

2020 to 2021 Annual Statement of Accounts

Report number:	PAS/WS/21/020	
Report to and date(s):	Performance and Audit Scrutiny Committee	18 November 2021
Cabinet member:	Councillor Sarah Broughton Cabinet Member for Resources and Property Tel: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
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Decisions Plan: This item is not included in the Decisions Plan.

Wards impacted: All wards

Recommendation: It is recommended that:

- 1. The Committee approves the 2020 to 2021 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 2020 to 2021 Statement of Accounts on behalf of the Committee.**
- 3. The Chief Financial Officer, in consultation with the Portfolio Holder for Resources and Property, 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, and in response to a consultation exercise carried out by it, the government has issued regulations - the Accounts and Audit (Amendment) Regulations 2021 - to amend these deadlines in relation to the 2020 to 2021 and 2021 to 2022 accounts. The revised dates are 1 August for the draft accounts and 30 September for final approval and publication.
- 1.2 Due to the planned phased approach to delivering the 2020 to 2021 audits across Suffolk, the external audit of the draft accounts of West Suffolk did not begin until mid-September and it was not possible, therefore, to complete the audit and publish the accounts by the end of September in line with the regulations. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015.
- 1.3 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.
- 1.4 These are the 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 – 2020 to 2021

- 2.1 A full commentary on the financial performance of the council can be found in the Narrative Report on pages 2 to 10 of the Statement of Accounts. The key aspects are highlighted below.
- 2.2 **Revenue Expenditure** – For the 2020 to 2021 financial year, the council saw a small reduction in its general fund reserve, which stands at £4.8 million as at 31 March 2021. This use of the general fund reserve was entirely due to the unanticipated costs and loss of income caused by the COVID-19 outbreak and accompanying lockdowns during 2020 to 2021. 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 14). Details of major over and under spends can be seen

in the report reference PAS/WS/21/008, entitled '2020-2021 Performance Report (Quarter 4)' considered by this committee on 27 May 2021.

- 2.3 **Capital Expenditure** – The council's capital expenditure for the year totalled around £32 million which included loans and investment in the council's wholly owned housing company Barley Homes (£4.9 million), expenditure on 17 to 18 Cornhill (£1.3 million), Mildenhall Hub (£16.8 million) and purchase of vehicles and plant (£0.6 million). The council spent approximately £0.8 million on capital grants within the year. Around £7.1 million of the total £32 million spend for 2020 to 2021 was funded from the council's usable capital receipts, a further £9.4 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/21/008.
- 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 2020 to 2021 the total value of the council's usable reserves increased from £49.7 million (at 1 April 2020) to £62.4 million (at 31 March 2021), a net increase of £12.7 million. This increase is entirely attributable to around £18 million relating to Section 31 grant paid by the government to compensate the council for loss of business rates income as a result of COVID-19 reliefs awarded to businesses during the year. The council set aside this grant in its earmarked reserves in order to fund its share of the resultant deficit on the Business Rates collection fund, which has to be repaid by the council in 2021 to 2022. Further details regarding the movement in reserves during the year are provided on page 19 of the Statement of Accounts and in Note 9 Transfers to or from earmarked reserves.
- 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 2021, the council's IAS19 pension valuation disclosed an overall fund deficit of £90.6 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 2020 to 2021

10. Background documents associated with this report

- 10.1 [COU/WS/20/005](#) (25 February 2020): Budget and Council Tax Setting 2020 to 2021 and Medium-Term Financial Strategy 2020 to 2024
- 10.2 [PAS/WS/21/008](#) (27 May 2021): 2020-2021 Performance Report (Quarter 4)