

## AUDIT & GOVERNANCE COMMITTEE

28<sup>th</sup> July 2021

### REPORT OF THE EXECUTIVE DIRECTOR FINANCE

#### ANNUAL STATEMENT OF ACCOUNTS & REPORT 2020/21

#### EXEMPT INFORMATION

None

#### PURPOSE

To approve the Statement of Accounts (the Statement) for the financial year ended 31<sup>st</sup> March 2021 following completion of the external audit.

#### RECOMMENDATION

**That Members:**

- 1. approve the Annual Statement of Accounts 2020/21;**
- 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 31<sup>st</sup> May (approved by the Council's Chief Finance Officer - the Executive Director Finance), a Committee of the Council to approve the Statement by 31<sup>st</sup> July and for the Council to publish the Statement together with the Auditors' opinion by 31<sup>st</sup> July.

However, because of the 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 again for 2021, with the deadline to publish its unaudited accounts moved from 31<sup>st</sup> May to 31<sup>st</sup> July and the deadline for publishing audited statements being pushed back from 31<sup>st</sup> July 2020 to 30<sup>th</sup> September.

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 31<sup>st</sup> May. An initial draft was prepared following a period of quality assurance and due diligence checks and circulated for review on 1<sup>st</sup> June.

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 2<sup>nd</sup> June 2021.

As part of the annual audit process for 2020/21, 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. This is the case this year as there has been a material (c.£2m) change between the draft figures provided by the Actuary in April 2021 and the final report received in June 2021 – relating mainly to the estimated return on the pension fund investments. This has reduced the net pension fund liability on the balance sheet from £52m to £50m.

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 1<sup>st</sup> June 2021) have been discussed & agreed with Grant Thornton.

The agreed changes have been actioned within the Final Statement of Accounts for 2020/21 as attached at **Appendix 1**. It is important to note that, other than the pension fund changes, 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 2020/21, a revenue budget underspend for the General Fund of £2.194m is reported with an increase in General Fund closing balances of £1.120m compared to the budgeted/planned reduction of £1.075m.

It should be noted that the Medium Term Financial Strategy, approved in February 2021, identified estimated budgeted General Fund balances of £6.753m (at 1<sup>st</sup> April 2021) compared to the actual closing balances of £8.002m - additional balances of £1.249m. There has been no material change from the Provisional Outturn forecast closing balances of £8.037m.

The main variances for the year include:

Variance between Budget & Actual Outturn	£000	£000
<b>Increased / Non-Budgeted Income</b>		
COVID-19 income support grant	(1,108)	
Additional Commercial property rental income	(97)	
Additional investment and property fund income	(79)	(1,284)
<b>Shortfalls in Income</b>		
Car Parking income - revised budget £400k (original budget £800k)		69
<b>Savings / Underspends</b>		
NDR Levy reduced due to lower level of NDR income	(446)	
Joint Waste arrangements	(92)	(538)
<b>Other Variances - Net (Underspends) / Overspends</b>		(441)
<b>Total (Favourable) / Unfavourable Variance</b>		<b>(2,194)</b>

The Housing Revenue Account reports an underspend of £0.696m with a reduction in Housing Revenue Account closing balances of £0.641m. For the HRA balances of £4.866m were forecast at 1<sup>st</sup> April 2021 compared to the actual closing balances of £5.611m - additional balances of £0.745m. There has been no material change from the Provisional Outturn forecast closing balances of £5.518m.

The main variances for the year include:

Variance between Budget & Actual Outturn	£000	£000
<b>Increased / Non-Budgeted Income</b>		
Leaseholder Service Charges due		(161)
<b>Non-Budgeted Expenditure / Overspends</b>		
Housing Repairs - additional costs associated with response to COVID-19 including payments made under the Government guidance note PPN02/20	1,001	
Housing Repairs - increased costs associated with void properties	82	1,083
<b>Savings / Underspends</b>		
Housing Repairs - reduced responsive repairs	(554)	
Housing Repairs - reduced planned maintenance	(1,258)	
Contribution to Reserves - Surveys planned for 2020/21 delayed	275	
Contingency Budget not required	(130)	(1,667)
<b>Other Variances - Net (Underspends) / Overspends</b>		49
<b>Total (Favourable) / Unfavourable Variance</b>		<b>(696)</b>

The outturn for the 2020/21 capital programme identifies an underspend of £29.848m against the approved budget of £39.377m. The actual spend was £9.529m (no change since the Provisional Outturn).

It has been approved that £27.545m of scheme spend be re-profiled into 2021/22. This will result in an overall underspend of £2.303m for the 2020/21 capital programme.

<b>Deferred Capital Expenditure</b>	<b>£000</b>	<b>£000</b>
<b>Housing Capital Programme</b>		
Enhancements to Council Dwellings	3,819	
Regeneration of Tinkers Green and Kerria	103	
Acquisition of Council Dwellings	8,075	11,997
<b>General Fund Services</b>		
Property Funds	8,131	
Solway Tamworth LTD LATC	4,000	
Gungate Development	718	
Castle Mercian Trail	96	
Gateways	424	
Community Woodland Cycleway	199	
Amington Community Woodland	232	
Indoor and Outdoor Sports Feasibility	100	
Disabled Facilities Grant	817	
Other Capital Schemes	831	15,548
<b>Total</b>		<b>27,545</b>

## **LEGAL / RISK IMPLICATIONS**

Legislation detailed in Accounts and Audit (England) Regulations 2015, requires the draft statement of accounts to be prepared by 31<sup>st</sup> May 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 31<sup>st</sup> July.

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## **REPORT AUTHOR**

Stefan Garner, Executive Director Finance

## **LIST OF BACKGROUND PAPERS**

Capital Outturn Report 2020/21 - Cabinet, 8<sup>th</sup> July 2021

Quarter Four 2020/21 Performance Report (including Provisional Outturn Report 2020/21) – Corporate Scrutiny Committee, 23<sup>rd</sup> June 2021 and Cabinet, 8<sup>th</sup> July 2021

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