,526
Adjustments between accounting basis & funding basis under regulations (Note	(5,948)	6,596	(3,098)	(2,450)	2,450	0
(Increase)/Decrease in Year	5,216	6,596	(3,098)	8,714	46,812	55,526
Balance at 31 March 2017 carried forward	(62,129)	(22,986)	(7,251)	(92,366)	34,084	(58,282)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 Re-stated				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
			Continuing Operations			
205,067	(160,354)	44,714	Children, Schools and Families	213,690	(160,665)	53,025
85,058	(20,260)	64,797	Community and Housing	87,444	(18,345)	69,099
119,553	(106,103)	13,451	Corporate Services	118,177	(105,962)	12,215
60,650	(28,287)	32,363	Environment and Regeneration	62,115	(33,714)	28,401
10,926	(10,458)	468	Public Health	11,120	(11,356)	(236)
481,254	(325,462)	155,792	Cost of services	492,546	(330,042)	162,504
		(3,745)	Other operating income and expenditure (Note 3)			(1,755)
		17,209	Financing and investment income and expenditure (Note 4)			19,158
		(173,958)	Taxation and non-specific grant income (Note 5)			(168,743)
		(4,702)	(Surplus) or Deficit on Provision of Services			11,164
		(13,016)	(Surplus) or deficit on revaluation of non-current assets (Note 17)			(50,269)
		0	Impairment losses on non-current assets (Note 17)			1,793
		(45,072)	Remeasurement of the net defined benefit liability/(asset) (Notes 17 & 32)			92,839
		(58,088)	Other Comprehensive Income and Expenditure			44,362
		(62,790)	Total Comprehensive Income and Expenditure			55,526

Gross figures from 2015/16 segmental reporting

BALANCE SHEET

31 March 2016			31 March 2017
£000		Notes	£000
461,133	Property, Plant & Equipment	19	513,119
669	Heritage Assets	21	802
5,000	Long Term Investments	9 & 10	5,000
1,291	Intangible Assets	20	1,379
8,095	Long Term Debtors	7	8,510
476,187	Long Term Assets		528,810
80,873	Short Term Investments	9 & 10	66,030
46	Inventories	36	35
30,225	Short Term Debtors	7	30,049
7,288	Assets Held for Sale	22	7,000
23,311	Cash and Cash Equivalents	14	30,410
141,744	Current Assets		133,524
(16,178)	Short Term Borrowing	9 & 10	(15,145)
(59,345)	Short Term Creditors	8	(61,701)
(1,445)	Current Provisions	11	(757)
(76,968)	Current Liabilities		(77,603)
(6,516)	Provisions	11	(5,518)
(116,976)	Long Term Borrowing	9 & 10	(113,010)
(32,346)	Other Long Term Liabilities	9	(30,939)
(263,154)	Pension Liability	32	(368,109)
(8,162)	Capital Grants Receipts in Advance	6	(8,874)
(427,155)	Long Term Liabilities		(526,450)
113,808	Net Assets		58,282
(101,080)	Usable Reserves	16	(92,366)
(12,728)	Unusable Reserves	17	34,084
(113,808)	Total Reserves		(58,282)

CASH FLOW STATEMENT

2015/16		2016/17
£000		£000
(4,702)	Net (surplus) or deficit on the provision of services	11,164
(30,553)	Adjustments to net surplus or deficit on the provision of services for non cash movements (note 15a)	(33,177)
23,671	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 15b)	25,493
(11,583)	Net Cash flows from Operating Activities (note 15c)	3,480
8,423	Investing Activities (note 15d)	(14,364)
(827)	Financing Activities (note 15e)	3,786
(3,987)	Net (increase) or decrease in cash and cash equivalents	(7,099)
19,324	Cash and cash equivalents at the beginning of the reporting period	23,311
23,311	Cash and cash equivalents at the end of the reporting period (Note 14)	30,409

SGPC 7th September 2017

Note 16

TRANSFERS TO/ FROM USABLE RESERVES							
Usable Reserves	Balance at	Transfers	Transfers	Balance at	Transfers	Transfers	Balance at
	31 March	out	in	31 March	out	in	31 March
	2,015.00	2015/16	2015/16	2,016.00	2016/17	2016/17	2,017.00
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Balances held by schools	- 8,535	- -	1,969	- 10,504	2,258	- -	8,246
General Fund Balances	- 15,151	- -	-	- 15,151	2,372	- -	12,778
Earmarked reserves	- 43,890	9,450	- 7,250	- 41,690	5,762	- 5,177	- 41,105
Total General Fund	- 67,575	9,450	- 9,219	- 67,344	10,393	- 5,177	- 62,128
Capital:							
Capital Receipts Reserves	- 31,263	9,082	- 7,401	- 29,582	12,993	- 6,397	- 22,986
Capital Grants Unapplied	- 5,715	4,266	- 2,705	- 4,154	830	- 3,928	- 7,251
Total Capital	- 36,978	13,349	- 10,106	- 33,735	13,823	- 10,325	- 30,238
Total Usable Reserves	- 104,554	22,798	- 19,324	- 101,079	24,216	- 15,502	- 92,366

0

Reserve	Balance at 31st March 2015	Net Transfer (to)/from Reserve	Balance at 31st March 2016	Net Transfer (to)/from Reserve	Balance at 31st March 2017
	£000	£000	£000	£000	£000
Outstanding Council Programme Board	(9,515)	3,233	(6,282)	1,363	(4,919)
For use in future years' budgets	(5,752)	(113)	(5,865)	(1,924)	(7,789)
Revenue reserve for capital/revenue	(6,062)	(1,685)	(7,747)	932	(6,815)
Renewable energy reserve	(1,441)	(82)	(1,523)	0	(1,523)
Repairs and renewals fund	(1,424)	200	(1,224)	77	(1,147)
Transforming families reserve	(414)	414	0	0	0
Pension fund additional contribution	(63)	0	(63)	(434)	(497)
Local land charges	(1,419)	(226)	(1,645)	(258)	(1,903)
Apprenticeships	(648)	242	(406)	104	(303)
Community care reserve	(1,386)	0	(1,386)	0	(1,386)
Local welfare support reserve	(614)	81	(533)	90	(443)
Economic development strategy	(1,148)	529	(620)	518	(101)
Corporate services reserves	(182)	(108)	(290)	(486)	(776)
Wimbledon tennis courts renewal	(77)	(25)	(101)	(25)	(126)
Governor support reserve	(52)	33	(19)	(24)	(43)
Redundancy costs reserve	0	0	0	(600)	(600)
BRS Reserve	0	0	0	(870)	(870)
New homes bonus scheme	0	(1,037)	(1,037)	746	(291)
Adult social care contributions	(425)	75	(350)	350	0
Culture & environment contributions	(447)	313	(134)	120	(13)
Culture & environment grants	(363)	(50)	(413)	163	(250)
Childrens & education grants	(650)	279	(371)	65	(307)
Supporting people balances	0	(65)	(65)	65	0
Housing planning development grants	(190)	89	(101)	101	(0)
Housing GF grants	(106)	0	(106)	0	(106)
Public health grant reserve	(1,154)	1,132	(22)	(325)	(347)
Children, schools & families reserve	0	(365)	(365)	365	0
Insurance reserves	(1,955)	0	(1,955)	0	(1,955)
DSG reserve	(3,585)	(784)	(4,368)	705	(3,663)
Refund of school PFI contributions	(400)	300	(100)	0	(100)
Schools reserve	(52)	52	(0)	0	(0)
School Standard Fund	0	0	0	(6)	(6)
Schools PFI fund	(4,366)	(235)	(4,600)	(226)	(4,826)
Total Earmarked Reserves	(43,890)	2,200	(41,690)	585	(41,105)

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