

AGENDA ITEM

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

19 JULY 2021

REPORT OF DIRECTOR OF FINANCE, DEVELOPMENT AND BUSINESS SERVICES

DRAFT STATEMENT OF ACCOUNTS 2020/2021

PURPOSE OF REPORT

This report presents to Members the Council's Draft Statement of Accounts for 2020/2021.

RECOMMENDATIONS

That Members note the Draft Statement of Accounts for 2020/2021.

DETAIL

1. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021" which is prepared under International Financial Reporting Standards.
2. The Accounts and Audit Regulations (England) 2015 came into 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 2020/2021 but due to the Covid 19 outbreak there has been an amendment to these.
3. The Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that came into force on 31 March 2021. The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. The publication date for audited accounts will move from 31 July to 30 September 2021 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 August 2021. This means that accounts that must be confirmed by the responsible finance officer (RFO) and be published by 31 July 2021 at the latest.
5. They may be published earlier. There will be no requirement to wait for a common inspection period. However, the requirements under the Accounts and Audit Regulations 2015 to follow the RFO's confirmation and publication of relevant documents in Regulation 9(1)(b) has not been amended by the new Regulations so local authorities will need to ensure that inspection period follows the confirmation by the RFO.
6. Authorities must publish the dates of their public inspection period. Guidance from the MHCLG recommends that local authorities provide public notice on their websites when

the public inspection period would usually commence, explaining why they are departing from normal practice for 2021. The Councils website has been updated to reflect this requirement.

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 20th July and will end on Monday 30th August 2021.
8. During 2020/21 the Government provided a range of Covid financial support packages. These included additional funding to support service pressures (both income and expenditure) caused by the pandemic, funding for specific measures and initiatives, and grants paid to local businesses. In accordance with the Code of Practice, where the authority has the ability to determine/influence the grant scheme criteria it is said to be acting as a Principal. Where the authority has acted as principal, transactions are included in the financial statements and on this basis, the majority of Covid grants are recognised in the Comprehensive Income and Expenditure Statement (CIES).
9. However, there are some instances where the Council has acted as an agent i.e. the Council has simply acted as an intermediary and passed the funds onto recipients following government criteria. Where the Council has acted as an agent, transactions are not reflected in the authority's financial statements.
10. One measure the Government put in place was to provide 100% business rates discount for the leisure and hospitality sectors. Based on estimates, an upfront payment of compensation for the cost of these reliefs was given to local authorities via a Section 31 Grant in 2020/21. Due to Collection Fund accounting rules, the additional costs of reliefs resulted in a Collection Fund deficit in 2020/21. Therefore, £16.4m of the upfront payment received in 2020/21 has been set aside in reserves at year end to offset this deficit in 2021/22. This and other Covid grants have resulted in an increase in reserves at 31 March 2021.
11. The following key financial figures (non-group) are included in the accounts:
 - A surplus of £5.7 million is reported against directorate revenue budgets for 2020/21 (see revenue year end table page 15).
 - Total capital spending was £28.3 million during 2020/21 (see page 16).
 - Current long-term investments and cash and cash equivalents amount to £21.4m million. This is a decrease of £16.2 million from the previous year. This is due to the additional funding that was provided at the end of 2019/20 from the Government for Covid 19 being utilised during the 2020/21 financial year and the short-term loans entered into being repaid.
 - The Council's current long and short-term borrowings total £80.0 million which is a decrease of £21.7 million over the previous year. This decrease reflects the repayment of long and short-term loans that reached maturity without the need for these to be replaced.
 - The Council's earmarked reserves (excluding schools) stand at £73.9 million which is an increase of £18.7 million from the previous year. See paragraph 10 above which provides additional detail on this increase. School related reserves have increased from £3.1 million to a surplus of £5.2 million. Note 7 provides further

details on earmarked reserves.

- The level of General Fund balances at the 31st March stands at £12.9 million an increase of £5.7 million over the previous year.
- The Council's Pension Scheme deficit is estimated at £354.2 million, an increase of £41.0 million from the previous year. This results from the actuary's assessment of fund performance and the re-measurement of scheme assets and liabilities.

12. The external auditors, Mazars LLP will commence the statutory audit following this meeting. Their progress report was presented to the committee on the 28th June.

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 31st July 2020.

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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