

Report to Audit committee
14 July 2020
Report of Chief finance officer (Section 151 Officer)
Subject Statement of Accounts 2019-20

Item

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Purpose

This report presents the formal unaudited draft Statement of Accounts, authorised by the chief finance officer on 6th July 2020.

Recommendation

To review the draft Statement of Accounts 2019-20

Corporate and service priorities

This report helps to meet all the corporate priorities

Financial implications

The report has no direct financial consequences however it does report on the performance of the council's service delivery.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Hannah Simpson – chief finance officer

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Background documents

None

Report

Background

1. The unaudited draft statement of accounts was authorised by the Chief Finance Officer (CFO) on 6th July 2020. There is no requirement for the committee to approve the draft financial statements however the unaudited accounts are presented to the audit committee for review.
2. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) for the Statement of Accounts 2019-20 relaxed the audit deadlines for the preparation of local authorities' financial statements. This removed the requirement to make the accounts available for public inspection for the first 10 working days of June. Instead local authorities must commence the public inspection period on or before the first working day of September 2020. The revised requirement is for draft accounts must be submitted by 31 August 2020. The publication date for audited accounts has consequently moved from 31 July to 30 November 2020.
3. The unaudited Statement of Accounts can be accessed on the council website. Our period of public inspection will run from 13 July until 21 August 2020.
4. Covid-19 has presented challenges both in terms of working arrangements and additional activity for the team. Despite this the team have worked hard to prepare the financial statements, including liaison with budgets managers and external partners.

Statement of Accounts

5. The statement of accounts is attached at Appendix 1. Its format is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom (supported by International Financial Reporting Standards) and includes a full balance sheet and statement of cash flow movements.
6. Group Accounts have been prepared which consolidate in the financial performance and position of the council's wholly-owned subsidiary Norwich Regeneration Limited.
7. The narrative report is included within the Statement of Accounts. The report provides the reader with:
 - an understanding of the council, its strategic priorities, and the local and national context in which it operates;
 - an overview of the council's medium term financial plans, future outlook, and key risks going forwards;
 - a summary of the council's financial performance for 2019/20 along with information on how well the council delivered its key priorities during the year; and
 - a guide to the key features of the primary statements and notes that make up the financial statements.

8. Section 9 of the narrative report details each of the primary financial statements and provides explanations of the key figures and movements.
9. There have been no significant changes to the accounting standards in 2019-20.

Covid-19 Implications

10. Since setting the 2020-21 budget in February 2020, the global economic environment has fundamentally shifted in light of the Covid-19 pandemic. It has not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. The true scale of its impact on the Council's finances will be felt during 2020/21, although it will continue into the medium term.
11. The statements have been prepared on a going concern basis. Due to the current covid-19 pandemic and the impact on the council's financial position, management's going concern assessment will continue to be monitored and updated until the accounts audit is finalised. This assessment will be updated as further information becomes available on the financial impact on the council's budgets and reserves and any additional funding from central government.
12. The narrative report contains details of the potential impacts on the council's operations and finances, as well as the on-going work to review budget forecasts, identify in-year savings and update the medium-term financial projections.
13. To prepare the Statement of Accounts independent valuations have been undertaken on the pension and property assets. Due to the timing of the Covid-19 pandemic, and lack of information about the wider impacts on asset valuations, there is a higher degree of uncertainty than usual around these accounting estimates. Note 4 in the accounts provides further details on the assumptions made about future and other major sources of estimation uncertainty and the sensitivity of valuations. Management will continue to monitor information available about asset valuations and the implications for the accounts until the accounts audit is finalised.