

GOSPORT BOROUGH COUNCIL

Board/Committee:	Policy and Organisation Board
Date of meeting:	17 March 2022
Title:	Final Accounts 2020/21
Author:	Borough Treasurer
Status:	For Approval

Purpose

This report summarises the outturn position for the 2020/21 financial year and recommends the approval of the Statement of Accounts for 2020/21.

Recommendation

It is recommended that:

- i) The Board note the outturn position summarised in the report and the Narrative Report contained in the Statement of Accounts (Appendix A)
- ii) The Board approves the Statement of Accounts for 2020/21 at Appendix A
- iii) The Board approve the Letter of Representation at Appendix B (not included in report issued and will follow separately).
- iv) The Board delegate to the Borough Treasurer in consultation with the Chairman of the Policy & Organisation Board the decision to agree any final changes to the financial statement arising from the completion of the audit.

1.0 Background

1.1 The Accounts and Audit Regulations 2015 require the annual Statement of Accounts to be formally approved by members after the external audit has taken place with the subsequent publication of the Statement taking place by the 31st July, however following a consultation exercise the Ministry of Housing Communities and Local Government have confirmed revised Account and Audit Regulations which will apply for 2 years (2020/21 and 2021/22). The regulations state that the publication date of the audited accounts in England will be extended from 31st July to 30th September.

The external audit of the draft statement of accounts for the year ended 31 March 2021 is nearing completion by our external auditors, EY LLP, the delay is due to the ongoing impact of the coronavirus pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015.

See <http://www.legislation.gov.uk/ukxi/2015/234/regulation/10/made>

Consequently the Council was unable to publish the audited 2020/21 final statement of accounts in line with the deadline of 30th September 2021.

Members therefore receive and consider a final Statement that has been amended for any items arising out of the audit.

2.0 Report

2.1 The audit of the accounts was undertaken by Ernst and Young and commenced October 2021 and has continued through January 2022 formally concluding when the audit opinion is issued prior to publication of the statement. Ernst and Young's opinion is set out in the "Audit Results" report to members and is a separate item on this agenda. It describes, in their opinion, whether the Accounts provide a true and fair view of the financial position of the Council and whether they have been prepared in accordance with proper practice. Their report also sets out their Value for Money Conclusion which considers whether the Council has put in place the proper arrangements to secure economy, efficiency and effectiveness on its use of resources.

2.2 The accounts have been available for public inspection and the Council's auditor has been available to receive questions from any Gosport local elector.

2.3 The Statement of Accounts for 2020/21 which includes any amendments arising from the external audit to date is included at Appendix A. The key points within the statement are summarised below. The Statement also outlines in the Narrative section the financial impact to the Council as a consequence of the Covid-19 pandemic together with a summary of several additional services the Council provided in response to the pandemic.

3.0 OUTTURN 2020/21

3.1 A summary of the key outturn figures is set out below. More detail can be found in the narrative report included within the statement of accounts.

- **General Fund Budget**

At the year end £812,000 was transferred to the Revenue Financing Reserve compared to a revised budgeted contribution of £542,000 from the reserve, this translates into a net underspending compared to the revised budget of £1,354,000 for 2020/21.

- Slippage in budgeted spending for 2020/21 which has been approved to be carried forward and spent in 2021/22 (£245,000).
- Net Cost of Covid-19 Pandemic was less than forecast (£508,000)
- Saving in Staffing Costs primarily vacancies (£120,000)
- All other service underspending/additional income (£481,000)

At the 31st March 2021 the balance on the Stability and Resilience Reserve was £4,374,000 an increase of £2,546,000 during the year. This increase is primarily due to S31 government grant received during 2020/21 as compensation for lost business rate income arising from Covid 19 business rate reliefs awarded during 2020/21 to businesses across the retail and hospitality sectors. This increase will be required to fund in 2021/22 the Council's share of the business rates collection deficit that arose in 2020/21 as a consequence of Government decision to introduce these new business rate reliefs.

Capital Programme

The revised 2020/21 capital programme was budgeted at £7,094,000. The actual spend amounted to £4,496,000 with scheme slippage of £2,184,000 being carried forward into 2021/22. The outturn position has no significant impact on the overall resources available for the future capital programme.

- Housing Revenue Account

At the year end £246,000 was transferred to the new build & loan repayment reserve compared to a revised budgeted contribution from the reserve of £261,000, this translates into a net underspending of £507,000 for 2020/21 compared to the revised budget. This mainly reflects the final revenue funding required to finance the HRA capital expenditure in 2020/21.

There was a transfer of £812,000 to the Major Repairs Reserve (MRR) being the excess of the depreciation charged to the Housing Revenue Account (HRA) and credited to the MRR, compared with the capital expenditure funded from the MRR. This arose primarily due to the impact of Covid 19 on the Council's ability to deliver the Original 2020/21 capital programme as approved in February 2020. The balance in the MRR represents capital resources available to fund future HRA capital expenditure.

4.0 LETTER OF REPRESENTATION

- 4.1 The Letter of Representation (Appendix B) is the formal letter from the Council to the Council's external auditors that provides assurances on key matters that are contained in the audited Statement of Accounts for 2020/21.

4.2 It is a requirement of the external audit to provide an opinion on whether the financial statements give a true and fair view of the financial position of the Council at 31 March 2021 and once approved it is signed by the Borough Treasurer and the Chairman of Policy and Organisation Board.

5.0 Risk Assessment

5.1 Council budgets operate in what can be a changing and demand led environment and some service areas may be deemed to have a higher risk of significant budgetary variation against actuals than others.

5.2 While informed and realistic budgets are set and monitored, in practice there will always be variations between budgets and outturn figures as managers seek to deliver services with limited resources.

6.0 Conclusion

6.1 This report summarises the outturn position for 2020/21 and requests members to approve the formal Statement of Accounts for 2020/21.

Financial Implications	As set out in the report
Legal Implications	The Council is required to approve and publish the Statement of Accounts for 2020/21 by 30 th September 2021, the reasons for not meeting this date are set out in the report
Crime and Disorder	N/A
Equality and Diversity	N/A
Service Improvement Plan	N/A
Corporate Plan:	N/A
Risk Assessment:	Section 3 of the report
Background papers:	Final accounts working papers
Climate Change	No direct impact
Appendix	A Statement of Accounts 2020/21 B Letter of Representation
Lead Officer	Keith Price