

Briefing Note to: Audit Committee Members  
 From: Financial Services Manager  
 Date: 28 July 2021

Subject: Item A4: RD30/21 Draft Statement of Accounts 2020/21

## Background

The Draft Statement of Accounts are presented to this Committee for information and to note. They will be subject to Audit by Grant Thornton, following which the Committee will receive the final audited version in September for approval.

## RD30/21 – Draft Statement of Accounts 2020/21

The covering report asks the Committee to note that the 2020/21 Draft Statement of Accounts have been certified as giving a True and Fair view by the Corporate Director of Finance and Resources.

Since the papers were published, we have had confirmation from the County Council of the expected gains from the Cumbria Business Rates Pool. Therefore, the accounts that have been published on the Council's website in line with the statutory requirements have been amended to reflect this updated position. The accounts were published on the Council's website on 22 July 2021.

The changes made have been reflected in note 4.16, the revised table being as follows:

2019/20 £000		2020/21 £000
	<b>Retained Levy</b>	
998	Allerdale Borough Council	1,129
489	Barrow Borough Council	480
1,084	Carlisle City Council	1,257
494	Copeland Borough Council	448
823	Eden District Council	924
2,004	South Lakeland District Council	1,371
<b>5,892</b>	<b>Total Retained Levy</b>	<b>5,609</b>
	<b>Pooling Distribution of Retained Levy</b>	
597	Allerdale Borough Council	658
330	Barrow Borough Council	321
631	Carlisle City Council	712
316	Copeland Borough Council	289
456	Eden District Council	504
1,058	South Lakeland District Council	741
2,504	Cumbria County Council	2,384
<b>5,892</b>	<b>Total</b>	<b>5,609</b>

This shows an additional £100,000 from what is contained in the Audit Committee papers – an additional £12,000 in levy paid to the pool and an additional £112,000 gain from the pool. Therefore General Fund Reserves have increased by this amount on the balance sheet. As this amount is owed to the Council, revenue debtors have also increased on the balance sheet.

With the finalisation of the Business Rates Income figures, there is also an additional £23,000 in income due to the Council from Tax Income Guarantee Scheme; a compensation scheme as a result of the COVID recovery package announced by the Government in 2020/21. This additional amount is shown as an increase to General Fund Reserves on the Balance Sheet. There is no impact on the Collection Fund. Therefore, there is an additional £123,000 in General Fund Reserves.

The key issues in the draft Statements are included in section 3 to the covering report (pack page 73). The impact of the COVID-19 pandemic on the accounts is considered in the Narrative Report and reference is also made to this in the Grant Income note (4.20) on pack page 146. It should be noted that COVID grants for distribution to businesses have been accounted for in line with appropriate accounting standards (IFRS15) and only recognised as gross income and expenditure where the Council is acting in a Principal capacity; that is the Council has control over the amounts being distributed and to whom. An Agent transaction is where the conditions of the grant are prescribed (by Government)) and the Council is simply passing the grant onwards. Pack page 93 provides details of the grants that have been received and paid onwards to businesses and individuals as at 31 March 2021.

As detailed in the report, council reserves have increased significantly, the majority of which is in relation to grant income given to the Council to compensate for the loss of business rate income. This £9.543m will be released from reserves in 2021/22 to offset the brought forward deficit on the Collection Fund.

#### Appendix 3 – Draft Simplified Statement

On pack page 208, I have attempted to provide a first draft of the new Simplified Financial Statement as recommended in the Redmond Review. The format of the Statement has been taken from the example given in the Redmond Review and therefore, I would ask the Committee for any comments on the content and tone of the draft. It is the intention to publish a final version that is professionally designed with the final Audited Statement of Accounts in September, therefore any comments from the Committee would be welcome.

If Members have any specific questions relating to the report or the draft statements, I will happily provide a detailed written response for inclusion with the meeting minutes.

Steven Tickner  
Financial Services Manager  
27 July 2021