Questions on 2020/21 Statement of Accounts - NS

P12;p84 Adults and communities underspend 2.0m –due to reducing expenditure? Why?

Mainly reflecting the impact of Covid 19 such as grant funding towards the Contain Outbreak Management Plan (as reported to general scrutiny committee in June 2021) reducing the net outturn position, in addition you can see in the same table that £3m of Covid-19 general grant funding reduced the 2020/21 outturn position.

Sorry, still not clear. Was A+C expenditure reduced due to falling claims/expenditure or was A+C expenditure increased over budget but paid for by significant Covid related grants (which is, I think, what you are suggesting?

The latter, the 2020/21 adults and communities gross outturn was £101m being £11m higher than the approved gross budget due to increased grant income funding increased costs

P13;p85 Top of page first bullet point –due to be handed over to city in August 2021 But Report revision date is v22 16/11/21 should this statement have been updated?

The station approach construction site has been handed over to Cityheart and they are managing the closure of that construction contract.

Sorry, my point being that the report could have been updated, given it was revised later – or are ALL future events reported in that way? A thought for the future might be to use the phrase "to be completed/handed over in the next financial year" or similar which avoids the confusion?

Noted and agreed, corrections can be made, in this instance I think the existing wording is still acceptable

P34;p106 Operating leases -1.20(b) Council as lessor. My concern in respect of leases to, say, Halo where rent holidays ae being given or where rent has been backloaded with soft starts. How do these practises correspond with the stated policy and what assurance can be given that the values are not being mis-reported? Are the lease sums lost then being picked up as debt write-offs?

During 2020/21 lease charges were raised in line with lease agreements, if a decision is made to negate the charge a credit note is raised and this is reflected in the note. No decision was made to grant Halo a rent holiday in the 2020/21 accounts. The accounts note shows the contractual position. If the debtor is unable to pay a bad debt provision is made and this may lead to a write off.

So a question to the 151 officer might be "How many credit notes for rent and service charges have been raised and what was their value? I now appreciate that the decision in respect of the rescheduling of Halo rent charges was made on 6/5/2021. Was this not retrospective and therefore should be treated as a post balance sheet event? Or is it not deemed significant enough?

Significant post balance sheet events / decisions would need to be reflected, the quoted decision date has been updated to December 2021 (no decision has been approved to date)

P48;p120 Capital Grants unapplied (9.3m) Capital financed by grants and contributions 3.6m I don't understand what this relates to?

Capital grants unapplied is a usable reserve of capital grant funding that records receipts in the year (£9.3m) and as grant conditions are met they are released to the general fund, £3.6.

P52;p124 Business rate smoothing reserve. (9.2m) No change – why? Business rates have decreased due to covid grants. I would anticipate that some of this reserve is released?

The 2020/21 Covid 19 business rate reliefs were funded by central government grant

Will this apply to 2021/22as well?

Yes

Settlement monies – where do these arise from (Amey?) where were they transferred out to?

Yes, the transfer out was a repayment in 2020/21

Where was it transferred to? Can I see this in the accounts?

Only disclosed in note 5 to the accounts

New reserve Adult social care integration 1.6m. Does this represent unspent social care precept?

This is to fund planned future revenue spending

But is equivalent in value to the social care precept?

This represents carried forward Better Care Fund & Improved Better Care Fund monies from joint working with the Clinical Commissioning Group

Learning Disability (1.1m) ??

This is to fund adults and communities future cost commitments

Recovery and Invest Fund (0.5m)??

This is to fund costs associated with the establishment of a Covid 19 recovery and investment fund, reported to Cabinet in July

Unused grants carried forward 32.2m are these ALL covid related?

£23.8m is specifically Covid 19 related, the bulk being the grant received for business rate reliefs

P53;p125 Nature of Expenses Disclosure – why the increase in amortisation?

Increase in REFCUS, depreciation , **amortisation** (I have calculated as it is not given) and impairment

19/20 1.2 + 17 + **5.9** +2.6 =26.7

20/21 0.4 + 15.8 +**14.2** +6.5 = 36.9

The impairment figure tallies with the movement in usable reserves analysis on p48;p120 of £6.5m as does the depreciation charge.

This reflects the decapitalisation of assets of £10.9m following the decision to abandon two traffic mitigation schemes (being Hereford Transport Package - HTP (western bypass), and South Wye Transport Package – SWTP (southern link road)), as disclosed in note 10

P58;p130 2.3m from 38.7m invested =5.9% net yield?

This calculation compares the total net income from investment assets in 2020/21 to the total investment asset valuation as at 31.03.2021

P59;p131 Bad debt provisions up from 7.4m to 10.4m –do they include any lease or service charge write-offs from our commercial rental portfolio?

Bad debt provision doesn't include write offs, the significant increase in 2020/21 represents £1.3m increase in relation to charges to adults and £1m in relation to council tax charges

P60;p132 Pensions liability shown as £282.3m does that include Hoople liability &West Midlands Power Consortium liability?

Yes

P64;p136 Debtors NHS bodies increased from 1.2 to 4m? Any aged (over 90 day) debt?

£0.2m of this debt balance was over 90 days old as at 31.03.2021

Debtors increased substantially from 34.9 to 52.2m Are debtor days the same ie t/o increase or what is the reason for the **50% increase in debts?**

In addition to the increased NHS debt capital debtors increased by £13.9m, being shell store and broadband grant debtors

Table 14 net movement in creditors (3.2) to (32.9) Non-cash movements Can you explain? 20m increase in depreciation, amortisation and impairment (again) can that be unpacked?

The £32.9m is the movement from £43.7m current creditors as at 31.03.20 to £76.6m as at 31.03.21, as shown in table 18 queried below, partly due to £14.6m new creditors being monies held on behalf of others (NMiTE & BEIS)

P66;p138 Table 18 Creditors: Trying to get my head around a (creditor) in brackets .This is money owed to us. As it is in brackets it is positive sum owed to us? Why have creditors increased by 33m –that must be nearly 75%?

Creditors here are values on our balance sheet so equal and opposite to the income and expenditure account, so brackets means monies owed to us as at 31.03.21. In addition to the agency monies mentioned above we had additional £8.8m of capital creditors as the year end and £15.0m BEIS creditors in relation to Covid 19 business support grants

P69;p141 Trading Operations Retail Properties in Hereford City Centre

Turnover ie income of 1.4m before expenses?

Asset revaluation movement of 6.4m as a decrease in value? Is this an impairment (previous questions). What are these buildings? What are they, what is there net asset value before and after the impairment? How was the impairment agreed?

Expenditure is shown positive which suggests that it is negative ie the authority has spent 700,000 on these properties –is that correct?

This relates to Widemarsh street properties and the Maylord estate. Of the £6.4m £5.9m is a downward revaluation of Maylords that was an existing freehold asset, the downward valuation

was calculated using the latest forecast rental data as at 31.03.21. The spend mainly represents service charges in relation to Maylords.

Can you remind me what the Authority paid for Maylords and what it is valued at in the 20/21 accounts?

The purchase price was £3.9m and the valuation as at 31.03.21 was £3.3m with the limitations disclosed in note 10 the accounts ("material valuation uncertainty was contained to retail and specific trading related assets/sectors such as car parks, where we continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base critical judgements")

P76;p148 Paid compensation for loss of office on retirement – was that a contractual payment of £120k? How was that authorised?

The payment was contractual it was authorised by the Monitoring Officer and S151 officer in consultation with the leader

P77;p149 2019/20 and 2020/21 exit packages were 28 and 19 respectively. How does that compare to previous years or a rolling five year average (or any other indicator)

2018/19 was 25 2017/18 was 44 and 2016/17 was 42 (average 32).

P83;p155 Shaw Homes contract Note expiry of 2033/34. Does asset return to council after this date?

Four of the property assets within this contract revert to council ownership at contract end

Does Shaw have any responsibility to maintain these properties and their assets prior to their return – does our property services dept inspect these?

They do, I have asked others to confirm what checking processes are followed

P84;p156 Liabilities Shaw healthcare balance outstanding was 6.8m with a 0.3m payment made during the year. At this rate takes 23 years to pay down balance. But contract has only 13 years to run. Is there a balloon payment? Is there an accrual or a reserve to deal with this obligation? Is the 0.3m particularly low? Are we not utilising these places appropriately (something for scrutiny, perhaps?)

The £0.3m increases annually to repay the £6.5m over the remaining 14 financial years (2034/35 is a part final year)

Understand that now.