

Meeting **AUDIT COMMITTEE/STATEMENT OF ACCOUNTS COMMITTEE**

Portfolio Area: Resources and Transformation

Date: **11 February 2025**



2023/24 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

NON-KEY DECISION

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1 PURPOSE

1.1 To present the External Auditor – Azets Audit Services Limited Audit Results Report for consideration and the audited 2023/24 Financial Report including the Statement of Accounts (SOA).

2 RECOMMENDATIONS

- 2.1 To receive and approve the 2023/24 Statement of Accounts for Stevenage BC for signing by the Chair of Audit Committee/Statement of Accounts Committee and the CFO.
- 2.2 To approve the delegation of authority to the CFO following consultation with the Chair of Audit Committee/Statement of Accounts Committee to make any minor amendments to the accounts as required prior to the completion of the audit.
- 2.3 To approve the 2023/24 Annual Governance Statements, which form part of the statement of accounts, and
- 2.4 To authorise the CFO, after consultation with the Chair of Audit Committee, to sign the letters of representation required as part of the 2023/24 external audit process.

3 BACKGROUND

- 3.1 This report is presented to the Audit Committee in its capacity as the body charged with Governance. The Auditor's results report produced by the Council's External Azets Audit Services Limited (Azets) is shown at appendix 1.
- 3.2 Local government accounts are based on an accounting code produced by CIPFA LASAAC. The code is an adaptation of International Financial Reporting Standards for the purposes of UK local government bodies. The accounts include a number of statutory overrides which are set out in note 15 of the SoA. The purpose of these overrides is to neutralise the impact of accounting standards on the Council's financial position.
- 3.3 Local government accounts include the following core statements:
- Comprehensive Income and Expenditure Statement (CIES) - recording all revenue income and expenditure for the year
 - Balance Sheet – showing the value of assets and liabilities held by the Council
 - Cashflow Statement – showing movements in cash and cash equivalents for the Council. Complementing the CIES and Balance Sheet which are completed on an accruals basis.
 - Movement in Reserves Statement (MiRS) – this is a local government specific statement. It shows how reserves have changed by removing accounting items in the CIES that are required by statute to not impact the Council's reserves – reconciling to the outturn position.
- 3.4 Notes to the Accounts provide further detail on individual line items in the core statements.
- 3.5 As previously reported to this committee, nationally there has been a significant backlog of outstanding audit opinions for English local authorities Statements of Accounts. For Stevenage, all Statements of Accounts up to and including 2022/23 have been audited and published in accordance with the initial MHCLG backstop date of 13 December 2024.
- 3.6 The backstop date for publishing the audited Statement of Accounts for 2023/24 is 28 February 2025.
- 3.7 The 2023/24 General Fund and The Housing Revenue Account outturn position were presented to the Cabinet on 24 July 2024. The General Fund year end balances were reported as £5.303Million and the HRA £10.625Million.
- 3.8 The Annual Governance Statement is shown as a separate document and is included at Appendix 2 to this report. This Committee is required to approve the SOA and the Annual Governance Statement.

3.9 The Council is required to send to the Council's External Auditors a Letter of Representation (Appendix 4 to follow on after completion of the audit).

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Statement of Accounts (SOA)

4.1.1 The Statement of Accounts is Appendix A to this report and is required to be signed off by Full Council or a committee delegated to do so such as the Statement of Accounts Committee.

4.1.2 Following the audit there was no change to the General Fund balance reported to Cabinet at outturn. An additional charge of £41K for a late depreciation charge was applied to the HRA balance after the outturn report was completed. The reported HRA balance at outturn was £10.625Million, and this has now been reduced to £10.584Million.

4.2 Balance Sheet

4.2.1 A summary of the balance sheet is below:

30/03/2023 £'000	Movement £'000	%		31/03/2024 £'000
941,649	(9,026)	<1	Total Long Term Assets	932,623
53,168	(2,857)	5.4	Current Assets	50,311
(42,263)	14,244	33.7	Current Liabilities	(28,019)
(261,356)	(24,014)	9.2	Long Term Liabilities	(285,370)
691,198	(21,653)	3.1	Net Assets	669,545
(5,954)	651		General Fund	(5,303)
(10,519)	(65)		HRA Fund	(10,584)
(5,556)	(3,202)		Earmarked General Fund Reserves	(8,758)
(20,831)	90		Earmarked HRA Reserve	(20,741)
(32,218)	(1,781)		Other Usable Reserves	(33,999)
(75,078)	(4,307)	5.7	Total Usable Reserves	(79,385)
(616,120)	25,960	4.2	Unusable Reserves	(590,160)
(691,198)	21,653	3.1	Total Reserves	(669,545)

4.2.2 Current Liabilities have reduced by £14K overall mainly as a result of the following:

- The use of government support (in Section 31 Grant) carried forward from 2022/23 in relation to covid-19 emergency of £8Million and NNDR levy £1.8Million.

- Additional resources in the accounts payable team allowed more invoices to be processed and paid before the end of the year and as a result general expenditure accruals were lower than in 2022/23 by £1.4Million.
- 4.2.3 Long Term Liabilities have increased overall by £24Million mainly as a result of the following:
- Additional £7.5Million PWLB borrowing taken in year to support the HRA capital programme delivery.
 - Long Term Local Government Pension liability £17Million - based on external actuarial estimates this long term liability can vary significantly between years. The balance as at 31.March 2024 is £20Million. The equivalent movement also forms part of the movement in unusable reserves as the movement in these estimates is not chargeable to the council tax payer.
- 4.2.4 Earmarked General Fund Reserves increased by £3Million - the NNDR Collection fund reserve increased by £2Million, unspent grant funding received before year end of £646K was set aside for use in future years and £0.5Million was added to the Regeneration Asset reserve.
- 4.2.5 Unusable Reserves reduced by £26million was mainly due to asset revaluation net unrealised losses of £7Million and £17Million pension reserve movement as mentioned above.
- 4.3 **CIES and MiRS**
- 4.3.1 Local government accounting requires the production of a comprehensive income and expenditure statement and movement in reserves statements, using International Financial Accounting Standards (IFRS). The movement in reserves statement is designed to adjust for technical transactions such as depreciation, which regulation dictates should not impact the bottom line of local authority accounts. Statutory overrides allows these to be reversed out.
- 4.3.2 A reconciliation of the Comprehensive Income and Expenditure Statement (CIES) with budget monitoring is shown below.

	General Fund Balance 2023/24 £'000	Housing Revenue Account 2023/24 £'000
(Surplus)/Deficit for the year	2,749	(6,195)
Technical Accounting adjustments	(5,299)	6,220
(Use)/Top up of Earmarked Reserves	3,202	(90)
Net (Surplus)/deficit against budget*	651	(65)

4.3.3 The technical accounting adjustments consist of movements for:

- Neutralisation of depreciation
- Revaluation gain/losses for the Council's property portfolio
- The transfer of capital grants to be capital grants reserve
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service costs and ensures that the actuarial estimates are not charge to council tax

4.4 **External Auditor's Conclusion**

4.4.1 As the Council's appointed Azets is required to review and report on the Council's financial statements and provide a value for money conclusion. Their draft findings and ISA 260 report are included at Appendix 1.

4.4.2 At the time of writing the report the audit had not been concluded so final minor amendments are recommended to be delegated to the CFO following consultation with the Chair of Audit Committee/Statement of Accounts Committee. The Council's auditors will be present at the Statement of Accounts meeting to update Members on the works outstanding.

4.4.3 At the time the time of writing the report, no objections were received by electors to the 2023/24 accounts.

4.4.4 No requests were received for any further details on the Council's financial records.

5 **IMPLICATIONS**

5.1 **Financial Implications**

5.2 There are no direct financial implications arising from this report

5.3 **Legal Implications**

5.3.1 Approval of the accounts by committee fulfils the requirements of the Accounts and Audit recommendations (2015).

BACKGROUND PAPERS

- 4TH Quarter Revenue Monitoring Report 2023/24 - General Fund, HRA, Capital and Group Companies (24 July 2024 Cabinet)
- [Addressing the local audit backlog in England: Consultation response - GOV.UK](#)

APPENDICES

- Appendix 1 – Annual Results Report

- Appendix 2 – Annual Governance Statement
- Appendix 3 – Statement of Accounts 2023/24
- Appendix 4 – Draft Letter of Representation