

AGENDA ITEM

**REPORT TO AUDIT &
GOVERNANCE COMMITTEE**

28th SEPTEMBER 2020

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

STATEMENT OF ACCOUNTS 2019/20

PURPOSE OF REPORT

This report presents to Members the Council's Statement of Accounts for 2019/20.

RECOMMENDATIONS

- I) That Members approve the Statement of Accounts for 2019/20.
- II) That the final sign off of the accounts be delegated to the Director of Finance, Development and Business Services in consultation with the Chair of the Audit and Governance Committee once the updated pension figures are included within the accounts.

DETAIL

1. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2019/20" which is prepared under International Financial Reporting Standards.
2. The Accounts and Audit Regulations (England) 2015 came in to effect on 1st 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 31st July for the financial year 2019/20 but due to the Covid 19 outbreak this date was amended.
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. The period in which electors have the right to examine the accounts, question the auditor and to make objections at audit was set. This covered a period of 30 working days which, for 2019/20 commenced on the 28th July 2020 and ended on 7th September 2020. The council did not receive any requests to examine the accounts during this period.
5. The external audit report on the statement of accounts and value for money, the 'Annual Completion' report highlighted a small number of agreed changes to the draft accounts presented to this Committee in July. The accounts where applicable have also been updated for these adjustments.

6. 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 11). 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 2019/20 (see page 12).
 - 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 became 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 31st 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.

In the last few days it has been brought to the Councils attention that there has been an error in the pension fund figures provided by the Teesside Pension Fund. Therefore an adjustment to the figures provided in the annual accounts is likely to be required as the error will be close to the materiality level set by the external auditors Mazars of £9.6m.

At the time of writing this report the corrected figures have not been presented to the Council and therefore the annual accounts cannot formally be signed off at the A&G Committee meeting.

It is requested therefore that once the accounts have been updated that the final sign off of the accounts be delegated to the Director of Finance, Development and Business Services in consultation with the Chair of the Audit and Governance Committee.

FINANCIAL AND LEGAL IMPLICATIONS

Regulation 9(1) of the Accounts and Audit Regulations 2015 requires the Council's Responsible Financial Officer (Director of Finance, Development 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 30st November 2020 (updated date).

RISK ASSESSMENT

None directly from this report.

COMMUNITY STRATEGY IMPLICATIONS

None directly from this report.

CONSULTATION

None directly from this report.

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