

Audit Committee

26 July 2021



Report of: *Director of Finance*

Title: *Draft Statement of Accounts 2020/21*

Ward: *City Wide*

Officer Presenting Report: *Denise Murray*

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Recommendation

The Audit Committee note, and comment on as appropriate, the draft, unaudited, Statement of Accounts for 2020/21.

Summary

The Statement of Accounts sets out the Council's financial position as at the 31 March 2021 along with a summary of its income and expenditure for the year to 31 March 2021. The financial statements are the main method of demonstrating financial accountability and stewardship.

Due to the Covid-19 pandemic the deadline for the publication of the accounts has been extended, with the draft accounts required to be published on the Council's website by 31 July 2021. Audit Committee are asked to note the draft accounts ahead of public inspection and audit. The final accounts will be brought back to Audit Committee for final approval alongside finding and opinion of external auditors.

Paragraph 6 of this report includes a summary of significant events, changes and transactions impacting on the accounts in 2020/21.



Policy

None affected by this report. Grant Thornton are the Council's appointed external auditors. In carrying out their audit and inspection duties they have to comply with the relevant statutory requirements, namely the Local Audit and Accountability Act 2014.

Consultation

1. Internal

Director of Finance

2. External

None

3. Background and Context

1. The deadline for the preparation of the 2019/20 Accounts was extended due to the pandemic and it has again been revised for 2020/21. Recognising the multi-year impact of COVID-19, the deadline for the 2021/22 financial year has also been changed. The Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Amendment) Regulations 2021, which changed the statutory audit deadlines for all Local Authorities.
2. Under amended legislation, local authorities have been given until the end of July to publish their draft accounts. The deadline for completion of the external audit has also been moved to the 30 September. At this point the draft accounts remain a work in progress until published for public inspection and external audit.
3. The final elements of the accounts are being reviewed and completed and as such remain a work in progress. Committee are asked to note and provide any comment on the draft work in progress prior to finalisation by the end of July. Notes requiring completion are,
 - Note 7 – Expenditure and Funding Analysis
 - Note 8 – Expenditure and Income Analysed by Nature
 - Group Cash Flow and Financial Instrument Note
4. Prior to approval of the accounts following external audit full training will be provided to the Audit Committee in order to effectively discharge their responsibilities.
5. The public inspection of the accounts will begin on the first working day in August. Members of the public and other interested parties then have 30 working days to request access to documents relating to the financial statements for 2020/21 and

related notes. Requests for information are subject to restrictions around commercial confidentiality and the protection of personal information.

6. During the same period a local elector may also raise questions relating to the accounts with the External Auditor.
7. A notice setting out the rights to public inspection of the accounts along with relevant contact details will be published at the end of July on the Council's website.
8. Significant events, changes, and transactions to bring to particular attention of Audit Committee are:
 - I. Useable reserves have increased overall by £153m. This is largely because of Covid related funding received in 20/21 but required for use in 21/22. £84m of this is grant for the business rates relief for retail hospitality and leisure which will be directly required to offset losses in the collection fund carried forward into 21/22 and 22/23. The accounting arrangements for business rates and council tax mean that the deficits on the Collection Fund in 2020/21 are charged to the General Fund in future years. Further Covid funding of £26m, received in 20/21 has also been carried forward in reserves to manage the pandemic over the medium term and meet future commitments.
 - II. Other significant contributions are noted in the Council's outturn report and include an increase of £19m in HRA, balances mainly due to increased rental income, reduced capital financing requirement, reduced response, and planned maintenance due to lockdown.
 - III. Dedicated Schools Grant - At the end of 2020/21 the deficit on the Dedicated Schools Grant (DSG) adjustment account has increased to over £10m, this includes the additional cost of the impact of COVID-19 on budgets. Whilst there are some small variations in each of the blocks, the deficit is mainly as the result of overspends in the High Needs Block with the key driver attributed to Top-ups in Mainstream schools, Special schools, Other Local Authorities, Alternative Learning Provision, and Pupil Referral Units. An increase of 324 pupils (12.9% increase) attracting top-up payments at the end of March 2021 when compared to the same period last year, which accounts for £7.44m of this overspend.
 - IV. The value of all the Council's subsidiaries is £1 except for Bristol Waste Company which is valued based on net assets consistent with previous years. In BCC's

accounts the investment in Bristol Energy has now been fully impaired and any preference share interest due fully provided for. The previous liability relating to the supply PCGs has fully been removed and a new provision for estimated liabilities associated with winding up of Bristol Energy has been included of £3.9m.

- V. The deficit on the Pension Fund has increased by £134m from £994m to £1.128bn. This was mainly due to a significant drop in yields from corporate bonds, particularly at the beginning of the pandemic. These markets are continuing to improve but still remain lower than at the end of 2019/20.

Other Options Considered

Not applicable

Risk Assessment

None necessary for this report

Public Sector Equality Duties

None necessary for this report

Legal and Resource Implications

Legal

None arising from this report

Financial

None arising from this report.

Land

Not applicable

Personnel

Not Applicable

Appendices:

Appendix 1: Draft Statement of Accounts 2020/21

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None