

**AGENDA ITEM**

**REPORT TO AUDIT AND  
GOVERNANCE COMMITTEE**

**25 JULY 2022**

**REPORT OF DIRECTOR OF  
FINANCE, DEVELOPMENT  
AND REGENERATION AND  
DEPUTY MANAGING  
DIRECTOR**

**DRAFT STATEMENT OF ACCOUNTS 2021/2022**

**PURPOSE OF REPORT**

This report presents to Members the Council's Draft Statement of Accounts for 2021/2022.

**RECOMMENDATIONS**

That Members note the Draft Statement of Accounts for 2021/2022.

**DETAIL**

1. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022" which is prepared under International Financial Reporting Standards.
2. The Accounts and Audit Regulations (England) 2015 came into 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. In December 2021, the Department for Levelling-up, Housing and Communities (DLUHC) announced an intention for the following dates to apply for the 2021/22 accounts and audit process in England.
3. For the Publication of the unaudited statement of accounts the date will be 31<sup>st</sup> July 2022. The requirement in the Accounts and Audit Regulations 2015 (as amended) is for the public inspection period to be commenced by 1 August. However, this commencement can only happen at the earliest the first working day after the unaudited accounts (and other specified documents) are published.
4. The Accounts and Audit Regulations (Amendment 2022) were laid before Parliament on the 28<sup>th</sup> June 2022. These amendments change the deadline for Authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) from 30<sup>th</sup> September to 30<sup>th</sup> November for the financial year beginning in 2021, and from 31<sup>st</sup> July to 30<sup>th</sup> September for the financial years beginning in 2022, 2023, 2024, 2025, 2026 and 2027.
5. If publication is not possible by these dates then in England the Accounts and Audit Regulations 2015, as amended, require the following actions:
6. For the unaudited statement of accounts, as soon as reasonably practicable, publish a notice stating that the authority has not been able to commence the period for the

exercise of public rights and the reasons for this. The public inspection period must then be commenced as soon as reasonably practicable. There is no specification about how long the notice must remain on the website. However, good practice would be for it to be accessible up to the point that the inspection period is commenced. Up to that point, it would be helpful to supplement the notice with information about when commencement might take place.

7. For the audited statement of accounts, As soon as reasonably practicable, publish a notice on the website stating that the authority has not been able to publish the audited statement of accounts and the reasons for this. Publication must then take place as soon as reasonably practicable after the receipt of what the Regulations refer to as “a report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit”. There is no specification about how long the notice must remain on the website, but it would be reasonable to keep it up until the audited accounts are published. In the meantime, there is no requirement at any point to issue an updated version of the unaudited statement of accounts.
8. 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 26<sup>th</sup> July and will end on Monday 5<sup>th</sup> September 2022.
9. During 2021/22 the Government continued to provide 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).
10. 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.
11. The following key financial figures (non-group) are included in the accounts:
  - A surplus of £4.071 million is reported against directorate revenue budgets for 2021/22 (see revenue year end table page 15). At the end of 2021/22 there was also a transfer of £7.537 million between General fund Reserves and Earmarked Reserves to reflect planned use of reserves as agreed in the MTFP report presented to Council on the 23<sup>rd</sup> February 2022.
  - Total capital spending was £37.3 million during 2021/22 (see page 16).
  - Due to the significant reduction in the re-measurement of the defined benefit pension liability the Comprehensive Income and Expenditure Statement shows a surplus of £88.6 million in year.
  - Current long-term investments and cash and cash equivalents amount to £30.972 million. This is an increase of £9.572 million from the previous year.
  - The Council's current long and short-term borrowings total £84.463 million which is an increase of £4.437 million over the previous year. This increase reflects an

additional long term loan entered into during the year.

- The Council's earmarked reserves (excluding schools) stand at £72.3 million which is a decrease of £1.5 million from the previous year. School related reserves have decreased from £5.2 million to a surplus of £4.5 million. Note 7 provides further details on earmarked reserves.
- The level of General Fund balances at the 31<sup>st</sup> March stands at £9.413 million a decrease of £3.466 million over the previous year. This is due to the transfer of £7.537 million between General fund Reserves and Earmarked Reserves and the surplus of £4.071 million reported against directorate revenue budgets noted above.
- The Council's Pension Scheme deficit is estimated at £282.3 million, a decrease of £81.6 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.

## **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.

## **RISK ASSESSMENT**

None directly from this report.

## **COMMUNITY STRATEGY IMPLICATIONS**

None directly from this report.

## **CONSULTATION**

None directly from this report.

**Garry Cummings**

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