

Audit & Governance Committee

Date of Meeting: 11 November 2020

Report Title: Statement of Accounts 2019/20

Senior Officer: Alex Thompson, Director of Finance & Customer Services

1. Report Summary

- 1.1. The 2019/20 Statement of Accounts provide information on the financial assets and transactions of the Cheshire East Group for the period 1st April 2019 to 31st March 2020 and comparative data for the preceding year. The Group consists of Cheshire East Council and the companies that are either wholly or partly owned by the Council.
- 1.2. The draft Statement of Accounts was prepared and submitted for external audit on 31st July 2020. The external audit of these Accounts is now complete and the external auditors, Mazars LLP, anticipate providing an unqualified opinion.

2. Recommendations

- 2.1. That the changes to the draft Accounts, in accordance with the Audit Completion Report, be noted.
- 2.2. That the Chairman of Audit and Governance Committee be given delegated authority to sign off the final Accounts on behalf of the Committee.

3. Reasons for Recommendations

- 3.1. To ensure compliance with the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

4. Other Options Considered

- 4.1. Not applicable.

5. Background

- 5.1. The amendments reported in Section 5 of the Audit Completion Report have been reflected in the final Statement of Accounts.
- 5.2. The summary statements for the Group are provided in this report.
- 5.3. Group Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Summarised Comprehensive Income and Expenditure Statement	2019-20			2018-19
	Spend £000	Income £000	Total £000	Total £000
Cost of Services	702,253	(347,388)	354,865	323,470
Other Operating Income & Expenditure	11,219	(3,099)	8,120	11,742
Financing and Invt Income and Expenditure	32,545	(3,993)	28,552	42,205
Taxation and Non-Specific Grant Income		(365,502)	(365,502)	(359,268)
(Surplus)/Deficit on Provision of Services	746,017	(719,982)	26,035	18,149
Tax Expenses	43		43	19
(Surplus)/Deficit of the Group	746,060	(719,982)	26,078	18,168
Surplus on revaluation of non-current assets			(30,623)	(10,212)
Surplus on revaluation of financial assets			5,315	(2,383)
Remeasurements of the net defined pensions benefit liability			(181,644)	86,911
Total			(180,874)	92,484

5.4. Group Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce taxation) and other 'unusable' reserves.

Summarised Movement in Reserves Statement	General Fund £000	Earmarked Reserves £000	Other Usable Reserves £000	Total Usable Reserves £000	Unusable Reserves £000	Council's Share of Subsidiary Reserves £000	Total Reserves £000
Opening Balance 1/4/19	10,316	51,254	50,209	111,779	136,686	993	249,458
Surplus / (Deficit) of the Group	(26,177)			(26,177)		99	(26,078)
Other Expenditure and Income					206,952		206,952
Accounting Adjustments	20,366		(19)	20,347	(20,347)		0
Transfer to Earmarked Reserves	5,811	(5,811)					0
Closing Balance 31/3/20	10,316	45,443	50,190	105,949	323,291	1,092	430,332
<i>Movement</i>							<i>(180,874)</i>

5.5. Group Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Summarised Balance Sheet	31 March 2020 £000	31 March 2019 £000	Change £000
Property, Plant & Equipment	1,014,563	962,151	52,412
Investment Property	30,768	6,706	24,062
Other Non-Current Assets	1,209	1,198	11
Long Term Investments and Debtors	36,256	30,550	5,706
Long Term Assets	1,082,796	1,000,605	82,191
Short Term Investments	214	4,244	(4,030)
Debtors	71,421	58,299	13,122
Cash & Cash Equivalents	33,743	18,579	15,164
Other Current Assets	3,820	929	2,891
Current Assets	109,198	82,051	27,147
Creditors	(127,129)	(102,209)	(24,920)
Short Term Borrowing	(117,325)	(56,535)	(60,790)
Other Current Liabilities	(11,473)	(9,397)	(2,076)
Current Liabilities	(255,927)	(168,141)	(87,786)
Provisions	(4,899)	(4,873)	(26)
Long Term Borrowing	(88,404)	(104,593)	16,189
Net Pension Liability	(355,605)	(497,107)	141,502
Other Long Term Liabilities	(56,827)	(58,484)	1,657
Long Term Liabilities	(505,735)	(665,057)	159,322
Net Assets	430,332	249,458	180,874
<i>Usable Reserves</i>			
Capital Receipts Reserve	3,000	3,000	0
Capital Grants Unapplied	47,190	47,209	(19)
Schools Reserves & Balances	4,565	5,557	(992)
Earmarked Reserves	40,878	45,697	(4,819)
General Fund Reserve	10,316	10,316	0
Profit and Loss Account	1,092	993	99
Total Usable Reserves	107,041	112,772	(5,731)
<i>Unusable Reserves</i>			
Revaluation Reserve	232,177	216,105	16,072
Capital Adjustment Account	448,605	430,051	18,554
Pensions Reserve	(355,605)	(515,149)	159,544
Other Unusable Reserves	(1,886)	5,679	(7,565)
Total Unusable Reserves	323,291	136,686	186,605
Total Reserves	430,332	249,458	180,874

- 5.6. The final audited version of the Statement of Accounts will be published on the Cheshire East website in accordance with the statutory deadline of 30th November 2020 following receipt of the necessary approvals.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The Statement of Accounts has been completed in accordance with the revised statutory deadline of 30th November 2020 as set out in the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

6.2. Finance Implications

6.2.1. As covered in the report.

6.3. Policy Implications

6.3.1. There are no policy implications identified.

6.4. Equality Implications

6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

6.5.1. There are no human resource implications identified.

6.6. Risk Management Implications

6.6.1. The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. Failure to do so could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Council's reputation.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

8.1. In accordance with Regulation 15(2) (b) of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 the accounts were made available for public inspection between 3 August to 11 September 2020.

9. Access to Information

9.1. The Statement of Accounts 2019/20 will be made available on the Cheshire East website.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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