

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 15 MARCH 2023



Title of Report	ANNUAL STATEMENT OF ACCOUNTS 2020/21	
Presented by	Glenn Hammons Interim Head of Finance and Section 151 Officer	
Background Papers	<p>Notice of Delay in Publishing the Audited Accounts – Council’s Website</p> <p>Statement of Accounts 2020-21 (Unaudited) – Council’s Website</p> <p>Statement of Accounts Update Report – Audit and Governance Committee 26 October 2022</p> <p>Statement of Accounts Update Report – Audit and Governance Committee 27 July 2022</p> <p>External Audit Update (verbal) – Audit and Governance Committee 19 January 2022</p> <p>External Audit Progress Report – Audit & Governance Committee 20 October 2021</p>	Public Report: Yes
Purpose of Report	For the committee to consider and approve the Statement of Accounts 2020/21.	
Recommendations	<p>THAT THE COMMITTEE:</p> <ol style="list-style-type: none"> 1. APPROVE THE ANNUAL STATEMENT OF ACCOUNTS 2020/21. 2. AUTHORISE THE CHAIR OF THE COMMITTEE TO SIGN THE STATEMENT OF ACCOUNTS 2020/21. 3. DELEGATES AUTHORITY TO THE COMMITTEE CHAIR AND THE SECTION 151 OFFICER TO APPROVE ANY MINOR NON-MATERIAL 	

	AMENDMENTS, AS AGREED WITH THE EXTERNAL AUDITORS, TO THE STATEMENT OF ACCOUNTS 2020/21 ON BEHALF OF THE COMMITTEE.
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1.0 BACKGROUND

- 1.1 The unaudited accounts were signed off by the previous Interim Head of Finance and Section 151 Officer on 30 July 2021 in line with statutory requirements. The committee is presented with the final audited version of the accounts for consideration and approval.
- 1.2 The Statement of Accounts should provide electors, those subject to locally levied taxes and charges, members of the authority, employees, other stakeholders and interested parties with clear and comparable information about the authority's finances.
- 1.3 The accounts of local authorities in the United Kingdom are required to be developed in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The Code must be followed to meet the requirements of the Accounts and Audit Regulations to 'present a true and fair view' of the financial position of the authority.
- 1.4 The Code is based on Internal Financing Reporting Standards (IFRS), amended as necessary in respect of legislation governing local authorities.
- 1.5 The Council has prepared the 2020/21 Statement of Accounts in line with the Code and therefore IFRS and its local accounting policies that were agreed by this committee at its April 2021 meeting.
- 1.6 The format of the accounts is effectively prescribed in the Code and is set out as follows:

Section of Statements	Purpose
Narrative	To provide the reader with an understanding of North West Leicestershire as a place, the council and its priorities, the wider economic background and the non-financial and financial performance of the council in 2019/20.
Statement of Responsibilities	Shows the responsibilities of the Council and Chief Financial Officer for these accounts.
Comprehensive Income & Expenditure Statement (CIES)	Presents the cost of each functions and how they were financed. This is a core statement.
Movement in Reserves Statement	Presents the movement in reserves during the year between usable and unusable reserves, and the actual change to the reserves after all adjustments. This is a core statement.
Balance Sheet	Presents all of the Council's assets and liabilities at the year end, both long and short term. This is a core statement.
Cash Flow Statement	Sets out the flow of cash into and out of the Council. This is a core statement.
Notes to the Financial Statements	These explain in more detail the makeup of the various amounts included in the core statements.

Section of Statements	Purpose
Accounting Policies	Technical explanation of main policies and assumptions used in preparing the accounts.
HRA (Housing Revenue Account) Income & Expenditure Account	This statement shows income and expenditure regarding Council dwellings.
Collection Fund	Sets out the transactions relating to the collection and distribution of Council Tax and National Non-Domestic Rates (NNDR), or Business Rates as they are more commonly known.
Special Expenses Accounts	Summarises spending in the special expense areas of the district with details of how this is paid for.
Auditor's Report	This is the report of the external auditors on the accounts for the year.

1.7 The Statements must comply with the Code so that comparisons can be made across different authorities and for this reason it is essential that authorities define individual costs in line with the Service Reporting Code of Practice (SERCOP). There should also be good notes and explanations to the accounts to aid understanding and, although by nature a technical document, the notes should be concise and understandable.

1.8 The main changes since the published draft accounts are:
a) Valuation of Property, Plant and Equipment – further details in Section 2; and
b) Valuation of Pension Assets – further details in Section 3.

1.9 At the time of writing this report, the Statement of Accounts are still being finalised and will be issued as an addendum to this report prior to the meeting.

2.0 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

2.1 At reported previously to this committee, during the audit of the statement of accounts in August 2021, initial testing by the auditors (Mazars LLP) observed that the Council's internal records (floor plans) did not reconcile to the measurements used by the valuers.

2.2 It was agreed with the auditors that the Council would obtain measurements of all assets that are valued based on size (floor area, hectares) from an independent valuer. These updated measurements have been provided to the Council's valuers (Wilks, Head and Eve) and revised valuations have been received.

2.3 A full review of the Council's land and buildings (excluding Dwellings) was also undertaken and it was identified that three assets are no longer in the Council's ownership, nine assets that were missing and the Belvoir Shopping Centre Car Park had incorrectly been disposed of in full, when the car park had only been partially disposed of.

2.4 The impact on the balance sheet is an increase in Long Term Assets of £67k.

2.5 The final accounts presented include an adjusted position for the council's assets in line with revised valuations for the 2020/21 year.

3.0 VALUATION OF PENSION ASSETS

- 3.1 The Council has a pension liability on its balance sheet due to the scheme being in deficit. A pension scheme is in deficit if it does not have enough money to pay the pensions of the people who are entitled to receive one in the future (based on the level of future contributions and the performance of scheme assets).
- 3.2 The Council receives an annual 'IAS19' report that details an actuarial valuation of the pension scheme at the end of the financial year. The report for 2020/21 was received in May 2021 and was used to report the council's position in respect of pensions in the draft annual accounts.
- 3.3 A revised 'IAS19' was received in September 2021 which takes account of the most up to date fund investment figures as estimates were used in the original report. The impact on the balance sheet is a £2.3m reduction in the pension liability due to the revised valuations of the fund investments.
- 3.4 The final accounts presented include an adjusted position for the council's pension liability in line with actual performance for 2020/21 year.

4.0 MINOR CHANGES TO THE ACCOUNTS

- 4.1 There have also been some non-material amendments to the statements in relation to updating the outturn position to reflect the final position and correcting some typographical errors.

Policies and other considerations, as appropriate	
Council Priorities:	Effective management of the council's finances underpins the delivery of all council priorities.
Policy Considerations:	None
Safeguarding:	None
Equalities/Diversity:	None
Customer Impact:	None
Economic and Social Impact:	None
Environment and Climate Change:	None
Consultation/Community Engagement:	None
Risks:	The Council's governance arrangements are a fundamental part of the Authority's management of risk and contribute towards good corporate governance.
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