

**Report for: Governance, Audit,
Risk Management and
Standards Committee
(GARMS)**

Date of Meeting:	13th July 2021
Subject:	Draft Statement of Accounts 2020-21
Responsible Officer:	Dawn Calvert, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Draft Statement of Accounts 2020-21

Section 1 – Summary and Recommendations

This report sets out the draft Statement of Accounts 2020-21.

Recommendations:

The Committee is asked to consider and note the draft Statement of Accounts 2020-21.

Section 2 – Report

Background

1. The Accounts and Audit (England) Regulations 2015, require Local Authorities to prepare Statement of Accounts in accordance with proper practices. Previous timetable deadlines have meant that the draft Statement of Accounts must be published by 31st May with the audited version being published by 31st July each year. Due to the Coronavirus pandemic the legislative requirements have been relaxed and this has continued for 2020-21. The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) have revised the deadlines to 31st July 2021 for the draft accounts and 30th September 2021 for the audited accounts.
2. The reporting of the Statement of Accounts is a major part of the strategic principle of providing proper management and stewardship of all the Council's resources. The Accounts have been prepared in accordance with proper accounting practices and relevant statutory requirements as set out in the following:-
 - a. The Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
 - b. All relevant International Financial Reporting Standards (IFRS)

Current situation

3. The Council's accounts for 2020-21 are now closed subject to any audit adjustments. The Council met the relaxed statutory deadline of 31st July and published its draft accounts on 5th July 2021. In addition the comprehensive schedule of required working papers has been provided to the External Auditor ahead of the arranged audit start date. This will be the third year that Mazars LLP will audit the Council's accounts.
4. Members are reminded that a GARMS Committee meeting is scheduled for later in the year to consider and approve the audited Statement of Accounts. The audited accounts presented at this meeting will incorporate any amendments agreed by the external auditor and the Council. The auditor will attend the meeting and present their External Audit Report for 2020-21. The accounts are due to be signed off by the external auditor by the revised statutory deadline of 30th September 2021.
5. The Pension Fund Committee considered the draft Pension Fund Annual Report and Financial Statements on 24th June 2021 and will be asked to consider the Pension Fund External Audit Completion Report and approve the Pension Fund Annual Report in November 2021.

6. The Public Inspection of the accounts has been taking place from 6th July 2021 and will conclude on 16th August 2021.

Accounts Summary

7. The Narrative Report includes the revenue and capital outturn performance of the Council for 2020-21 and provides an outlook for the future.
8. The Expenditure and Funding Analysis compares the outturn shown in the Narration Report with true economic cost of providing services valued in accordance with proper accounting practices as shown in the Comprehensive Income and Expenditure Statement. The differences between the outturn and CIES are mainly capital items and IAS19 pension costs.
9. The Comprehensive Income and Expenditure Account (CIES) shows the true economic cost of providing Council services. The deficit reported for the year was £47m.
10. However, under the statutory regulations some CIES costs (e.g. depreciation, impairments, IAS 19 costs, etc.) are not taken into account when setting the Council Tax and Dwelling Rents as these are technical accounting adjustments. These are reversed in the Movement in Reserves Statement which summarises the Council's total usable and unusable reserves.
11. The Balance Sheet sets out the financial position of the Council as at 31st March 2021. The overall decrease in net assets of £47m is mainly due to the increase in current and long term liabilities and partly offset by an increase in property valuations.
12. The Cash Flow statement shows how the Council generates and uses cash.
13. The Housing Revenue Account (HRA) shows the true economic cost of providing housing services. The surplus reported for the year is £1m
14. The Collection Fund statement is an agent's statement that reflects the statutory obligations of the London Borough of Harrow, as billing authority to maintain a separate Collection Fund.
15. The net assets of the Pension Fund at year end are £968m. This is an increase of £190m against the previous year.

Final Statement of Accounts 2019-20

16. The external auditors have now completed their audit of the Council's 2019-20 accounts and Pension Fund accounts. The auditors have issued unqualified opinions. Copies of the Completion Letters are included for the Committee to consider and note.

Legal Implications

There are no direct financial implications arising from this report.

Financial Implications

There are no direct financial implications arising from this report.

Risk Management Implications

There are no risk management implications.

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **n/a**

Equalities implications / Public Sector Equality Duty

Considering the Council's Public Sector Equality Duties under the Equality Act 2010, s.149, is integral to the decision- making process.

Was an Equality Impact Assessment carried out? **No**

There are no direct equalities implications.

Council Priorities

The Statement of Accounts provides assurance that the Council has managed and delivered its finances in accordance with its approved plans and budget.

Section 3 - Statutory Officer Clearance

Statutory Officer:

Signed by the Chief Financial Officer

Dawn Calvert

Date: 7th July 2021

Statutory Officer:

Signed on behalf of the Monitoring Officer

Joane Mohan

Date: 7th July 2021

Chief Officer:

Signed by the Corporate Director

Charlie Stewart

Date: 7th July 2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Paul Gower (Interim Technical Accounting Manager)

Tel: 020-8424-1335 Email: paul.gower@harrow.gov.uk

Background Papers:

1. Draft Statement of Accounts 20-21
2. LB Harrow Audit Completion Letter 2019-20
3. LB Harrow Pension Fund Audit Completion Letter 2019-20

If appropriate, does the report include the following considerations?

- | | |
|----------------|----|
| 1 Consultation | No |
| 2 Priorities | No |