
Draft Statement of Accounts & Annual Governance Statement 2023/24

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 07 August 2024

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: kirsty.cowell@leicester.gov.uk
- Report version number: 1.0

1. Summary

- 1.1 To provide an opportunity committee to consider the council's Draft Annual Statement of Accounts and Annual Governance Statement for 2023/24 before they are brought back to the committee for formal approval.

2. Recommended actions/decision

- 2.1 The Committee is asked to note the contents of the report and make any comments.
- 2.2 The Committee is asked to consider the:
- 2.2.1 Draft Annual Statement of Accounts for 2023/24 at Appendix 1.
 - 2.2.2. Draft Annual Governance Statement 2022/23 at Appendix 1.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

- 4.1 The Accounts & Audit (England) Regulations 2015 require that the Council present its audited Statement of Accounts along with its Annual Governance statement for approval annually by the 31 July. This is delegated to the Governance & Audit Committee by Council. For 2023/24, this deadline has been extended to the 30 September 2024 due to issues being experienced in the local authority audit sector. The draft accounts are therefore presented to this meeting for information and consideration and will be brought to a future meeting for formal approval following the completion of the external audit.

5. Draft Annual Statement of Accounts for 2023/24

- 5.1 The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts are presented to the Executive and to the Overview Select Committee, which set out the revenue and capital out-turn for the authority. The financial position of the authority is presented in a different way in the Statement of Accounts. The out-turn reports focus on the in-year financial performance in a format consistent with the Council's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.

5.2 Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the accounts are consistent.

5.3 The core financial statements are:

5.3.1. Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the authority. This statement distinguishes between “usable reserves” which can be used to fund expenditure or reduce local taxation and “unusable reserves” which are effectively accounting entries and not available to spend. The level of uncommitted general balances as at 31st March 2024 was £15.0m, in line with the Council’s financial strategy.

5.3.2. Comprehensive Income and Expenditure Statement (CIES)

This shows the Council’s actual performance for the year in accordance with the Code of Practice. This means that the accounts are prepared on a different basis than that used to set the Council’s budget and raise council tax. There are several statutory adjustments that are made to the surplus or deficit shown on this statement to arrive at the balance on the General Fund shown in the Movement in Reserves Statement above.

5.3.3. Balance Sheet

The balance sheet shows the net worth of the Council in terms of its assets and liabilities. It shows the net value of the organisation including the balances and reserves, its long-term indebtedness, and its fixed and net current assets employed in its operations.

5.3.4. Cash Flow Statement

This statement summarises the movements in cash holdings during the year in common with the presentation required for commercial companies, although the statement is of less significance in the local authority context.

5.4 The Council’s Draft Statement of Accounts were published on the website on the 28 June 2024. The publication of the draft accounts fell behind the statutory deadline of 31 May this year, due to the knock-on effect of the delay in signing off the 2022/23 accounts, preparation work was also impacted by the cyber incident.

5.5 The external audit commenced on 1 July 2024. Any recommendations made will be reported to this committee, along with any alterations made to the draft Statement of Accounts.

5.6 Due to the issues being experienced in the local authority audit sector, the usual statutory deadlines have been extended and the final audited accounts are not required to be completed until the 30 September 2024. However, the accounts audit work cannot be completed until the Leicestershire County Council Pension Fund has been audited. As in previous years if this audit is not completed by 30 September 2024, it will impact the conclusion of the Council audit.

5.7 When producing the Statement of Accounts, accounting estimates are used. These estimates rely on the professional judgement of experts in the relevant areas. As these estimates are material to the accounts it is important that the committee understand them and the impact on the accounts. For the Council the main estimates are:

- Property, Plant & Equipment – remaining useful lives, asset values
- Pensions Liability
- Fair Value of loans

5.8 The overall pension fund continues to be shown as breaking even in the accounts (not an asset or liability). This is due in the main to the more recently expected longer term higher interest rates (reducing longer term liability), offset to some degree by higher inflation in the shorter term. The overall reduced liability estimate has no direct impact on the resources available to fund the Council.

5.9 Further detail on significant estimates in the accounts can be found in Note 5 (page 43) of the Statement of Accounts.

6. Draft Annual Governance Statement

6.1 The Council is required to publish, as part of its financial accounts reporting, an Annual Governance Statement. This statement should assure the people of Leicester that the Council operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse. The draft Annual Governance Statement is being presented here for comment before final approval by this committee.

6.2 The format of the Annual Governance Statement to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.

7. Financial, legal, equalities, climate emergency and other implications

7.1 Financial implications

This report is exclusively concerned with financial issues.

7.2 Legal implications

There are no direct legal implications arising from this report.

Kevin Carter - Head of Law (Commercial, Property & Planning)

7.3 Equalities implications

There are no direct equalities implications arising out of this report.

Equalities Officer, Surinder Singh, Ext 37 4148

7.4 Climate Emergency implications

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

7.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

8. Background information and other papers:

Revenue and capital outturn reports presented to the Overview Select Committee on 31 July 2024.

9. Summary of appendices:

Appendix 1 – Draft Annual Statement of Accounts & Annual Governance Statement 2023/24

10. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

11. Is this a “key decision”? If so, why?

No