

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	27 September 2023
Subject:	Statement of Accounts 2022/23
Report of:	Associate Director: Finance
Head of Service/Director:	Executive Director: Resources
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	1

Executive Summary:

The Statement of Accounts for 2022/23 shows the financial position of the Council as at 31 March 2023 as well as the performance during the year.

Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.

Recommendation:

To APPROVE the 2022/2023 Statement of Accounts and to delegate authority to the Executive Director: Resources, in consultation with the Chair of the Audit and Governance Committee, to make any necessary amendments upon receipt of advice from the external auditor on any outstanding issues.

Financial Implications:

Revenue and capital balances as detailed within the report.

Legal Implications:

The process and schedule for approval of the Statement of Accounts are regulated this year by the Accounts and Audit (Amendment) Regulations 2022 which have amended the Accounts and Audit Regulations 2015.

A revision was made to this legislation in June 2022 extending the deadline for publication of the audited accounts by two months from 31 July 2023 to 30 September 2023 (although this is two months earlier than the previous year).

The extension for the Council to prepare the accounts was removed and we had to publish the draft accounts by 31 May 2023 this year.

Environmental and Sustainability Implications:

There are no direct environmental and sustainability implications arising from the accounts.

Resource Implications (including impact on equalities):

There are no direct resource implications.

Safeguarding Implications:

There are no direct safeguarding implications

Impact on the Customer:

As the accounts reflect 2022/23, there is no direct impact on the customer.

1.0 INTRODUCTION

- 1.1** The Finance team met the earlier deadline of 31 May 2023 despite competing priorities and already stretched resources within the team. Grant Thornton started their audit at the beginning of July and have been with us for 13 weeks at the time of writing the report.
- 1.2** The majority of the audit work has been completed with no material adjustments to the primary statements at the time of writing this report. A verbal update will be given at the Committee regarding any changes.
- 1.3** The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the Audit Findings Report and approve them for publication, subject to any required amendments as advised by the external auditor which will be dealt with by delegation to the Executive Director: Resources, in consultation with the Chair of the Audit and Governance Committee. The auditor's work is still ongoing at the time of the report.

2.0 THE STATEMENT OF ACCOUNTS

- 2.1** With a shorter timescale in which to prepare the accounts, it was necessary to streamline work and focus efforts on key risk areas. This was challenging for such a small team and, with more requirements being added to the accounts every year, we will continue to identify efficiencies in the way we produce the statements.
- 2.2** Whilst COVID-19 had a lesser effect on the accounts this year, the cost of living crisis resulted in grant schemes for rising energy costs and other inflationary pressures on expenditure for the Council.
- 2.3** The following paragraphs explain what the financial statements are showing us and how it relates to our own internal budget monitoring.

Comprehensive Income and Expenditure Account

- 2.4** The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK, which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015. The accounts do not show our financial position against budget (which is how we monitor our performance internally); however, this can be found in the Financial Outturn Report which was reported to the Executive Committee on 12 July 2023. The relationship between the outturn position and the statements in the accounts is shown in the table below:

	£,000	Source
Outturn against budget per Exec report	(1,007)	Executive Committee report 12 July 2023
Earmarked Reserve expenditure recoded to services	1,952	
Planning Obligation income and expenditure recoded to services as per	(1,669)	
Capital funded by revenue not included within Outturn	846	
Other transfers from reserves not in budget e.g. Mayor's Charity	5	
Expenditure and Funding Analysis Statement - (Surplus)/Deficit on Provision of Services	127	Expenditure and Funding Statement on page 26 of Statement of Accounts
Capital included within CIES and not outturn	(2,399)	
Cash payments for pensions in budget but in CIES it is replaced by IAS19 accounting regulations	1,477	
Timing difference between what is chargeable for NDR and council tax under statute and what is recognised under accounting principles.	(1,070)	
Fair value gains (losses) on assets recognised in CIES	2,893	
Comprehensive Income and Expenditure Statement - (Surplus)/Deficit on Provision of Services	1,028	Comprehensive Income and Expenditure Statement on page 4 of Statement of Accounts

Note: Figures in brackets show a surplus (or gain)

Balance Sheet

- 2.5** The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has increased from £43m to £70m. The change in net worth is summarised in the Movement in Reserves Statement which is on Page No. 5 and there are a number of movements (mainly on unusable reserves) which contribute to this, including:
- an increase in the Collection Fund Adjustment Account of £1m which is mainly due having a collection fund deficit in 2021/22 and a surplus in 2022/23
 - the pension deficit has decreased by nearly £26m mainly due to an increase in the discount rate used (a higher discount rate results in a lower net present value of the pension obligation).

Collection Fund Balances

- 2.6** This is a statutory statement which all billing authorities are required to produce in relation to the collection from taxpayers of Council tax and non-domestic rates (NDR). The balance on the Collection Fund for Council Tax at the year-end was a surplus of £1,600k. Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and Tewkesbury Borough Council, based on a proportion of the total precept demand from each body. Based on an estimate of the outturn position in January 2023 we have distributed £1,536k. The balance of £64k will be distributed in the 2023/24 estimate of outturn in January 2024. The balance on the Collection Fund for business rates at the year-end was a surplus of £623k (£1.88m deficit in 2021-22) which is split between Tewkesbury Borough Council, Gloucestershire County Council and central government. Our share of this surplus is £249k.

Capital Resources

- 2.7** The total balance of capital resources (excluding Community Infrastructure Levy receipts) as at 31 March 2023 is £2.1m including capital grants. Expenditure on capital projects was £2.774m in 2022/23 and included £649k on the solar canopy, £122k on IT equipment, £904k on the Ashchurch Bridge project and £749k on Disabled Facilities Grants.

3.0 CONSULTATION

- 3.1** The accounts and supporting documents were available for inspection by any person interested between 1 June 2023 and 12 July 2023; however, no one exercised these rights.

Between 1 June 2023 and 12 July 2023, the auditor has been available to receive questions and objections relating to the accounts from local electors.

Both these opportunities were placed on the Council's website.

4.0 ASSOCIATED RISKS

- 4.1** None directly as a result of this report.

5.0 MONITORING

- 5.1** None

6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES

6.1 The control and good management of financial resources is essential to effectively deliver the Council's priorities.

Background Papers: Financial Outturn Report – Executive 12 July 2023

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Appendices: Appendix A – Statement of Accounts