



Governance Scrutiny Group

Thursday, 23 November 2023

Approval of the Statement of Accounts 2022/23

Report of the Director – Finance and Corporate Services

1. Purpose of Report

- 1.1 This report presents the Council's statutory Statement of Accounts (Appendix A) for the financial year 2022/23 to be approved by the Governance Scrutiny Group.
- 1.2 The Council's external auditors have provided their audit completion report which is considered as a separate item on this agenda. The Annual Audit Letter and Value for Money Conclusion will be presented to this Group in February 2024.
- 1.3 There was a delay in submitting the Statement of Accounts for approval due to a delay in pension assurances (for the fourth year) which is completely outside the Council's and Mazars control.

2 Recommendation

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Approve the Statement of Accounts for 2022/23 (**Appendix A**) including the Annual Governance Statement at Section B page XXIX.
- b) Delegate authority to the Director of Finance and Corporate Services to make any changes necessary resulting from the matters outstanding on the accounts and advise both the Chair of Governance Scrutiny Group and Finance Portfolio Holder accordingly, such changes to be reported to the Governance Scrutiny Group.

3 Reasons for Recommendation

- 3.1 To demonstrate compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code') and various other legislation such as the Accounts and Audit Regulations (2015); and to help readers and stakeholders engage with the Accounts and demonstrate good stewardship.

4 Supporting Information

- 4.1 The accounts for Local Authorities are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code') and the Annual Governance Statement must comply with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.
- 4.2 As part of the final accounts process Mazars, as the Council's appointed auditor, provide a detailed report on the conduct of the audit of the final accounts alongside representations on specific matters such as the Council's financial standing and whether the transactions with the accounts are legal and unaffected by fraud. These issues are addressed in the Audit Completion Report which is considered as a separate item on this agenda.
- 4.3 The Statement of Accounts 2022/23 is included at Appendix A. This includes the Council's Annual Governance Statement (AGS) at section B page XXIX which, in line with best practice, has been agreed with the Leader and Chief Executive and was approved by Governance Scrutiny Group, 30 September 2023.
- 4.4 There have been no significant issues arising from the audit regarding the work undertaken by officers. This year there has been a hybrid approach with both teams working together at the Council offices and virtually which improved the process for testing and speed of resolving enquiries. We appreciate the flexibility that the Mazars team have shown during the audit and thank them for their work. Members should not underestimate the work undertaken by primarily the Finance Team (and other officers) in not just preparing the accounts and supporting working papers, but in managing the audit process which has taken a period of six months. Going forward we hope that, working with Mazars, the process will be much more streamlined.
- 4.5 There was an increase to the level of review work undertaken on defined benefit pensions (the Pension Fund Accounts where Nottinghamshire County Council are the accountable body) and Property Plant & Equipment (PPE) this year (as with last two years) due to a combination of requirements by the Financial Reporting Council (FRC) and the impact of the current economic uncertainty on asset values.
- 4.6 The Audit Completion Report details unadjusted misstatements as identified by Mazars during the audit. These misstatements total £0.807m (although this is a net £0.299m impact on the accounts). Management have chosen not to amend the accounts on the grounds of these not being material (as defined by Mazars in the Audit Plan) and Mazars have agreed to this approach. The draft accounts (as published at 31 May 2023) were also adjusted following confirmation from the Nottinghamshire Business Rates Pool of the surplus to be distributed to the Council, which amounted to £0.1m.
- 4.7 A summary of salient points from the Statement of Accounts 2022/23 is provided below:

- Net Revenue surplus of £0.57m with the impact of utilities increases not as significant as expected.
- Net Transfer from reserves £2.659m net of capital transfer the overall transfer is £3.902m. Most significantly relating to release of the collection fund reserve £3.707m to offset the deficit from previous years.
- £4.866m transferred to reserves, £1.587m was New Homes Bonus (NHB) and £1.108m to the Organisation Stabilisation (OS) Reserve to meet carry forwards and reserve appropriations. Creation of the Treasury Capital Depreciation Reserve £0.973m
- £8.767m use of Reserves was to release to the collection fund for the deficit arising from 2020/21 and 2021/22 (£3.707m), the use of New Homes Bonus to offset Minimum Revenue Provision (MRP) charges in relation to the capital cost of the Arena and Cotgrave Masterplan (£1.017m); and planned transfers to meet revenue commitments
- Overall Net Budget Variance of £2.081m surplus including pool surplus and Business Rates growth
- Council overall Net Worth has increased by £59.423m (to £106.271m) mostly from the movement in the value of the pension fund (£43m)
- Investments held at 31 March 2023 totalled £60.125m (down from £67.785m)
- Overall Earmarked Reserves balance at 31 March 2023 of £19.673m (reduced from £23.575m) mostly in relation to release of collection fund reserve to offset the deficit position arising from reliefs administered in previous years
- General Fund balance remains at £2.604m
- Main areas of Capital Expenditure were Operational Land and Buildings including Bingham Hub £5.982m, Crematorium £4.016m; Other grants and contributions Local Authority Delivery Grants (LAD2, LAD3) and Home Upgrade Grants (HUG1) Green Energy Grants £1.304m and Disabled Facilities and Better Care Funding Grants £0.859m; Vehicle, Plant and Equipment - £2.134m including Cremator Plant £0.810m. Capital Expenditure in the year was mostly funded by internal borrowing, capital receipts and grants (no external borrowing)
- Business Rates position for the entire fund as at 31 March 2023 is £0.102m surplus and for Council Tax £2.019m deficit. The Council's liability is £41k and £0.204m respectively.
- Major Service Developments include the Freeport and Development Corporation, Bingham Hub, Crematorium (opening delayed to April) and Carbon Reduction measures.

- Removal of Group Accounts as Streetwise was brought back in-house in September 2022
- Under continuing financial challenges the Council has maintained its focus on achieving a viable MTFS, securing Value for Money and delivering and growing services. The Council's reserve balances remain healthy ensuring the Council is a good position to both respond to unexpected financial shocks and maintain service delivery.

5 Risk and Uncertainties

- 5.1 Failure to adhere to professional accounting practice could lead to potential criticism from the Council's external auditors and inadequate Financial Statements.

6 Implications

6.1 Financial Implications

The annual fee scale for cost of audit in 2022/23 is £40,626. Additional fees for new accounting standards, additional testing and new value for money approach are not yet confirmed. These fees will be met from existing resources although members should note the rising costs of audit due to both demands in the sector, inflationary pressures and more exacting audit standards.

6.2 Legal Implications

There are no legal implications identified for this report.

6.3 Equalities Implications

There are no equalities implications identified for this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Crime and Disorder implications identified for this report.

6.5 Biodiversity Net Gain Implications

There are no Biodiversity Net Gain Implications identified for this report.

7 Link to Corporate Priorities

Quality of Life	The Statement of Accounts relates to the funding of the Council's Corporate Strategy and the Council achieving all of its Corporate Priorities
Efficient Services	
Sustainable Growth	
The Environment	

8 Recommendation

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For more information contact:	Peter Linfield Director - Finance and Corporate Services 0115 914 8439 plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	
List of appendices (if any):	Appendix A – Statement of Accounts 2022/23