



# Statement of Accounts 2023/24 (Draft subject to Audit)

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Governance and Audit Committee

24<sup>th</sup> July 2024

# Purpose & Content

- » Present the Council's draft Statement of Accounts for the 2023/24 financial year
- » Provide a brief overview of the Accounts including the key headline figures & links to Revenue and Capital Budget Monitoring reports
- » Explain some of the key issues
- » Advise of any changes to the Accounts for 2023/24
- » Advise of the key timelines and next steps

# Purpose and Background of the Accounts

- » Provide clear information to all interested parties about the Council's finances.
  
- » Information includes:
  - » Costs of providing services in the year of account
  - » How those costs have been funded
  - » Assets and liabilities at year end
  
- » Prescribed format and style to enable comparisons with other local authorities and other organisations.
  
- » Aimed at 'the Reader'.

# Contents and Overview of the Accounts

- » Narrative Report
- » Statement of Responsibilities
- » Core Statements
- » Notes to the Core Statements
- » Housing Revenue Account (HRA) Statements and Notes
- » Statement of Accounting Policies
- » Group Accounts
- » Independent Auditor's Report
- » Annual Governance Statement

# Responsibility for the Accounts

- » **Statement does not belong to Finance** - Corporate document – “owned” by every Member and Officer of the Council.
  
- » **Statement of Responsibilities**
  - » Authority
  - » Chief Finance Officer
  
- » **Statement of Accounts is signed by:**
  - » Chair of the Governance and Audit Committee
  - » Chief Finance Officer

# Links to Budget Monitoring

## » **Statement of Accounts**

- » Financial Accounting
- » Externally focused reporting
- » Style reflective of the Code of Practice, Regulations, and Accounting Standards

## » **Budget Monitoring**

- » Management Accounting
- » Internally focused reporting on performance against budget
- » Style reflects the Council's reporting needs – locally determined

# Changes to the SoA for 2023/24

- » No significant changes made to 2023/24 Statement of Accounts.
- » Only very minor amendments made to Accounting Policies.
- » Introduction of IFRS 16 for the 2024/25 accounts – this means that under the new rules, the lease-in of any assets must be recognised on the Council's balance sheet

# Key Issues and Impacts

- » All non-current assets must be revalued at least every five years. The Council meets this requirement by revaluing a proportion of the total asset portfolio each year.
- » The majority of the Council's non-current assets are operational assets used for service delivery and are valued based on their rebuild costs.
- » During the year, not all assets valued under the Depreciated Replacement Cost (DRC) basis have been valued, only those in the current cycle were revalued in line with our accounting policy.



# Key Issues and Impacts

- » During the 2022/23 financial year, there had been significant inflationary movements in build costs, consequently impacting the carrying value of assets. Asset valuations were revised to ensure the Accounts were not materially misstated as at 31 March 2023.
- » This exercise was carried out for the Council's DRC assets and council dwellings using data sourced from the Building Cost Information Service (BCIS) and Land Registry. This exercise has been repeated in 2023/24 to ensure the balance is not misstated.
- » CIPFA published an update to the Code in November 2022 which includes a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets, whilst a permanent solution is developed within the Code.

# Headlines – Council Fund (Revenue)

- » Expenditure at outturn was £353.841m, with total financing at outturn of £352.375m.
- » This resulted in a net overspend at the end of the financial year of £1.466m (does not include the pay award shortfall of £2.702m which was met by from reserves) – so effectively the Council spent £4.168m over the approved budget.
- » Further information in Revenue Budget Monitoring 2023/24 (Outturn) report to Cabinet 23<sup>rd</sup> July 2024.

# Headlines – Council Fund (Revenue)

- » Significant variances include:
  - » (£2.517m) – corporate financing areas such as additional income from treasury management investments and minimised short and long term borrowing
  - » £2.546m – net overspend on temporary accommodation
  - » £1.285m - additional costs incurred for out of county placements from high demand
  - » £1.250m – pressures in Streetscene due to the fleet contract extension and reinstatement works following Storms Babet & Ciaran.
  - » (£0.783m) – underspend in Planning due to over recovery of planning fees, vacancies and additional grant income

# Headlines – Revenue Reserves

Revenue Reserves	2022/23 £m	2023/24 £m
Council Fund (Unearmarked)	19,162	15,271
Earmarked	23,841	19,671
Schools	6,717	3,336
HRA	6,477	7,301
<b>Total</b>	<b>56,197</b>	<b>45,579</b>

# Revenue Reserves – Significant Movements

## » **Council Fund - Unearmarked**

- » Decrease due to the in year overspend, £1.466m, contribution towards the 2023/24 pay award, £2.702m, and use of emergency funding allocation, £0.527m. Netted down by the contributions from released reserves, (£0.898m)

## » **Council Fund - Earmarked**

- » £3.381m – reduction in schools balances
- » £0.298m – reduction in grants and contributions
- » £2.858m – reduction in service balances for delivery of schemes next year

# Headlines – Capital

	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Over / (Under) Spend £m</b>	<b>Budget v Outturn %</b>
Council Fund	52.495	46.277	(6.218)	88%
HRA	23.530	23.530	0.000	100%
<b>Total</b>	<b>76.025</b>	<b>69.807</b>	<b>(6.218)</b>	<b>92%</b>

# Headlines – Housing Revenue Account

» Revised budget	£38.829m
» Spend below budget	£0.054m
» Income below budget	£0.054m
» Net spend above budget	£0.000m
» Closing balance as at 31.03.2024	£7.301m
(General and specific earmarked HRA reserves)	
» % of revised budgeted expenditure	18.8%

# Accounts Governance Group

- » Group of senior officers established to oversee and support the production of the Statement of Accounts at a strategic level.
- » Group has been very effective, resulting in positive benefits including:
  - » Ability to raise issues for escalation and resolution at an early stage
  - » Raising awareness of, and increasing collective responsibility for, the Statement of Accounts
- » Group will continue to meet through the audit period with Audit Wales representation.



# Timeline and Next Steps

CFO approved draft accounts	25 <sup>th</sup> June
Governance and Audit Committee considers draft accounts (approval not required at this stage)	24 <sup>th</sup> July
External audit commenced	July - November
Accounts Available for Public Inspection	23 <sup>rd</sup> Aug – 23 <sup>rd</sup> Sep
External audit findings and opinion reported to Governance and Audit Committee	25 <sup>th</sup> November
Final audited Accounts approved by Governance and Audit Committee	25 <sup>th</sup> November
Accounts signed by Auditor General	29 <sup>th</sup> November
Audited Accounts published	29 <sup>th</sup> November