

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		DRAFT STATEMENT OF ACCOUNTS 2021/22	
DATE OF DECISION:		25 JULY 2022	
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 2021 the Government amended the statutory timetable to allow more time for completing and publishing the 2021/22 annual accounts (and those for 2020/21) in response to one of the recommendations made following Sir Tony Redmond's Independent Review of Local Audit financial reporting and external audit. The draft Statement of Accounts 2021/22 was signed by the Executive Director for Finance, Commercialisation & S151 Officer on 30 May 2022. This is earlier than the revised statutory requirement to have the unaudited accounts signed by the 31 July 2022. A copy of the draft unaudited Statement of Accounts is available in the Members' Room.</p>			
<p>The annual audit, carried out by our auditors Ernst & Young LLP, commenced on 22 June 2022 and is due to be completed in September 2022. Any major changes to the Statement of Accounts arising from the annual audit are expected to be reported to the 26 September 2022 Governance Committee after the completion of the audit.</p>			
RECOMMENDATIONS:			
	(i)	Notes that the draft Statement of Accounts 2021/22 has been signed by the S151 Officer and is now brought to Committee for comment.	
	(ii)	Notes that the audited Statement of Accounts 2021/22 is expected to be presented to the Committee on 26 September 2022 for approval.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	It is a legal requirement that the S151 Officer signs the draft Statement of Accounts by 31 July 2022 and certifies that it presents 'a true and fair view of the financial position of the authority at the end of the year to which it relates and of the authority's income and expenditure for that year'.		
2.	The draft Statement of Accounts has been brought to the July committee in order to give members plenty of opportunity and time to comment on them before final approval, which is expected to take place in September. It is		

	envisaged that the September report will detail any non-trivial amendments made as a result of the audit along with an amended Statement of Accounts (if necessary). A full report on the 2021/22 outturn position was presented to Cabinet on 19 July 2022.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	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 draft Statement of Accounts is prepared and signed by the S151 Officer no later than 31 July 2022.
DETAIL (Including consultation carried out)	
REVISED STATUTORY TIMETABLE	
4.	<p>The Accounts and Audit Regulations 2015 set out detailed requirements in relation to local authority annual audit and accounting processes. The regulations were amended in 2021 to extend the deadlines for local authorities to publish and make available for public inspection their annual accounts and supporting documents in relation to the financial years beginning on 1 April 2020 and 2021. These amendments extend the deadline for publishing the audited statement of accounts for those years to 30 September. The period for the exercise of public rights must commence on or before the first working day of August. This effectively means the unaudited accounts must be prepared and signed by the S151 Officer and published on the Council's website by 31 July. The requirement for the public inspection period to include the first 10 working days of June was also removed for the annual accounts for the years beginning on 1 April 2020 and 2021.</p> <p>In December 2021 the Government announced its intention to further extend the deadline for publishing the audited accounts for 2021/22 to 30 November as part of its Measures to Improve Local Audit Delays. Changing the deadline for publication requires a further amendment to the Accounts and Audit Regulations 2015. In May 2022 the Government consulted on both extending the deadline for publishing audited local authority accounts for 2021/22 from 30 September to 30 November 2022, and reverting to the 30 September deadline for the following six years (i.e. starting for the 2022/23 accounts and concluding with the 2027/28 accounts). There are no proposals to extend the deadline for publishing the draft local authority accounts, which will revert to 31 May for the 2022/23 accounts. The Accounts and Audit (Amendment) Regulations 2022 come into force on 22 July 2022 to bring these changes into effect.</p>
STATEMENT OF ACCOUNTS	
5.	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 are detailed below.
ACCOUNTING AND OTHER POLICIES	
6.	The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK (the Code), which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015.

7.	<p>The Accounting Policies are described in detail on pages 33 to 46 of the Draft Statement of Accounts and cover such items as:</p> <ul style="list-style-type: none"> • Property, Plant and Equipment • Employee Benefits • Financial Instruments • Grants and Contributions • PFI contracts <p>There have been no significant changes to the Accounting Policies in 2021/22. The accounting policy for Property, Plant and Equipment has been extended to clarify that Infrastructure Assets are measured at a modified depreciated historical cost, due to the absence of reliable records for the years before capital accounting was introduced in 1994/95. In addition, movements in the gross book value and accumulated depreciation for Infrastructure Assets have been removed from the movement on Property, Plant and Equipment disclosure (Note 12) and only shown net in line with the CIPFA consultation on temporary changes to the Code for Infrastructure Assets.</p>
8.	<p>The accounting policies adopted by the Council are in line with the CIPFA Code of Practice on Local Authority Accounting and the Governance Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.</p>
9.	<p>The accounts include estimates and assumptions as at 31 March 2022. As with every year, there is a risk of material adjustment to the carrying amounts of some assets and liabilities within the next financial year, however with the uncertainty caused by the Ukrainian conflict, cost of living crisis and any ongoing effects from the COVID-19 pandemic, the risk remains heightened this year. Further details are provided in Note 4 of the accounts (page 49).</p>
	<p>COVID-19</p>
10.	<p>The Council has received additional grant funding as part of the government's response to the COVID-19 pandemic, some to cover the Council's own expenditure/income shortfalls and some for passing on to local businesses, social care providers and individuals. Judgements have been made about whether the Council is acting on behalf of the government in administering the grants (agent) or whether it is acting in its own right (principal). Where the Council is acting as principal the grant receipts have been recognised as income and associated payments as expenditure. Where the Council is acting as agent the grant receipts and corresponding payments are not accounted for as income or expenditure. Further details of COVID-19 grant funding are provided in Note 37 (page 103).</p>
11.	<p>The accounting arrangements for business rates income mean that the loss for rate reliefs introduced by the Government in 2020/21 to support particular business sectors during the pandemic was charged to the General Fund in 2021/22 as part of the deficit on the Collection Fund being recouped. The Council received government grant funding in 2020/21 to compensate for this loss which was carried forward via reserves and used to meet the shortfall in 2021/22. Similarly, in 2021/22 the Council received further grant funding for COVID-19 related rates reliefs which were given during the year. This additional grant funding has been transferred to reserves to be used in 2022/23 to make good the shortfall on the Collection Fund and does not</p>

	represent additional resources available to the Council to spend on service provision.
12.	Further details relating to COVID-19 are provided in the Narrative Statement on pages 21 to 22 and in Note 6 (page 51).
	2021/22 OUTTURN
13.	The Narrative Statement provides a summary of the revenue and capital financial performance for the year on pages 11 to 19. Full details of the outturn position were reported in the Revenue and Capital Outturn 2021/22 report to Cabinet on 19 July 2022.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
14.	The capital and revenue implications are considered as part of the outturn report that was presented to Cabinet on 19 July 2022.
<u>Property/Other</u>	
15.	There are no specific property implications arising from this report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
16.	Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2021.
<u>Other Legal Implications:</u>	
17.	None
RISK MANAGEMENT IMPLICATIONS	
18.	Not Applicable
POLICY FRAMEWORK IMPLICATIONS	
19.	Not applicable. It should be noted that the Statement of Accounts is prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2021/22.
KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	Draft Unaudited Statement of Accounts 2021/22.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes/No
Data Protection Impact Assessment	

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) 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.	None	