



Oldham
Council

Report to Audit Committee

2019/20 Annual Statement of Accounts

Portfolio Holder: Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Corporate Services

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Reason for Decision

To present to the Audit Committee, a high-level summary of the provisional outturn position of the Council and an update on the draft Statement of Accounts for 2019/20 progress.

Executive Summary

The report presents a high-level summary of the provisional outturn position and an update of the Council's draft Statement of Accounts for the financial year 2019/20.

The report highlights:

- The revised reporting timeline for the Statement of Accounts for 2019/20
- The progress that has been made towards the completion of the accounts
- The provisional overall revenue outturn position is a surplus of £0.270m. This is an increase on the favourable variance of £0.205m projected at month 9 that was reported to Cabinet on 23 March 2020
- The provisional capital outturn is £54.383m which is an increase on the month 9 forecast expenditure of £52.497m.

Recommendations

The Audit Committee members note the updated position on the completion of the draft Statement of Accounts for 2019/20 and Council's provisional revenue and capital outturn position for 2019/20.

1 Background

- 1.1 The Council is required to prepare a Statement of Accounts for each financial year. The accounts must be prepared in accordance with statutory timelines and accounting practices. Since 2010/11 those accounting practices have been based on International Financial Reporting Standards (IFRS) which attempt to facilitate the production of accounts in a standardised and consistent format across the public and private sectors giving greater transparency for stakeholders.
- 1.2 These accounting practices are set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2019/20 Code of Practice on Local Authority Accounting in the UK and any additional CIPFA guidance such as the year end Final Accounts Bulletins. Members of the Audit Committee can be assured that the accounts were prepared so that all the requirements of the Code have been complied with.
- 1.3 For 2019/20 the requirements and timeline for the approval of a Local Authority's Statement of Accounts have changed. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) has introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015. The regulations implementing these measures were laid on 7 April and are came into force on 30 April 2020.
- 1.4 The impact on deadlines and timescales is as follows:
- the publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local authority bodies. Oldham Council is a Category 1 authority.
 - To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.
- 1.5 This means that draft accounts must be completed and handed over for audit by 31 August 2020 at the latest (rather than 31 May 2020) although the draft accounts may be completed earlier, wherever possible.
- 1.6 For the financial year 2019/20, Authorities must publish the dates of their accounts public inspection period, and it is recommended that they provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2020. The Council is following this recommended practice.
- 1.7 The legislation requires that following the conclusion of a 30 day period of public inspection the Council must submit the Statement of Accounts for consideration and approval to Committee or by Members meeting as a whole. For Oldham, the body designated to receive the accounts is the Audit Committee. The public inspection period begins the day after the Council hands over the draft accounts to Mazars, the Council's external auditors.

2 Current Position and Provisional Outturn

- 2.1 Although the accounts have still to be handed over to the External Auditor, the work is substantially complete. Consequently, it is possible to advise the Committee of the provisional revenue outturn, a surplus of £0.270m at the end of the financial year. The month 9 position reported to Cabinet on 23 March 2020 projected a surplus of £0.065m, therefore the provisional surplus of £0.270m is a favourable variance of £0.205m from the last reported position. The increased surplus is in part due to the higher than forecast underspend against Capital, Treasury and Technical Accounting budgets although this was largely offset by the adverse variances elsewhere with the Council, in particular the Community Services & Adult Social Care and Children's Services. The £0.270m will increase the Council's General Fund Balances.
- 2.2 The provisional capital outturn shows the Council spent £54.383m on its Capital Programme in 2019/20 compared to the forecast spending of £52.497m projected at Month 9 (a variance of £1.886m). The marginal increase in actual spend when compared to budget required funding allocated to future years to be re-profiled to fully finance the capital programme in 2019/20. The Capital Programme was financed through different sources but mainly the use of Government Grants and Capital Receipts.
- 2.3 The Council will submit the draft financial statements to the External Auditor later than expected due to the impact of the Covid-19 pandemic. The national lockdown and the range of new challenges facing the Council and the Finance Team has limited the ability of the Finance Team to progress the work on final accounts to the anticipated timetable. However, it must be noted that the draft Statement of Accounts should still be submitted close to the original statutory deadline for Local Authority accounts of 31 May 2020 and well ahead of the revised timeline.
- 2.4 The draft Statement of Accounts will be presented to the Audit Committee at the next meeting on 24 June 2020 and will give members the opportunity to review the accounts and ask relevant questions so they are better informed before being asked to formally approve the audited Accounts in July when the external auditors will have concluded their audit.
- 2.5 In order to facilitate the audit process, the Council has already made working papers available to the auditors and the preliminary audit work is making good progress.

3 Options/Alternatives

- 3.1 The Audit Committee members can either choose to note the high level summary and provisional Revenue and Capital outturn positions for 2019/20 or request an alternative position be prepared.

4 Preferred Option

- 4.1 The preferred option is that Audit Committee members note the high level summary and provisional Revenue and Capital outturn positions for 2019/20.

5 Consultation

- 5.1 Consultation has taken place with the Council's External Auditors, Mazars LLP.

6 Financial Implications

- 6.1 Dealt with in the body of the report.

7 **Legal Services Comments**

7.1 There are no Legal implications.

8 **Co-operative Agenda**

8.1 Improving the quality and timeliness of the financial information available to citizens of Oldham supports the cooperative ethos of the Council.

9 **Human Resources Comments**

9.1 There are no Human Resource implications.

10 **Risk Assessments**

10.1 There are no risk implications as a result of this report.

11 **IT Implications**

11.1 There are no IT implications as a result of this report.

12 **Property Implications**

12.1 There are no Property implications.

13 **Procurement Implications**

13.1 There are no Procurement implications.

14 **Environmental and Health and Safety Implications**

14.1 There are no Environmental and Health & Safety implications as a result of this report.

15 **Equality, Community Cohesion and Crime implications**

15.1 There are no Equality, community cohesion and crime implications.

16 **Equality Impact Assessment Completed?**

16.1 Not Applicable.

17 **Key Decision**

17.1 No

18 **Key Decision Reference**

18.1 Not Applicable.

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers - Accounts and Audit (Coronavirus) (Amendment)
Regulations 2020
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20 **Appendices**

20.1 There are no appendices to this paper.