

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	DRAFT STATEMENT OF ACCOUNTS 2020/21		
DATE OF DECISION:	26 JULY 2021		
REPORT OF:	EXECUTIVE DIRECTOR FOR FINANCE, COMMERCIALISATION & S151 OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>The Government amended the statutory timetable for completing and publishing the 2020/21 annual accounts (and those for 2021/22) in response to one of the recommendations made following the Redmond Review. The draft Statement of Accounts 2020/21 was signed by the Executive Director for Finance, Commercialisation & S151 Officer on 14 June 2021. This is earlier than the revised statutory requirement to have the unaudited accounts signed by the 31 July 2021. A copy of the draft unaudited Statement of Accounts is available in the Members' Room.</p>			
<p>The annual audit, carried out by our auditors Ernst & Young LLP, commenced on 5 July 2021 and is due to be completed in September 2021. Any major changes to the Statement of Accounts arising from the annual audit are expected to be reported to the 27 September 2021 Governance Committee after the completion of the audit.</p>			
RECOMMENDATIONS:			
	(i)	Notes that the draft Statement of Accounts 2020/21 has been signed by the S151 Officer and is now brought to Committee for comment.	
	(ii)	Notes that the audited Statement of Accounts 2020/21 is expected to be presented to the Committee on 27 September 2021 for approval.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	It is a legal requirement that the S151 Officer signs the draft Statement of Accounts by 31 July 2021 and certifies that it presents 'a true and fair view of the financial position of the authority at the end of the year to which it relates and of the authority's income and expenditure for that year'.		
2.	The draft Statement of Accounts has been brought to the July committee in order to give members plenty of opportunity and time to comment on them before final approval, which is expected to take place in September. It is envisaged that the September report will detail any non-trivial amendments made as a result of the audit along with an amended Statement of Accounts (if necessary). A full report on the 2020/21 outturn position was presented to Cabinet on 19 July 2021.		

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	The Statement of Accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the draft Statement of Accounts is prepared and signed by the S151 Officer no later than 31 July 2021.
DETAIL (Including consultation carried out)	
	REVISED STATUTORY TIMETABLE
4.	<p>The Accounts and Audit Regulations 2015 set out detailed requirements in relation to local authority annual audit and accounting processes.</p> <p>The report on Sir Tony Redmond's independent review into the oversight of local audit and the transparency of local authority financial reporting was published in September 2020. One of the recommendations in that report was for the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year. In its response to the Redmond Review, the government agreed to amend regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). At the end of this period the government intends to review whether there is a continued need to have an extended deadline.</p> <p>The Accounts and Audit (Amendment) Regulations 2021 amend the 2015 Regulations to extend the deadlines for local authorities to publish and make available for public inspection, their annual accounts and supporting documents in relation to the financial years beginning on 1 April 2020 and 2021. These amendments extend the deadline for publishing the audited statement of accounts for 2020/21 and 2021/22 to 30 September. The period for the exercise of public rights must commence on or before the first working day of August. This effectively means the unaudited accounts must be prepared and signed by the S151 Officer and published on the Council's website by 31 July. The requirement for the public inspection period to include the first 10 working days of June has also been removed for the annual accounts for the years beginning on 1 April 2020 and 2021.</p>
	STATEMENT OF ACCOUNTS
5.	The Statement of Accounts is a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee are detailed below.
	ACCOUNTING AND OTHER POLICIES
6.	The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK, which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015.
7.	<p>The Accounting Policies are described in detail on pages 35 to 48 of the Statement of Accounts and cover such items as:</p> <ul style="list-style-type: none"> • Property, Plant and Equipment

	<ul style="list-style-type: none"> • Employee Benefits • Financial Instruments • Grants and Contributions • PFI contracts <p>There has been one significant change to the Accounting Policies in 2020/21 outlined below.</p>
8.	The Local Authorities (Capital Finance and Accounting)(England) (Amendment) Regulations 2020 establish new accounting practices in relation to the treatment of schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1 April 2020, 1 April 2021 or 1 April 2022, it must not charge the amount of that deficit to a revenue account. Instead the deficit (including the accumulated deficit as at 31 March 2020) is charged to a new unusable reserve the Dedicated Schools Grant (DSG) Adjustment Account. This means the DSG deficit is no longer included within the earmarked revenue reserves balance.
9.	The accounting policies adopted by the Council are in line with the CIPFA Code of Practice on Local Authority Accounting and the Governance Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.
10.	The accounts include estimates and assumptions as at 31 March 2021. As with every year, there is a risk of material adjustment to the carrying amounts of some assets and liabilities within the next financial year, however with the continued uncertainty surrounding the impact of the COVID-19 pandemic the risk remains heightened this year. Further details are provided in Note 4 of the accounts (page 50).
	COVID-19
11.	The Council has received additional grant funding as part of the government's response to the COVID-19 pandemic, some to cover the Council's own expenditure/income shortfalls and some for passing on to local businesses, social care providers and individuals. Judgements have been made about whether the Council is acting on behalf of the government in administering the grants (agent) or whether it is acting in its own right (principal). Where the Council is acting as principal the grant receipts have been recognised as income and associated payments as expenditure. Where the Council is acting as agent the grant receipts and corresponding payments are not accounted for as income or expenditure. Further details of COVID-19 grant funding are provided in Note 37 (page 108).
12.	The accounting arrangements for business rates income mean that the loss for rate reliefs introduced by the government in 2020/21 to support particular business sectors during the pandemic will be charged to the General Fund in 2021/22 as part of the deficit on the Collection Fund being recouped in future years. However, the Council received government grant funding in 2020/21 to compensate for this loss. This additional grant funding has been transferred to reserves to be used in 2021/22 to make good the shortfall and does not represent additional resources available to the Council to spend on service provision.

13.	Further details relating to COVID-19 are provided in the Narrative Statement on pages 22 to 24 and in Note 6 (page 53).
2020/21 OUTTURN	
14.	The Narrative Statement provides a summary of the revenue and capital financial performance for the year on pages 13 to 20. Full details of the outturn position are available in the Revenue and Capital Outturn 2020/21 report to Cabinet on 19 July 2021.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
15.	The capital and revenue implications are considered as part of the outturn report that was presented to Cabinet on 19 July 2021.
<u>Property/Other</u>	
16.	There are no specific property implications arising from this report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
17.	Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2021.
<u>Other Legal Implications:</u>	
18.	None
RISK MANAGEMENT IMPLICATIONS	
19.	Not Applicable
POLICY FRAMEWORK IMPLICATIONS	
20.	Not applicable. It should be noted that the Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2020/21.
KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	Draft Unaudited Statement of Accounts 2020/21.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes/No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes/No

Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None