



Governance Scrutiny Group

Thursday, 25 November 2021

Approval of the Statement of Accounts 2020/21

Report of the Director – Finance and Corporate Services

1. Purpose of Report

- 1.1 This report presents the Council's statutory Statement of Accounts (Appendix A) for the financial year 2020/21 to be approved by the Governance Scrutiny Group.
- 1.2 The Council's external auditors have provided their audit completion report (see agenda item 5) however the value for money statement will now be considered as part of the Auditors Annual Report to this group on 3 February 2022.
- 1.3 There was a delay in submitting the Statement of Accounts for approval, as with last year, the audit completion report was delayed due to the outcome of the Pension Fund audit.

2 Recommendation

- a) It is RECOMMENDED that the Governance Scrutiny Group approve the Statement of Accounts for 2020/21 (**Appendix A**) including the Annual Governance Statement at Section B page XXVIII.

3 Reasons for Recommendation

- 3.1 To demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') and various legislation such as the Accounts and Audit Regulations (2015); and to help readers and stakeholders engage with the Accounts and demonstrate good stewardship.

4 Supporting Information

- 4.1 The accounts for Local Authorities are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ('the Code') and the Annual Governance Statement must comply with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.
- 4.2 As part of the final accounts process Mazars, as the Council's appointed auditor, provide a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's

financial standing and whether the transactions with the accounts are legal and unaffected by fraud. These issues are addressed in the Audit Completion Report which is considered at agenda item 5.

- 4.3 The Statement of Accounts 2020/21 is included at Appendix A. This includes the Council's Annual Governance Statement (AGS) at section B page XXVIII which, in line with best practice, has been agreed with the Leader and Chief Executive and was approved by Governance Scrutiny Group 24 June 2021.
- 4.4 The closure of accounts process was complex for the second year with the impact on resources as a result of Covid19. The deadline for the certification of the accounts has been extended for the next two years due to the pandemic but, pleasingly, at the time of writing no significant issues have arisen from the audit regarding the work undertaken by RBC officers. The audit has been undertaken remotely again for the second year and while this provides some challenges in itself, in addition to the ongoing impact of Covid on the Council's finances, the audit process has run smoothly. We also appreciate the difficult circumstances the Mazars team have been auditing in and thank them for their work.
- 4.5 There was an increase to the level of review work undertaken on defined benefit pensions (the Pension Fund Accounts where Nottinghamshire County Council are the accountable body) and PPE this year (as with last year) due to a combination of requirements by the Financial Reporting Council (FRC) and the impact of Covid. In addition to this there are additional testing requirements as a result of a change to the Code of Audit Practice. This is reflected in a proposed fee variation of approximately £19k. This is subject to confirmation by Public Sector Audit Appointments (PSAA).
- 4.6 The Audit Completion Report identifies an unadjusted misstatement as identified by Mazars during the audit. This relates to a 0.23% difference in the estimate asset values used by the Actuary to prepare the Council's IAS19 pension report. The extrapolated difference is £160k and management have chosen not to amend the accounts on the grounds of this not being material (as defined by Mazars).
- 4.7 A summary of salient points from the Statement of Accounts 2020/21 is provided below:
 - Net Revenue deficit of £0.093m with the impact of Covid affecting income generation from Car Parking and Facility Hire and additional costs to support the Leisure Services provider and maintain social distancing to enable continued service provision. The losses have been mostly mitigated by grants and in year efficiencies
 - Net Transfer to reserves £8.892m (£7.302m surplus) most significantly relating to Covid grants and Business Rates grants
 - Creation of a Collection Fund Reserve of £5.99m to allow for timing differences in the collection fund deficit resulting from additional Covid reliefs

- Transfer of £0.2m to the Development Corporation reserve and carry forwards approved of £0.91m
- Overall Net Budget Variance of £0.192m surplus
- Council overall Net Worth has decreased by £6.924m (to £29.941m) mostly from an increase in the value of pension fund liabilities resulting from the impact of Covid.
- Treasury investments that reported a loss in value £1.2m in the 2019/20 accounts have recovered by £1.1m
- Investments held at 31 March 2021 totalled £47.45m (up from £32m)
- Overall Earmarked Reserves balance at 31 March 2021 of £22.365m
- General Fund balance remains at £2.604m
- Main areas of Capital Expenditure were acquisition of investment property of £4.6m (2 units at Edwalton Business Park), and assets under construction; Cotgrave phase 2 £1.3m and Bingham Hub £1.2m. Capital Expenditure in the year was mostly funded by capital receipts
- Business Rates position for the entire fund as at 31 March 2021 is £14.5m deficit and for Council Tax £1.4m deficit. The Council's liability is £5.8m and £0.14m respectively.
- Rushcliffe Enterprises Ltd (REL) which is the parent company for Streetwise Environmental Ltd and Streetwise Environmental Trading Ltd recorded a net deficit of £0.168m after pension adjustments
- Major Service Developments include the Freeport and Development Corporation, Bingham Hub, Crematorium, Digital by Design and Carbon Reduction measures
- The Council managed the issues arising from Covid 19 well, responding quickly and adapting to the restrictions on operational and service delivery. Efficiencies were identified to mitigate some losses and the Council continued to deliver much valued services to residents
- Under significant financial challenges the Council has maintained its focus on achieving a viable MTFs, securing Value for Money and delivering services. The Council's reserve balances remain healthy ensuring the Council is a good position to respond to unexpected financial shocks.

5 Risk and Uncertainties

- 5.1 Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

6 Implications

6.1 Financial Implications

Increased cost of audit in 2020/21 as a result of proposed fee variations as reported to Governance Scrutiny Group and Cabinet (see paragraph 4.5), are partially offset by a share of PSAA refund of surplus fees with the remainder from in year efficiencies.

6.2 Legal Implications

There are no legal implications identified for this report.

6.3 Equalities Implications

There are no equalities implications identified for this report.

6.4 Section 17 of the crime and Disorder Act 1998 Implications

There are no implications

7 Link to Corporate Priorities

Quality of Life	The Statement of Accounts relates to the funding of the Council's Corporate Strategy and the Council achieving all of its Corporate Priorities
Efficient Services	
Sustainable Growth	
The Environment	

8 Recommendation

- a) It is RECOMMENDED that the Governance Scrutiny Group approve the Statement of Accounts for 2020/21 (Appendix A) including the Annual Governance Statement at Section B page XXVIII .

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Background papers Available for Inspection:	
List of appendices (if any):	Appendix A – Statement of Accounts 2020/21