

Draft Annual Accounts 2022/23

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service	Mark Green, Director of Finance, Resources & Business Improvement
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	All

Executive Summary

This report presents the unaudited draft Statement of Accounts for 2022/23. The Statement will be subject to external audit prior to it being brought back to the Committee for formal approval.

Purpose of Report

To give the Committee the chance to review the draft Statement of Accounts and to raise any questions they may have prior to the external audit.

This report makes the following recommendations to this Committee:

1. That the unaudited Statement of Accounts for 2022/23 are noted.

Timetable

Meeting	Date
Audit, Governance & Standards Committee	24 July 2023

Draft Annual Accounts 2022/23

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims in demonstrating accountability and value for money.	Director of Finance, Resources & Business Improvement
Cross Cutting Objectives	There is no specific implication, however sound financial management does support the delivery of the Council's cross cutting objectives.	Director of Finance, Resources & Business Improvement
Risk Management	This is detailed within section 5.	Director of Finance, Resources & Business Improvement
Financial	The Statement of Accounts provides an overview of income and expenditure for the financial year to 31 March 2023, and details the council's assets, liabilities and reserves at this date.	Director of Finance, Resources & Business Improvement
Staffing	No implications identified.	Director of Finance, Resources & Business Improvement
Legal	<p>Under section 151 of the Local Government Act (LGA 1972), the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including advising on the corporate financial position and providing financial information.</p> <p>The Council is required to produce a statement of account in accordance with the Accounts and Audit (England) Regulations 2015.</p> <p>It is a function of the Audit, Governance and Standards Committee to review and approve the annual statement of accounts and to consider if appropriate accounting policies</p>	Team Leader Corporate Governance

	<p>have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Corporate Services Policy Advisory Committee or Council.</p> <p>The Statement is required to be signed off by the Director of Finance, Resources & Business Improvement by 31st May 2023 and following the external audit to be approved and published by 30th September 2023.</p>	
Privacy and Data Protection	No implications identified.	Director of Finance, Resources & Business Improvement
Equalities	The report is for noting and contains no recommendations that would propose a change in service, therefore no equalities impact assessment will be required.	Equalities & Communities Officer
Public Health	No implications identified.	Director of Finance, Resources & Business Improvement
Crime and Disorder	No implications identified.	
Procurement	No implications identified.	Director of Finance, Resources & Business Improvement
Biodiversity and Climate Change	<p>The implications of this report on biodiversity and climate change have been considered and are;</p> <ul style="list-style-type: none"> • There are no implications on biodiversity and climate change. 	Biodiversity and Climate Change Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 The Council is required to have its audited Statement of Accounts approved by the Audit, Governance and Standards Committee by 30th September 2023 in accordance with the Accounts & Audit Regulations.
- 2.2 Prior to that the Statement has to be signed by the Director of Finance, Resources & Business Improvement as presenting a true and fair view of

the Council's financial position by 31st May 2023 and will then be subject to an external audit the date of which is yet to be confirmed.

2.3 This report gives the Committee the opportunity to review the Statement prior to the external audit and to raise any questions they may have.

2.4 The Statement of Accounts consists of:

Narrative Report – this summarises the Council's performance over the financial year 2022/23 and highlights the most significant elements of the financial statements.

Comprehensive Income and Expenditure Statement (CIES) – shows the accounting position of the council, and whether operations have resulted in a net surplus or deficit. The accounting position includes cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also shows all sources of income received and accrued in the year. Accrued expenditure represents the value of goods or services received by the authority by 31 March which have not been paid. Similarly, accrued income represents income due, but not yet received.

Movement in Reserves Statement – this is a financial statement which details the balances the council held in reserves at 31st March 2023, analysed into usable reserves (such as the general fund, earmarked balances and capital receipts reserve) and unusable reserves (such as the pensions reserve, revaluation reserve and capital adjustment account).

Balance Sheet – this can be seen as a 'snapshot' of the authority's financial position at a specific point in time, showing what it owns and owes at 31st March 2023.

Cash Flow Statement – sets out the authority's cash receipts and payments during the year, and analyses them into operating, investing and financing activities.

Accounting Policies and Supporting Notes – additional information provided to add context to the numbers presented in the main financial statements, and details judgements made by management in preparing this information.

Collection Fund Statement – this sets out income and expenditure in relation to Council Tax and Business Rates, and represents the position of the Council's role as a billing authority in collection revenue on behalf of other bodies.

2.5 The council's financial statements must comply with CIPFA's Code of Practice on Local Authority Accounting, which is based on International Financial Reporting Standards (IFRS). Both frameworks require a number of complex and detailed disclosures which accompany the main financial statements. of complex and detailed disclosures which accompany the main financial statements.

- 2.6 Due to the impact of the Covid-19 pandemic on local authorities the Government amended the deadlines for the publication and approval of the accounts for the financial years 2019/20, 2020/21 and 2021/22. However, for 2022/23 they have reverted to the original deadlines as set out at paragraphs 2.1 and 2.2 of this report.
- 2.7 The Committee will be aware of delays in auditing the Statements for both 2020/21 and 2021/22, which was a reflection of both local issues and the wider problems with the external audit process nationally. These delays have impacted on the production of the Statement for 2022/23 and meant that it was not possible to meet the 31st May deadline for signing the accounts.
- 2.8 At the time of writing this report the audit of the 2021/22 Statement is close to conclusion, and there is an updated report on this elsewhere on the agenda. The external auditors are not in a position to confirm a date for the audit of the 2022/23 Statement until that audit is completed, so it is highly unlikely that the 30th September deadline for the approval of the accounts by this Committee will be met.
- 2.9 The Narrative Report is attached at Appendix 1. The unaudited version of the statement is attached at Appendix 2. At this stage members should treat this document as a draft and subject to change. It should be noted that the revaluation figures for land and buildings have yet to be received, therefore a number of the notes will be subject to change, and the Cashflow Statement and Notes cannot be completed either until we have received these figures. The delay in receiving these figures is due in part to the valuer having to deal with a number of detailed queries relating to the audit of the 2021/22 Statement of Accounts.
- 2.10 There will also be adjustments to some of the opening balances once the audit of the 2021/22 Statement is complete and an audit opinion has been issued. Once the 2022/23 Statement is completed then it can be signed by the Director of Finance, Resources and Business Improvement and published on the Council's website.
- 2.11 The headline messages from the draft Statement of Accounts as they are presented can be summarised as follows:
- There has been a significant reduction of £73m in the pensions liability. This has come about due to a change in the discount rate used, which is linked to short-term interest rates, which have of course risen significantly over the last few months.
 - Cash & Cash Equivalents have reduced significantly by £25m as the short-term liquid investments held at the start of the year have been used to fund the capital programme, and for making Support for Energy payments to eligible households along with some other Covid-19 related payments.
 - The monies received from the Government for the Support for Energy payments and the other Covid-19 payments were showing on the Balance

Sheet as Creditors, so now they have been paid out this is reflected in the reduction of £27m in the Creditors balance.

- 2.12 When the revaluation figures are received and processed the impact will be focused on the balances for Property, Plant & Equipment, Investment Properties and Unusable Reserves. There will be no impact on cash resources that are available for the Council to use.
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3. AVAILABLE OPTIONS

- 3.1 The recommendation being made to the Committee is to note the draft Statement of Accounts for 2022/23.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 That the draft Statement is noted with the Committee having had an opportunity to review it prior to the external audit commencing.
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5. RISK

- 5.1 Failure to meet the statutory deadlines for production and audit of the annual accounts would result in this being highlighted in Public Sector Audit Appointments Limited's report on the results of auditors' work, in common with many other authorities where audits are behind schedule. The impact of this risk materialising would in normal circumstances have largely reputational repercussions for the Council and would limit the Council's capacity to demonstrate accountability and value for money in its use of public funds. However, in the current circumstances the impact is mitigated by the fact that many other councils are in the same position.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's accounts. Details of this will be published on the Council's website when the accounts are published, and the public will have a specified period to submit enquiries.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The external audit will commence on a date to be confirmed.
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8. **REPORT APPENDICES**

- Appendix 1: Narrative Report 2022/23
 - Appendix 2: Unaudited draft Statement of Accounts 2022/23
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9. **BACKGROUND PAPERS**

None