



**Governance Scrutiny Group**

**Thursday, 19 September 2024**

**Approval of the Statement of Accounts 2023/24**

## **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 2023/24 to be approved by the Governance Scrutiny Group.
- 1.2 The Council's external auditors have provided their Audit Completion Report and Draft Annual Audit Report and Value for Money Conclusion which are considered as separate items on this agenda.
- 1.3 There was a delay in submitting the Statement of Accounts for approval due to a delay in pension assurances (for the fifth year) with Nottinghamshire County Council being the accountable body. This is completely outside the Council's control although Forvis Mazars are now the auditors for NCC (previously Grant Thornton) and their completion is expected imminently.

### **2 Recommendation**

It is RECOMMENDED that the Governance Scrutiny Group:

- a) Approve the Statement of Accounts for 2023/24 (**Appendix A**) including the Annual Governance Statement at Section B page XXXI
- 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 2023/24 ('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 2023/24 ('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 Forvis 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 2023/24 is included at Appendix A. This includes the Council's Annual Governance Statement (AGS) at section B page XXXI which, in line with best practice, has been agreed with the Leader and Chief Executive and was approved by Governance Scrutiny Group, 30 May 2024.
- 4.4 There have been no significant issues arising from the audit regarding the work undertaken by officers. Last year a hybrid approach with both teams working together at the Council offices and virtually was adopted and improved the process for testing and speed of resolving enquiries, this was continued for the 2023/24 audit. We appreciate the efficiency that the Forvis 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 four months. This is much improved with the audit in past years which have taking in excess of 6 months.
- 4.5 There remains a high level of review work on defined benefit pensions (the Pension Fund Accounts and Property Plant & Equipment (PPE) this year as with last three years) as required by the auditing standards. The valuations element of the PPE review commenced as part of interim audit to expedite the final audit.
- 4.6 The Audit Completion Report details an unadjusted misstatement as identified by Forvis Mazars during the audit. This misstatement totals £164k (although this is extrapolated misstatement with the actual figure £6k). Management have chosen not to amend the accounts on the grounds of this not being material (as defined by Forvis Mazars in the Audit Plan) and Forvis Mazars have agreed to this approach.
- 4.7 A summary of salient points from the Statement of Accounts 2023/24 is provided below:
- Net Revenue surplus of £0.259m, additional interest and reduced expenditure on utilities helped to offset the cost of a property legal claim and reduced income from planning and Rushcliffe Oaks Crematorium

- Overall Net Budget Variance of £1.663m surplus including additional grants, Nottinghamshire Business Rates Pool surplus as a result of growth in Business Rates
- Net Transfer to reserves of £1.958m net of the use of reserves to fund capital expenditure (£0.684m) the overall transfer is £1.274m
- £5.069m transferred to reserves, £1.414m was New Homes Bonus (NHB) and £1.663m to the Organisation Stabilisation (OS) Reserve to meet carry forwards and reserve appropriations including £0.425m to the climate change reserve, £0.331m for replacement finance and income systems and £0.235m for Housing Benefit costs
- £3.795m use of Reserves included the use of New Homes Bonus to offset Minimum Revenue Provision (MRP) charges in relation to the capital cost of Rushcliffe Arena and Bingham Arena and Enterprise Centre (£1.311m); funding capital expenditure (0.684m), and the balance for planned transfers to meet revenue commitments including collection fund deficit of £0.353m
- Council overall Net Worth has increased by £5.864m to £112.135m
  - Cash and cash equivalents have increased by £12.1m as a result of increase in Section 106 balances and underspends in the capital programme. Pension liability has reduced by £5.3m due to a change in actuarial assumptions
  - This is offset by a decrease in investment property £7.2m due to the disposal of Hollygate Lane Agricultural Land, capital grants received in advance £6.6m (due to Section 106 contributions received in year) and a £1m decrease in in short term fixed investments
- Investments held at 31 March 2024 totalled £71.527m (increase from £60.125m 2022/23)
- Overall Earmarked Reserves balance at 31 March 2024 of £20.947m (increased from £19.673m) mostly in relation to the in-year efficiencies
- General Fund balance remains at £2.604m
- Main areas of Capital Expenditure were;
  - Vehicle, Plant and Equipment £2.762m mainly due to the vehicle replacement programme which includes replacement of nine refuse vehicles (£1.839m) and purchase of Streetwise vehicles from lease contracts (£0.328m)
  - Other Grants & Contributions £2.174m, primarily Disabled Facilities and Better Care funding grants £0.996m, Home Upgrade Grants (HUG1) and Local Area Delivery Grants (LAD3) £0.435 and support for registered housing providers for affordable housing £0.416m

- Assets Under Construction £1.271m on Cotgrave and Keyworth Leisure Centre enhancement works including energy efficient measures as part of the Councils commitment to carbon reduction
- Capital Expenditure in the year was mostly funded by historical capital receipts and the final payment of the overage agreement at Sharphill Woods £3.026m and Government grants £2.540m, balanced with £0.684m from reserves. There was no requirement for external borrowing
- The collection fund as of 31 March 2024 is in a surplus position for both Business Rates £0.356m and for Council Tax £98k. These funds will be distributed to the preceptors in 2025/26. The Council's share is £142k and £10k respectively
- Major Service Developments include the investment in play areas, enhancement of leisure facilities, new website, distribution of UKSPF (UK Shared Prosperity) and REPF (Rural England Prosperity) funding. In response to major flooding incidents during 2023/24 the council has created an earmarked reserve for flood grants and flood resilience
- To support the Council's objective to be carbon neutral by 2030, the climate change reserve has been utilised to support the delivery of a number of projects; this included the introduction of Hydrotreated Vegetable Oil (HVO) in the Council's refuse fleet as alternative to diesel, electric charging at Rushcliffe Country Park and green technologies at Rushcliffe Oaks Crematorium and Bingham Arena and Enterprise Centre. The climate change reserve was topped up from 2023/24 efficiencies to support future carbon reduction projects. In 2024/25 this will include works on Cotgrave and Keyworth leisure centres and the Council will continue to identify further carbon reduction initiatives
- Whilst the Council is currently in a relatively stable financial position, there remain medium term budget challenges in particular uncertainty in relation to the funding of local government and in particular business rates and both changes in Government Policy and specific legislation in relation to areas such as 'Simpler Recycling'. The ongoing impact of inflation, the challenge of finding new efficiencies and depleting capital resources create ongoing budget pressures. This must be balanced with continuing to provide core services and achieve corporate priorities which require additional resources.

## **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 2023/24 is £128k (plus additional proposed £9k for ISA315), this is significantly higher than the previous year (£56k including variations) as a result of the inclusion of new audit requirements which were previously additional to the scale fee. A government grant of £18k was received to offset the increased cost of audit.

### 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

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

## 8 Recommendation

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<b>For more information contact:</b>	Peter Linfield Director - Finance and Corporate Services 0115 914 8439 <a href="mailto:plinfield@rushcliffe.gov.uk">plinfield@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Not applicable
<b>List of appendices (if any):</b>	Appendix A – Statement of Accounts 2023/24