

**AGENDA ITEM**

**REPORT TO AUDIT AND  
GOVERNANCE COMMITTEE**

**27 JULY 2020**

**REPORT OF DIRECTOR OF  
FINANCE AND BUSINESS  
SERVICES**

**DRAFT STATEMENT OF ACCOUNTS 2019/2020**

**PURPOSE OF REPORT**

This report presents to Members the Council's Draft Statement of Accounts for 2019/2020.

**RECOMMENDATIONS**

That Members note the Draft Statement of Accounts for 2019/2020.

**DETAIL**

1. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020" which is prepared under International Financial Reporting Standards.
2. The Accounts and Audit Regulations (England) 2015 came in to effect on 1<sup>st</sup> April 2015. The regulations changed the arrangements for the approval and publication of the Statement of Accounts and the Annual Governance Statement. Under the regulations the Council must publish its audited Statement of Accounts and approved Annual Governance Statement by 31<sup>st</sup> July for the financial year 2019/2020 but due to the Covid 19 outbreak there has been an amendment to these.
3. The Ministry of Housing, Communities and Local Government (MHCLG) confirmed the details of the changes made to the Accounts and Audit Regulations 2015 in a letter to authorities on 3 April 2020. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) extend the statutory audit deadline for 2019/20 for all local authorities. The publication date for audited accounts has moved from 31 July to 30 November 2020 for all local authority bodies.
4. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period on or before the first working day of September 2020.
5. This means that accounts that must be confirmed by the responsible finance officer (Director of Finance and Business Services) and published by 31 August 2020 at the latest. They may be published earlier.
6. There is no requirement to wait for a common inspection period. However, the requirements under the Accounts and Audit Regulations 2015 to follow the responsible finance officers confirmation and publication of relevant documents in Regulation 9(1)(b)

has not been amended by the new Regulations so local authorities still need to ensure that inspection period follows the confirmation by the responsible finance officer.

7. Based on the updated regulations it is the intention that following this meeting the period in which electors have the right to examine the accounts, question the auditor and to make objections at audit will be set. This is a period of 30 working days which will commence on 28<sup>th</sup> July and will end on Monday 7<sup>th</sup> September 2020.
8. The accounts for 2019/2020 include additional statements in relation to the Councils group undertakings for the ownership of the Stockton Hotel and Stockton Holding Companies.
9. The following key financial figures (non-group) are included in the accounts:
  - A deficit of £1.137 million is reported against directorate revenue budgets for 2019/20 (see revenue year end table page xx). This position reflects planned use of General fund balances agreed as part of the previous year's medium term financial plan.
  - Total capital spending was £63.246 million during 2018/19 (see page xx).
  - Current long term investments and cash and cash equivalents amount to £37.2m million. This is an increase of £15.9 million from the previous year. This is due to additional funding being provided at year end from the Government for Covid 19 and the authority entering into short term loans so there was sufficient cash funds available while the picture around the pandemic become clearer.
  - The Council's current long and short-term borrowings total £107.754 million which is an increase of £54.496 million over the previous year. This increase reflects the approvals made in funding the capital programme.
  - The Council's earmarked reserves (excluding schools) stand at £55.117 million which is a decrease of £7.338 million from the previous year. This reflects the planned use of reserves including funding the capital programme. School related reserves have reduced from a surplus of ££2.235 million down to a deficit of £1.311 million. This reflects the pressures faced in schools budgets. (see note 7)
  - The level of General Fund balances at the 31<sup>st</sup> March stands at £7.221 million . The approved budget for 2020/21 will replenish these balances to the required level of £7.4m.
  - The Council's Pension Scheme deficit is estimated at £305.7 million, an increase of £78.5 million from the previous year. This results from the actuaries' assessment of fund performance and the re-measurement of scheme assets and liabilities.
10. The external auditors, Mazars LLP have already commenced the statutory audit. Their progress report is included on the agenda for this meeting.

## **FINANCIAL AND LEGAL IMPLICATIONS**

Regulation 9(1) of the Accounts and Audit Regulations 2015 requires the Council's Responsible Financial Officer (Director of Finance and Business Services) to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the Council. Regulation 9(2) requires the Statement of Accounts to be approved by

members prior to publication. Regulation 10(1) requires the publication of the approved, audited Statement of Accounts by 31<sup>st</sup> July 2020.

### **RISK ASSESSMENT**

None directly from this report.

### **COMMUNITY STRATEGY IMPLICATIONS**

None directly from this report.

### **CONSULTATION**

None directly from this report.

**Garry Cummings**  
**Director of Finance and Business Services**

**Contact Officer: Andy Bryson, Finance Manager (Corporate)**  
**Telephone Number 01642 528850**  
**Email: [andy.bryson@stockton.gov.uk](mailto:andy.bryson@stockton.gov.uk)**