

2019 to 2020 Annual Statement of Accounts

Report number:	PAS/WS/20/016	
Report to and date(s):	Performance and Audit Scrutiny Committee	19 November 2020
Cabinet member:	Councillor Sarah Broughton Cabinet Member for Resources and Performance Telephone: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
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Decisions Plan: N/A

Wards impacted: All wards

Recommendation: It is recommended that:

- 1. The Committee approves the 2019 to 2020 Statement of Accounts for West Suffolk Council (attached at Appendix A) in accordance with powers delegated to it under the council’s constitution.**
- 2. the Chair of the Committee signs the certification of the 2019 to 2020 Statement of Accounts on behalf of the Committee.**
- 3. the Chief Financial Officer, in consultation with the Portfolio Holder for Resources and Performance, be given delegated authority to make any changes that may be required up to the date of publication.**

1. Context to this report

- 1.1 Statutory requirements for the reporting and approval of the council's annual financial statements are set out in the Accounts and Audit Regulations 2015. The regulations require the Council to submit draft accounts to its external auditors, currently Ernst and Young (EY) by 31 May each year, with member scrutiny and approval of the accounts required once the audit has been concluded (by 31 July each year). Due to COVID-19, the government has issued regulations - the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 - to amend these deadlines in relation to the 2019 to 2020 accounts. The revised dates are 31 August 2020 for the draft accounts and 30 November 2020 for final approval and publication.
- 1.2 The outcome of EY's review of the accounts is provided in the Annual Results Report, which is included on this Committee's agenda. The attached accounts (Appendix A) have been amended (as appropriate) to take on board issues raised by the audit process up to the date of distribution.
- 1.3 These are the first statutory annual accounts of West Suffolk Council. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is updated annually to reflect statutory and regulatory changes to accounting policies.

2. Financial Highlights – 2019 to 2020

- 2.1 A full commentary on the financial performance of the council can be found in the Narrative Report on pages 2 to 11 of the Statement of Accounts. The key aspects are highlighted below.
- 2.2 **Revenue Expenditure** – For the 2019 to 2020 financial year, the council saw a small reduction in its general fund reserve, which stands at £4.9 million as at 31 March 2020. This use of the general fund reserve was entirely due to the unanticipated costs and loss of income caused by the early stages of the COVID-19 outbreak and accompanying lockdown at the end of March 2020. The outturn overspend and the closing general fund balance are reflected in the Expenditure and Funding Analysis disclosure within the attached Statement of Accounts (page 15). Details of major over and under spends can be seen in the report reference PAS/WS/20/010, entitled '2019/20 Performance Report – Year End Outturn' considered by this committee on 28 May 2020.

- 2.3 **Capital Expenditure** – The council’s capital expenditure for the year was £30.9 million which included investment in the council’s commercial asset portfolio (£4.3 million), expenditure on West Suffolk Operational Hub (£5.5 million), Mildenhall Hub (£13.5 million) and purchase of vehicles and plant (£0.7 million). The council spent approximately £0.8 million on capital grants within the year. Around £5.1 million of the total £30.9 million spend for 2019 to 2020 was funded from the council’s usable capital receipts, a further £6.3 million from grants and contributions, with the remainder being funded from revenue reserves and internal use of available cash in place of external borrowing. Details of the major variances on the capital programme can also be seen in report PAS/WS/20/010.
- 2.4 **Usable Reserves** - An integral part of the Council’s financial strategy is to ensure that usable reserves are maintained at a healthy level. Usable reserves are split into two main categories: revenue reserves (the General Fund and Earmarked reserves) and unallocated capital reserves (the Capital Receipts Reserve and Capital Grants Unapplied Reserve). During 2019 to 2020 the total value of the council’s usable reserves changed slightly from £52.3 million (at 1 April 2019) to £49.8 million (at 31 March 2020), a net decrease of £2.5 million. Further details regarding the movement in reserves during the year are provided on page 18 of the Statement of Accounts.
- 2.5 **Pension Fund** - The Local Government Pension Scheme is a national statutory scheme which, for Suffolk authorities, is administered by Suffolk County Council. Annual scheme valuations based on International Accounting Standards (IAS 19) are undertaken for the purpose of the council’s annual financial statements. As at 31 March 2020, the council’s IAS19 pension valuation disclosed an overall fund deficit of £59.3 million. It must be emphasised that this IAS19 deficit position has no immediate impact on the council’s general fund or council taxpayers, as the contribution rates to the Suffolk County Council pension fund are determined by a separate triennial actuarial review and not the IAS19 valuations. Further details regarding the council’s pension fund performance are provided in Note 33 Defined Benefit Pension Schemes in the Statement of Accounts.

3. **Annual Governance Statement**

- 3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The outcome of this review forms the basis of the Annual Governance Statement (AGS) which is considered in a separate report on this agenda. The AGS does not form part of the Statement of Accounts (and is not covered by the Chief Finance Officer’s certification or the audit report) but will be included alongside them in the final published accounts.

4. Payments to Councillors

- 4.1 Note 27 in the Statement of Accounts (Member’s Allowances) provides summary total figures for Councillor allowances and expenses.
- 4.2 A more detailed analysis of these allowances, broken down by Members, is published online in accordance with the statutory responsibility to disclose this information as part of the local government transparency agenda. A link to the website location is provided below:

[Councillors allowances](#)

5. Alternative options that have been considered

- 5.1 The Accounts and Audit Regulations 2015 set out the requirements for the reporting and approval of the Council’s annual financial statements. Therefore, there are no alternative options.

6. Consultation and engagement undertaken

- 6.1 This report and the appendices have been compiled by the Finance team in consultation with external audit.

7. Risks associated with the proposals

- 7.1 The reporting and approval of the annual accounts is a statutory function. The accounts are examined and certified by independent auditors, therefore there are no risks associated with the proposals.

8. Implications arising from the proposals

- 8.1 All implications arising from the proposals are covered within the report and its associated appendices.

9. Appendices referenced in this report

- 9.1 **Appendix A** – West Suffolk Council Statement of Accounts 2019 to 2020

10. Background documents associated with this report

- 10.1 [COU/SA/19/007](#) (19 February 2019): Budget and Council Tax Setting 2019 to 2020 and Medium Term Financial Strategy 2021 to 2023
- 10.2 [PAS/WS/20/010](#) (28 May 2020): 2019 to 2020 Performance Report – Year End Outturn