

BRECKLAND DISTRICT COUNCIL

Report of: Maxine O'Mahony, Executive Director Strategy and Resources

To: Governance and Audit Committee, 29 July 2021

Author: Alison Chubbock, Assistant Director Finance

Subject: Un-audited Statement of Accounts 2020-21

Purpose: To present the un-audited statement of accounts for 2020-21 and the annual governance statement (AGS) for comment and information

Recommendation(s):

- 1) That the un-audited statement of accounts and the annual governance statement for 2020-21 are reviewed and noted

1.0 BACKGROUND

The Accounts and Audit regulations 2015 set the dates when accounts are required to be signed. Due to existing conditions in external audit and the Covid-19 pandemic these regulations have been relaxed for the 2020-21 and 2021-22 accounts. The date changes are:

	Previous	New
Responsible Finance Officer (RFO) signs the un-audited statement of accounts	By 31 May	By 1 August
Audited accounts are approved and published	By 31 July	By 30 September

Breckland's audit was already planned to start on 19 July 2021 and therefore we have produced the un-audited accounts to shorter time frames compared to the regulations.

- 1.1 The statement of accounts at Appendix A has been produced in accordance with proper practices issued by the Chartered Institute of Public finance & Accountancy (CIPFA) in its Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The accounting policies were agreed by this Committee in February 2021 and there were no major changes to accounting regulations. There have been minor changes to the accounting policies since the February committee, these are:
 - Collection Fund – removal of the sentence relating to material change in circumstances (MCC) on NNDR appeals. This provision is no longer required due to Government legislation preventing MCC's resulting from Covid-19 impacts.
 - Collection Fund – an additional 1% bad debt provision on NNDR to allow for the collection rate reduction due to Covid-19.

1.3 Revenue & Capital

The financial out-turn was reported to Cabinet in June and full details of variances and end of year out-turn positions can be found in that report at

<https://democracy.breckland.gov.uk/ieListDocuments.aspx?CId=116&MId=4741&Ver=4> .

In summary:

- The revenue out-turn was a contribution into the general fund of £349k overall.

- The final capital programme budget was £14,516k, of which £7,246k was spent, with £7,247k requested to be moved to 2021-22 for spend on projects in progress or which have moved to next year. The £7,247k moved into next year is higher than usual because of the pandemic impacts, of this value £4,257k relates to grant funded projects and £2,075k relates to vehicles and equipment for our new waste contract.

1.4 Balance Sheet

The main changes in the balance sheet are:

- Although the value of Property Plant and Equipment has not changed significantly, behind this are several movements. Additions of £4,276k mainly relating to new vehicles and equipment for the waste contract and public lighting replacements, offset by annual depreciation, one asset transferred to assets held for sale and decreases in values mainly relating to the leisure centres, Thetford Riverside and the council offices.
- The pension deficit has increased significantly by £16,560k. This is due to changes in assumptions with the *real discount rate* falling compared to previous years assumptions (a combination of a lower discount rate assumption and significantly higher CPI assumption). This also changes the value of un-usable reserves by the same amount. Whilst this is a significant value, this is an accounting valuation and does not impact on the cash payments by the Council, the purpose of the accounting valuation is to facilitate consistent comparison of pension positions between employers, they are carried out using a prescribed method and a number of the assumptions are also largely prescribed.

The following changes are all impacted due to the unusual activity resulting from Covid-19 NNDR reliefs and government grants provided for these reliefs and other grant funding relating to the Covid-19 pandemic.

- Short term debtors have significantly increased by £7,138k, this is an unusual balance relating to the NNDR Covid reliefs (£5,404k) and increased Council Tax balances owed to preceptors of £504k.
- Cash and cash equivalents have increased by £3,626k despite significant capital spend. This is a result of the higher balances held which relate to Covid-19 government grants and these balances will be utilised in future years.
- Short term creditors have significantly increased by £8,892k, this is an unusual balance relating to the NNDR Covid reliefs owed to central government (these were paid in full to Breckland to assist with cashflows during 2020-21) and other grants to be paid out to businesses and residents.
- Usable reserves have significantly increased by £10,994k, around £6m relates to NNDR Covid-19 compensation, around £1m relates to funding received to cover COMF (Contain Outbreak Management Fund) costs in 2021-22 and around £2m relates to Covid-19 grants received and awaiting payment out to businesses and residents. These are not true available balances as they are already earmarked for spend in future years.

1.5 Collection Fund

- The Council Tax collection fund has a small deficit balance of £400k overall, Breckland's share of £41k will be accounted for in future years budgets.
- The Business Rates (NNDR) collection fund balance has an unusual significant deficit balance of £16,073k overall, this is mainly due to the Covid-19 NNDR reliefs announced after the budget was set. Breckland's share of £6,431k will be accounted for in future years budgets and will be mostly offset by the balances of grants held in reserve.

1.6 Annual Governance Statement (AGS)

The AGS explains how the Council has complied with The Code and also meets the requirements of the Accounts & Audit Regulations in relation to the publication of a statement of internal control.

The AGS has been reviewed and updated to reflect any changes, such as areas highlighted in the internal audit annual report.

The Governance and Audit Committee are requested to review the Annual Governance Statement (included at the end of Appendix A) to ensure it reflects the reports they have considered over the past year and that it supports your general understanding of the Council's governance arrangements. The statement will be submitted to external audit and then presented to the Leader and Chief Executive for formal sign off.

2.0 OPTIONS

2.1 That the un-audited statement of accounts and the annual governance statement for 2020-21 are reviewed and noted.

2.2 Do nothing.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 The report and appendix are for information and consultation, no approvals are required at this stage.

4.0 EXPECTED BENEFITS

4.1 To enable comments and challenge from the committee members and to highlight key areas of note.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.2 Constitution & Legal

5.2.1 To comply with the Accounts and Audit Regulations 2015.

5.3 Financial

5.2.1 The report is of a financial nature.

5.8 Risk Management

5.3.1 Risks are included in the statement of accounts as required.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 N/A

7.0 ACRONYMS

7.1 These are detailed in the report or glossary of the appendix

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

Lead Contact Officer

Name and Post: Alison Chubbock, Assistant Director Finance
Telephone Number: 07967 325037
Email: alison.chubbock@breckland.gov.uk

Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A Statement of Accounts & Annual Governance Statement