



Leicester
City Council

**WARDS AFFECTED:
ALL WARDS (CORPORATE ISSUE)**

AUDIT & RISK COMMITTEE

22nd July 2020

DRAFT STATUTORY STATEMENT OF ACCOUNTS 2019/20

REPORT OF THE DIRECTOR OF FINANCE

1. PURPOSE OF THE REPORT

- 1.1. To provide an opportunity for the committee to consider on the Council's Draft Statement of Accounts 2019-2020, before they are brought back to committee for formal approval.

2. RECOMMENDATIONS

- 2.1. The committee is asked to consider the draft Statement of Accounts for 2019/20.

3. SUMMARY

- 3.1. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital outturn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.

- 3.2. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

- 3.3. The core financial statements are:

- Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between "usable reserves" which can be used to fund expenditure or reduce local taxation and "unusable reserves" which are effectively accounting entries and not available to spend. The level of uncommitted general balances at 31st

March 2020 was £15.0m, in line with the Council's financial strategy.

- Comprehensive Income and Expenditure Statement (CIES)

This shows the Council's actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council's budget and raise council tax. There are a number of statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

- Balance Sheet

The balance sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long-term indebtedness, and its fixed and net current assets employed in its operations.

- Cash Flow Statement

This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the local authority context.

- 3.4 In the 2019/20 Statement of Accounts, the Council has been required to make a prior period adjustment to two secondary schools which transferred to academy status during previous financial periods. This is due to the Council not derecognising them when we should have. This has no bottom-line impact on the money available to the Council.
- 3.5 The Council's Draft Statement of Accounts was published on the website on the 12th June 2020.
- 3.6 The external audit started on the 15th June; any recommendations made will be reported to your committee, along with any alterations made to the draft Statement of Accounts at the auditors' request.
- 3.7 Due to the Covid-19 pandemic the usual statutory deadlines have been extended and the final audited accounts are not required to be completed until the 30th November 2020. This date is usually the 31st July. However, as reported by Grant Thornton we are working to complete the audit earlier, if possible.
- 3.8 At appendix B a copy of a report produced by Grant Thornton is provided. This covers the potential impact & issues of Covid-19 on the 2019/20 financial statements.

4. FINANCIAL IMPLICATIONS

4.1. The report is exclusively concerned with financial issues.

5. LEGAL IMPLICATIONS

5.1. As the report is for noting there are no legal implications arising from the recommendations contained in this report.
Emma Jackman, Head of Law (Commercial, Property & Planning)

6. OTHER IMPLICATIONS

<u>OTHER IMPLICATIONS</u>	<u>YES/NO</u>	<u>PARAGRAPH REFERRED</u>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights / People on low incomes	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. BACKGROUND PAPERS

8. CONSULTATIONS

All departments are consulted during the Authority's close down period.

9. SUMMARY OF APPENDICES

Appendix A – Draft Statement of Accounts
Appendix B – Grant Thornton Report covering the impact of Covid-19 on financial reporting.

10. AUTHOR

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