

Trust and Charities Committee – 23rd September 2024

Title of paper:	Bridge Estate Draft Financial Statement 2023/24	
Director(s)/ Corporate Director(s):	Ross Brown – Corporate Director of Finance & Resources (Section 151)	Wards affected: All
Report author(s) and contact details:	Tom Straw – Senior Accountant (Capital Programmes)	
Other colleagues who have provided input:	Bevis Mackie – Portfolio and Investment Manager	
Date of consultation with Executive Member(s) (if relevant)	N/A	
Does this report contain any information that is exempt from publication?		
<p>An appendix to the report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to audit cost and audit approach which if disclosed will prejudice the auditors position in the external market and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because disclosing this information will prejudice the auditor’s position in the external market</p>		
Relevant Council Plan Outcome:		
Green, Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Living Well in our Communities	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Serving People Well	<input type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
<p>The report contains details of 2 letters that are required to be signed by the Chair as part of the external audit and the draft 2023/24 outturn for the Bridge Estate Trust (financial accounts enclosed), detailing any variance from 2022/23.</p>		
Recommendation(s):		
1	To approve the chair to sign enclosed letters to external audit: <ul style="list-style-type: none"> • Letter of Engagement (Annex 1) • Audit Planning Letter (Exempt Annex 2) 	
2	Note the draft financial outturn for the Bridge Estate Trust	
3	To delegate authority to the Chair of the Committee to sign the audited accounts on behalf of the Trust, noting that the final version of the accounts will be circulated outside of the meeting to the Committee prior to signing, and the formally circulated at a later Committee meeting.	

1. Reasons for recommendations

- 1.1 The Letter of Engagement and Audit Planning Letter are required by the Trust's external auditors as part of the annual audit of the financial statements.
- 1.2 This report is an integral part of the Council's regular monitoring, forecasting and reporting system. The report enables the Trusts and Charities Committee to be aware of the financial position of the Trust and therefore allows any appropriate decisions or actions to be taken in their role in managing the Trust on behalf of Nottingham City Council as the sole Trustee.
- 1.3 The Bridge Estate/ Trust's Financial Statements are consolidated as part of Nottingham City Council's Financial Statements; therefore, the Trust is required to provide the Council with signed accounts.

2. Other options considered in making recommendations

- 2.1 Not signing the Letter of Engagement and Audit Planning Letter was rejected on the basis that external audit would not be able to be completed until letters signed.
- 2.2 Defer the signing of the financial accounts until the next Trust and Charities Committee meeting. This was rejected as deferring the accounts would mean the Trust not being able to consolidate into the Council's Statement of Accounts within the current timetable.

3. Consideration of Risk

- 3.1 The 2023/24 financial statement is a key requirement for the Bridge Estate and is required to be submitted to the Charity Commission by the 31st January 2025 and the enable Nottingham City Council to produce consolidated accounts. The 10 month financial return deadline for Charities is a necessity for all Charities with income exceeding £25,000, as stipulated by the Charity Commission.

4. Background (including outcomes of consultation)

- 4.1 As Trustee, the Council has responsibility for making recommendations on the management of its Charities. The financial outturn is a key part of the framework for the financial management of the Trust and any subsequent recommendations.

5. Finance colleague comments (including implications and value for money)

- 5.1 The enclosed letters that require signing by the Chair of the Trusts and Charities Committee as part of the external audit are listed and summarised below:
 - Letter of Engagement (Annex 1), sets out the basis to which the external auditors are to act, detailing the respective areas of responsibility.
 - Audit Planning Letter (Exempt Appendix 2), is a requirement of International Standards on Auditing and sets out the audit approach.
- 5.2 Table 1 below presents the 2023/24 draft position for the Bridge Estate, further details can be found in the enclosed Draft Financial Statement (Annex 3). The completion of the 2023/24 audit is planned to complete and have signed accounts by the 31 December 2024, this is later than previous years due to the annual property valuations being externally procured.

Table 1: Bridge Estate Draft Outturn 2023/24

	2023/24 £	2022/23 £	Movement £
Income			
Rent (Net of movement in loss allowance)	(1,824,064)	(1,497,411)	(326,653)
Interest Received	(57,926)	(39,600)	(18,326)
Service Charges / Other	(29,763)	(52,355)	22,592
Total Income	(1,911,753)	(1,589,366)	(322,387)
EXPENDITURE			
Raising Funds			
Business Rates	197,121	250,128	(53,007)
Supplies & Services	33,226	44,859	(11,633)
Energy	442,591	46,122	396,469
Property Maintenance (inc Bridge)	102,693	19,495	83,198
Rent collection	22,534	22,534	0
Grounds Maintenance	4,787	5,213	(426)
Charitable Activities			
Management & Administration	160,437	131,805	28,632
Other	11,450	0	11,450
Grant to Nottingham City Council	571,000	750,000	(179,000)
Other			
Interest Payable on Lister Gate Loan	46,243	51,110	(4,867)
Total Expenditure	1,592,082	1,321,266	270,816
SURPLUS POSITION BEFORE MOVEMENT TO RESERVES	(319,671)	(268,100)	(51,571)
MOVEMENT TO RESERVES			
Contribution to / (from) Repairs Fund	94,511	67,293	27,218
Contribution to / (from) Unrestricted Fund	233,409	200,807	32,602
Contribution to / (from) Endowment Fund	(8,249)	0	(8,249)
NET position	0	0	0

5.3 Variance between 2023/24 and 2022/23 greater than £100,000 are explained below:

- Rental Income (movement £0.326m), the difference is largely due to movements in loss allowances (i.e. bad debt), once this technical entry is excluded from both financial years the variance between the financial years reduces to £0.091m.
- Energy (movement £0.396m), during 2023/24 reports were collated which identified a number of invoices from Nottingham City Council that dated back a number of years. While a full investigation is undertaken as to whether the amounts are due an accrual was processed in 2023/24 for the full amount, is expected to reduce between draft and final following the review.

5.4 Bridge Estate – Reserve Position

5.5 As set out in the Bridge Estate Financial paper £0.307m was forecast to be contributed to Bridge Reserves in 2023/24, the below table shows an additional contribution of £0.026m which increases the 2023/24 contribution to £0.333m. The closing balance on the reserves at 31 March 2024 is £1.252m. The approved commitments are detailed below:

Table 2: Bridge Estate Reserve Position 2023/24 and 2024/25 Approved Contribution

	Bridge Repair Reserve £	Property Repair Reserve £	Un-Earmarked Reserve £	Capital Receipt Reserve £	Total £
Balance @ 1 April 2023	(171,830)	(353,457)	(292,601)	(105,711)	(923,599)
Contribution 2023/24	(100,000)	(100,000)	(133,409)	0	(333,409)
Drawdowns 2023/24	5,489	0	0	0	5,489
Draft Balance 31 March 2024	(266,341)	(453,457)	(426,010)	(105,711)	(1,251,519)
Expenditure Commitments					
Govenors House	0	15,262	0	105,711	120,973
Century House	0	147,903	0	0	147,903
Wheeler Gate	0	15,979	0	0	15,979
Dragon Court	0	68,000	0	0	68,000
Castle Bridge	0	110,227	0	0	110,227
Uncommitted Balance	(266,341)	(96,086)	(426,010)	0	(788,437)
Approved Contribution 2024/25	(100,000)	(100,000)	(87,000)	0	(287,000)
Forecast Uncommitted Balance	(366,341)	(196,086)	(513,010)	0	(1,075,437)

6. Legal colleague comments

6.1 To be provided at the committee meeting as required.

7. Equality Impact Assessment (EIA)

7.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because this report does not relate to a change in policy or a new service.

Yes

8. Data Protection Impact Assessment (DPIA)

8.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because this report does not involve the collection of data.

Yes

9. Carbon Impact Assessment (CIA)

9.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because this decision will not have an impact on carbon emissions.

Yes

10. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None.

11. Published documents referred to in this report

11.1 None.