

Draft Statement of Accounts 2023/24

Date: 29th July 2024

Report of: Chief Finance Officer

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- The report presents the draft statement of accounts for 2023/24 to the committee for information.
- The draft accounts were approved by the Chief Finance Officer on 14th June 2024, and have been published for the statutory public inspection period on the council's website.
- The accounts will be subject to audit by Grant Thornton over the autumn and winter, and it is anticipated that the final audited accounts will be presented to the committee for approval in March.

Recommendations

- a) Members are asked to note the unaudited statement of accounts for 2023/24, which has been certified by the Chief Finance Officer

What is this report about?

- 1 The purpose of this report is to present to the Committee the draft unaudited 2023/24 Statement of Accounts. The Statement of Accounts is included with the agenda as a separate document for Committee members and is also published on the Council's internet site with the Committee papers. Details of roles, responsibilities, and timescales for approving the annual statement of accounts are given from paragraph 10 below.

What impact will this proposal have?

- 2 This is a factual report from the Chief Finance Officer on the Council's 2023/24 financial accounts. The accounts present the council's financial position for the year in the format required by accounting standards, incorporating technical transactions relating to non-spendable reserves in addition to the outturn position which members will already be aware of.
- 3 The main financial issues arising from the statement of accounts are:
 - 3.1 The final outturn position for the year was an overspend, which was funded by the use of £8.5m of corporate earmarked reserves and the application of a number of one-off funding sources. The level of the General Fund Reserve increased by £3m to £36.2m.
 - 3.2 Overall, the Council's net worth has seen a small reduction of £2m during the year, and stands at £4,093m. The level of usable reserves has decreased by a net £26.3m, with usable capital reserves increasing by £21.6m and usable revenue reserves decreasing by £47.9m.
 - 3.3 The position for the Council's mainstream funded Local Government Pension Scheme has again improved to give a net pension asset of £208m, with the non-spendable pensions reserve moving into a positive position. This situation is extremely unusual, and it should be noted that the change in the pensions position reflects the way in which it is required to be measured at the balance sheet date. The estimated value of pension liabilities included in the balance sheet can be volatile and is affected by both the assumed level of inflation and by corporate bond yields, which are used to calculate the discount factor for the current value.
 - 3.4 The value of the Council's land, property and equipment held on the balance sheet has reduced by £79m. This net reduction incorporates £341m of expenditure on new or existing assets, with assets valued at £62m being disposed of during the year.
 - 3.5 Net borrowing during the year for capital and treasury purposes has increased by £64m, in comparison to an increase of £61m in the borrowing element of the capital financing requirement.
 - 3.6 The deficit on the Collection Fund reduced significantly during the year, as the Council and other precepting bodies made the final of three annual contributions towards the deficits which had arisen during 2020/21 due to the impact on council tax and business rates income of the coronavirus pandemic. After taking account of contributions towards prior year deficits, the in-year position was a deficit of £5.5m on council tax and a surplus of £3.7m on business rates. The extent to which this outturn position had not already been taken into account in setting the precepts for 2024/25 will feed into the 2025/26 precepts for council tax and business rates.

- 4 A full analysis of these and other financial issues is included in the Foreword of the Chief Finance Officer which can be found at the front of the accounts.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 5 The report relates to the council's underlying financial position rather than to any particular aspect of service delivery.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 6 This is a factual report from the Chief Finance Officer on the Council's 2023/24 financial accounts and consequently no public, ward member or councillor consultation or engagement has been sought.

What are the resource implications?

- 7 This is a factual and retrospective report of the Chief Finance Officer on the financial accounts of the Council for 2023/24. There are no additional financial or value for money implications.

What are the key risks and how are they being managed?

- 8 The Council's external auditors will provide a risk assessment on the accounts process as part of their annual audit plan, which is expected to be presented to the Committee at the September meeting. The specific areas identified as audit risks will be covered as part of their audit work, and any issues arising will be reported to this committee at the meeting at which the final audited accounts are presented for approval.

What are the legal implications?

- 9 The Accounts and Audit Regulations 2015 (as amended) set out the timescales and the roles and responsibilities for approving English local government annual accounts.
- 10 The requirements for approving the statement of accounts are:
- 10.1 The draft accounts are required to be certified as a true and fair view of the Council's financial position by the Responsible Financial Officer, and then to be made available for public inspection for a period of thirty working days.
- 10.2 For 2023/24 the government set the publication date for draft accounts as 31st May. Whilst the Council's draft accounts were not finalised until 14th June, this is more than a month earlier than for 2022/23 and is an earlier date than in any year since 2018/19. Nationally, only 41% of councils in England published their draft 2023/24 accounts by 31st May.
- 10.3 Once the audit process has been completed, this Committee is charged with approving and publishing the final audited accounts on behalf of the Council. For the 2023/24 accounts the current statutory deadline for publishing final audited accounts is 30th September 2024.

As the audit will not be completed by the statutory date, a notice must be published on the council's website by 30th September to explain the delay.

10.4 To enable members to discharge their responsibilities for approving the accounts, which is expected to be at the March 2025 meeting of the Committee, the following assurances can already be given, or will be given within the approval process :

- a) The Chief Finance Officer in her capacity as the Responsible Financial Officer has signed the draft 2023/24 accounts, confirming that she is satisfied that they present a true and fair view of the Council's financial position.
- b) The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which represents proper accounting practice for local authorities, as required by the Accounts and Audit Regulations 2015.
- c) Grant Thornton will be undertaking a detailed audit of the accounts to ascertain that, in their view, the accounts show a true and fair view of the Council's financial position. They will report any significant issues back to this Committee.
- d) Stakeholders have thirty working days while the accounts are on deposit to look through the accounts and supporting documentation and raise any questions with the auditors or to object to the accounts. If considered an eligible objection the auditors would investigate the complaint or questions and determine whether the accounts needed amendment. Any significant issues raised in this way would be reported back to this Committee. For 2023/24, the public inspection period runs from 17th June until 26th July, and a verbal update on the number of inspection and objection requests will be provided at the meeting.
- e) Members have the opportunity to question officers on any aspect of the accounts at this Committee, or at the subsequent meeting of the Committee which is requested to approve the accounts (expected to be in March 2025). In addition, informal briefing sessions will be held for members before the final audited accounts are presented to the Committee for approval.

Options, timescales and measuring success.

What other options were considered?

11 The report presents the 2023/24 draft statement of accounts to the Committee and does not relate to a proposed course of action requiring options.

How will success be measured?

12 The results of Grant Thornton's 2023/24 audit will be reported to the Committee.

What is the timetable and who will be responsible for implementation?

13 The report relates to financial performance in the 2023/24 financial year rather than to future actions which would require implementation.

Appendices

- None

Background papers

- None