

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	STATEMENT OF ACCOUNTS 2020/21		
DATE OF DECISION:	4 OCTOBER 2021		
REPORT OF:	EXECUTIVE DIRECTOR FOR FINANCE, COMMERCIALISATION & S151 OFFICER		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director for Finance, Commercialisation & S151 Officer	
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>In accordance with the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2021) the Draft Statement of Accounts 2020/21 was signed by the Executive Director for Finance, Commercialisation & S151 Officer on 14 June 2021 ahead of the 31 July 2021 deadline. The Committee is required to consider and approve the audited accounts before they are published, and publication must take place as soon as reasonably practicable after the audit opinion has been received.</p>	
<p>The year-end audit, carried out by our auditors Ernst & Young LLP, commenced on 5 July 2021 and had not been concluded at the time of writing this report. This report details the changes made to the Statement of Accounts arising from the findings of the audit to date. A copy of the updated Statement of Accounts is available in the Members' Room.</p>	
RECOMMENDATIONS:	
(i)	Notes the changes to the Statement of Accounts 2020/21 as a result of the annual audit as detailed in paragraphs 5 to 7 and appendix 1, none of which change the overall bottom line position for the Council for 2020/21.
(ii)	Considers and approves the audited Statement of Accounts 2020/21.
(iii)	Approves the rationale for not correcting the audit differences relating to the valuation of Property, Plant and Equipment (PPE) not revalued within the year and the net pension liability as set out in paragraphs 8 to 10.

	(iv)	Resolves that the Executive Director for Finance, Commercialisation & S151 Officer, after consultation with the Chair of the Committee, can make any further minor changes to the Statement of Accounts 2020/21 that may arise during completion of the audit.
REASONS FOR REPORT RECOMMENDATIONS		
1.		It is a legal requirement that the Statement of Accounts 2020/21 is considered and approved by this committee, following the audit, and signed by the person presiding at this meeting. The legislation sets a target date for publication of 30 September 2021. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.		The Statement of Accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the Statement of Accounts is prepared, and signed by the person presiding at this meeting, following completion of the audit.
DETAIL (Including consultation carried out)		
		CONSULTATION
3.		Not applicable.
		STATEMENT OF ACCOUNTS
4.		The Statement of Accounts is a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee were presented at its meeting on 26 July 2021. A copy of this is available in the Members' Room or by following the link below. Draft Statement of Accounts 2020/21
		STATEMENT OF ACCOUNTS AMENDMENTS
5.		There are a number of adjustments to the Statement of Accounts arising from the findings of the audit, none of which change the overall bottom line position for the Council for 2020/21.
6.		The updated Statement of Accounts is available in the Members' Room. The main adjustments to the statements are outlined below, with further details in Appendix 1: <ul style="list-style-type: none"> • Correction to Note 8 Expenditure and Funding Analysis (Income and Expenditure by Nature) to reclassify Housing Revenue Account (HRA) expenditure from other service expenses to employee benefits; • Correction to the Comprehensive Income and Expenditure Statement, Note 8 Expenditure and Funding Analysis and HRA statement to recognise landlord heating charges expenditure and income (net nil effect); • Amendment to Note 12 Property, Plant and Equipment of the analysis of net book value by year of valuation.
7.		The full details of adjustments to the statements and notes are detailed in Appendix 1.

UNADJUSTED AUDIT DIFFERENCES	
8.	The net book value for Other Land and Buildings (within Property, Plant and Equipment) as at 31 March 2021 reported in the draft accounts was £506.7M. The auditors have identified that the value of assets not revalued in 2020/21 is understated by £2.4M (0.5%).
9.	The Council's net pension liability as at 31 March 2021 reported in the draft accounts was £586.7M. This is an estimate provided by the actuary of the Hampshire Pension Fund based on a number of assumptions. The auditors have identified that, in relation to the assumptions used by the actuary to determine their estimate of the Council's defined benefit pension liability, the gross asset is understated by £1.6M, leading to an overstatement of the net liability by £1.6M (0.3%).
10.	We have not corrected the accounts for either of these audit differences because: <ul style="list-style-type: none"> • They are below the materiality level both individually and in aggregate; • There is no overall material variance and no net impact on the General Fund or HRA reported position; • The auditors have confirmed that these are not material items that need amending; • The uncorrected amounts would not have a material impact on the use and interpretation by users of the statement of accounts.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
11.	The capital and revenue implications were considered as part of the Revenue and Capital Outturn 2020/21 report that was presented to Cabinet on 19 July 2021.
<u>Property/Other</u>	
12.	To date, no changes have been made to the property valuations recognised in the accounts.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
13.	Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2021.
<u>Other Legal Implications:</u>	
14.	None.
RISK MANAGEMENT IMPLICATIONS	
15.	Not applicable
POLICY FRAMEWORK IMPLICATIONS	

16.	Not applicable. It should be note that the Statement of Accounts has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2020/21.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Schedule of changes to Draft 2020/21 Accounts
2.	

Documents In Members' Rooms

1.	Updated Statement of Accounts 2020/21
2.	Governance Committee Report 26 July 2021 – Draft Statement of Accounts 2020/21.

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		