

AUDIT & GOVERNANCE COMMITTEE

29th October 2020

REPORT OF THE EXECUTIVE DIRECTOR FINANCE

ANNUAL STATEMENT OF ACCOUNTS & REPORT 2019/20

EXEMPT INFORMATION

None

PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31st March 2020 following completion of the external audit.

RECOMMENDATION

That Members:

- 1. approve the Annual Statement of Accounts 2019/20;**
- 2. delegate authority to the Chair of the Audit and Governance Committee to approve any changes and re-sign the accounts, if necessary, once we have received assurance from Staffordshire County Council's external auditors in relation to the Staffordshire Pension Fund.**

EXECUTIVE SUMMARY

Legislation detailed in Accounts and Audit (England) Regulations 2015, requires the Council to prepare a Draft Statement of Accounts by 31st May (approved by the Council's Chief Finance Officer - the Executive Director Finance), a Committee of the Council to approve the Statement by 31st July and for the Council to publish the Statement together with the Auditors' opinion by 31st July.

However, because of the potential impact of the covid-19 virus on local authorities' ability to have prepared their draft statement of accounts by the end of May, the requirement has been amended, for 2020 only, with the deadline to publish its unaudited accounts moved from 31st May 2020 to 31st August 2020 and the deadline for publishing audited statements being pushed back from 31st July 2020 to 30th November 2020.

To meet the original deadlines, the Finance team planned to bring forward the completion date for the Statutory Accounts – with a target completion date of 22nd May 2020. However, this was subsequently revised to the end of June 2020 due to:

- The additional workload in responding to the pandemic including delivering additional business rate relief and grants to over 1,000 business in the Borough;

- The potential impact of the uncertainty, caused by the pandemic, on the pension fund accounts – resulting in a delay in receiving the results for the year until June 2020;
- the impact on the External Audit team resources; together with
- the revised deadline for completion of the draft accounts of 31st August (from 31st May).

The final draft accounts as signed by the Executive Director Finance, were issued to the External Auditor, the Members of this Committee and published on the Council's website on 14th July 2020 following a period of quality assurance and due diligence checks.

As part of the annual audit process for 2019/20, the Council's external auditors, Grant Thornton, have prepared their Audit Findings Report (to be considered separately on this agenda) for consideration prior to issue of their opinion, conclusion & certificate.

It has previously been reported to Members that as a result of the need to close the accounts earlier (and sometimes rely on estimates in doing so) it is more likely that there will be changes required to the draft accounts before they are finalised.

Following identification as part of the audit, a number of amendments to the Draft (as published on the website and circulated to the Audit & Governance Committee on 14th July 2020) have been discussed & agreed with Grant Thornton.

The agreed changes have been actioned within the Final Statement of Accounts for 2019/20 as attached at **Appendix 1**. It is important to note that these adjustments relate to presentational or disclosure issues and have not changed the figures within the main financial statements and the associated notes and do not have any impact on the reported outturn position and net balances of the General Fund, Housing Revenue Account or Collection Fund.

Regulations require the Chair of the Audit & Governance Committee meeting to sign and date the Statement of Accounts with the intention that the Chair's signature formally represents the completion of the Council's approval process of the accounts.

However, whilst the External Auditors have concluded the vast majority of their work on the accounts, we have been advised that assurance from Staffordshire County Council's external auditors in relation to the Staffordshire Pension Fund is not yet available. For this reason it is proposed to delegate authority to the Chair to approve any changes and re-sign the accounts, if necessary, once this assurance is provided and the audit can be concluded. Members of Audit and Governance Committee will be advised of any significant changes at the earliest available opportunity.

RESOURCE IMPLICATIONS

For 2019/20, a revenue budget underspend for the General Fund of £0.418m is reported with an increase in General Fund closing balances of £0.769m compared to the budgeted/planned transfer of £0.35m (the planned transfer from balances at the start of the year in the original budget was £1.408m).

It should be noted that the Medium Term Financial Strategy, approved in February 2020, identified estimated budgeted General Fund balances of £6.644m (at 1st April 2020) compared to the actual closing balances of £6.882m - additional balances of £0.238m. There has been no material change from the Provisional Outturn forecast closing balances of £6.890m.

The main variances for the year include:

- Additional development control income of £74k;
- Timing of quarterly rent receipts from Ankerside treated as income in advance £260k;
- Reduced Benefits grant income of £482k offset by lower payments of £318k; and
- Joint Waste arrangement underspends of £137k.

The Housing Revenue Account reports an underspend of £1.882m with an increase in Housing Revenue Account closing balances of £1.767m. For the HRA balances of £4.764m were forecast at 1st April 2020 compared to the actual closing balances of £6.252m - additional balances of £1.488m. There has been no material change from the Provisional Outturn forecast closing balances of £6.215m.

The main variances for the year include higher rent income levels (£295k) due to a robust collection performance by the income team (which also means the provision for bad debts arising from welfare benefit reform is forecast to be underspent by £93k - while awaiting the full impact of Universal Credit to be rolled out), Service Charges income for Capital Works High Rise Flats of £295k, together with an underspend on repairs of £813k.

The outturn for the 2019/20 capital programme identifies an underspend of £20.797m against the approved budget of £50.193m. The actual spend was £29.395m (no material change since the Provisional Outturn of £29.4m), including £4.2m funded by Homes England grant - £25.195m net.

It has been approved that £21.08m of scheme spend be re-profiled into 2020/21. This will result in an overall overspend of £0.283m for the 2019/20 capital programme.

LEGAL / RISK IMPLICATIONS

Legislation detailed in Accounts and Audit (England) Regulations 2015, requires the draft statement of accounts to be prepared by 31st May 2020 and for a Committee of the Council to approve the audited Statement and for the Council to publish the Statement together with the Auditors' opinion by 31st July 2020.

However, because of the potential impact of the covid-19 virus on local authorities' ability to have prepared their draft statement of accounts by the end of May, the requirement has been amended, for 2020 only, with the deadline to publish its unaudited accounts moved from 31st May 2020 to 31st August 2020 and the deadline for publishing audited statements being pushed back from 31st July 2020 to 30th November 2020.

REPORT AUTHOR

Stefan Garner, Executive Director Finance

LIST OF BACKGROUND PAPERS

Capital Outturn Report 2019/20 - Cabinet, 9th July 2020, Corporate Scrutiny Committee, 15th July 2020

Quarter Four 2019/20 Performance Report (including Provisional Outturn Report 2019/20) – Corporate Scrutiny Committee, 17th June 2020 and Cabinet, 9th July 2020