

# 2022 to 2023 Draft Annual Statement of Accounts

<b>Report number:</b>	<b>PAS/WS/23/019</b>	
<b>Report to and date(s):</b>	<b>Performance and Audit Scrutiny Committee</b>	28 September 2023
<b>Cabinet member:</b>	Councillor Diane Hind Cabinet Member for Resources <b>Tel:</b> 07890 198957 <b>Email:</b> <a href="mailto:diane.hind@westsuffolk.gov.uk">diane.hind@westsuffolk.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Director (Resources and Property) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	

**Decisions Plan:** This item is not required to be included in the Decisions Plan.

**Wards impacted:** All wards.

**Recommendation:** It is recommended that the Performance and Audit Scrutiny Committee:

1. Scrutinises and notes the 2022 to 2023 Draft Statement of Accounts for West Suffolk Council (attached at Appendix A).

## 1. Context to this report

- 1.1 Statutory requirements for the reporting and approval of the council's annual financial statements are set out in the Accounts and Audit Regulations 2015. The regulations require the council to submit draft accounts to its external auditors, currently Ernst and Young (EY), by 31 May each year, with member scrutiny and approval of the accounts required once the audit has been concluded (by 31 July each year).
- 1.2 In July 2022 the government issued regulations – the Accounts and Audit (Amendment) Regulations 2022 – as part of a package of measures to improve local audit delays. These regulations extended the deadline for final approval and publication of the audited accounts from 31 July to 30 September for six years commencing with the 2022 to 2023 accounts.
- 1.3 Due to the planned phased approach to delivering the 2022 to 2023 audits across Suffolk, the external audit of the draft accounts of West Suffolk will not begin until November 2023 at the earliest, and it will not be possible, therefore, to complete the audit and publish the accounts by the end of September 2023 in line with the revised legislation. However, this situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015.
- 1.4 In order to ensure that this committee are able to have sight of the 2022 to 2023 accounts in a timely manner following the end of the financial year, it has been decided to present the draft unaudited accounts to this meeting, with the audited accounts going through the normal committee approval process when EY are able to complete their work. The draft accounts for 2022 to 2023 are attached at **Appendix A**.
- 1.5 These are the statutory annual accounts of West Suffolk Council. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is updated annually to reflect statutory and regulatory changes to accounting policies.

## 2. Financial Highlights – 2022 to 2023

- 2.1 A full commentary on the financial performance of the council can be found in the Narrative Report on pages 7 to 14 of the Draft Statement of Accounts (**Appendix A**). The key aspects are highlighted below.

- 2.2 **Revenue Expenditure** – For the 2022 to 2023 financial year, the council saw a decrease in its General Fund reserve from £6.045 million to £5 million. The reduction resulted from the planned use of the General Fund to finance a COVID-19 income recovery budget of £0.475 million, as well as the funding of the outturn deficit for the year of £0.57 million. This deficit was a direct result of inflation and the wider economic conditions caused by global pressures. Overspends on vehicle fuel, utilities, materials and supplies and services were mitigated by increased interest rates on investments, improved recycling credits and higher income or reduced costs from renewable measures that the council has invested in such as Toggam Solar Farm, solar panels on buildings and battery chargers. Furthermore, the effect of the local government pay award, which caused an additional pressure of around £1.3 million for 2022 to 2023, was controlled significantly in year through vacancy management. The outturn position and the closing general fund balance are reflected in the Expenditure and Funding Analysis disclosure within the attached Statement of Accounts (page 18). Details of major over and under spends can be seen in the report reference [PAS/WS/23/007](#), entitled '2022-2023 Performance Report (Quarter 4)' considered by this committee on 1 June 2023.
- 2.3 **Capital Expenditure** – The council's capital expenditure for 2022 to 2023 totalled around £13 million, which included investment in the council's wholly owned housing company Barley Homes through its revolving loan facility (£0.7 million), expenditure on the redevelopment of 17 to 18 Cornhill, Bury St Edmunds (£1.7 million), Western Way development (£1.5 million), investment in the Community Energy Plan and the Net Zero Plan (£1.2 million) and purchase of vehicles and plant (£2.0 million). The council spent approximately £1.5 million on capital grants within the year. Around £3 million of the total £13 million spend for 2022 to 2023 was funded from the council's usable capital receipts, a further £3.2 million from grants and contributions, and £5.5 million being funded from revenue reserves. The remaining amount was funded through the council's internal and external borrowing as agreed as part of the business cases for each of the capital projects. Details of the major variances on the capital programme can also be seen in report [PAS/WS/23/007](#).
- 2.4 **Usable Reserves** - An integral part of the council's financial strategy is to ensure that usable reserves are maintained at a healthy level. Usable reserves are split into two main categories: revenue reserves (the General Fund and Earmarked reserves) and unallocated capital reserves (the Capital Receipts Reserve and Capital Grants Unapplied Reserve). During 2022 to 2023 the total value of the council's usable reserves decreased from £58.1 million (at 1 April 2022) to £55.4 million (at 31 March 2023), a net decrease of £2.7 million. Further details regarding the movement in reserves during the year are provided on page 22 of the Statement of Accounts and in Note 10 Transfers to or from earmarked reserves on page 42.

- 2.5 **Pension Fund** - The Local Government Pension Scheme is a national statutory scheme which, for Suffolk authorities, is administered by Suffolk County Council. Annual scheme valuations based on International Accounting Standards (IAS 19) are undertaken for the purpose of the council's annual financial statements. As at 31 March 2023, the council's IAS19 pension valuation disclosed an overall fund surplus of £16.8 million. Under IAS19, where the pension valuation is showing as a net asset, this is restricted to the value of the 'asset ceiling' for the value of the asset that is shown in the Balance Sheet, and this has been estimated at £0 million. The total asset or liability on the pension fund has a substantial impact on the net worth of the council as recorded in the Balance Sheet. However, it must be emphasised that this IAS19 position has no immediate impact on the council's general fund or council taxpayers, as the contribution rates to the Suffolk County Council pension fund are determined by a separate triennial actuarial review and not the IAS19 valuations. Further details regarding the council's pension fund performance are provided in Note 32 Defined Benefit Pension Schemes on page 88 of the Statement of Accounts.

### 3. **Annual Governance Statement**

- 3.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The outcome of this review forms the basis of the Annual Governance Statement (AGS) which is considered in a separate report on this agenda. The AGS does not form part of the Statement of Accounts (and is not covered by the Chief Finance Officer's certification or the audit report) but will be included alongside them in the final published accounts.

### 4. **Payments to Councillors**

- 4.1 Note 26 in the Statement of Accounts (Member's Allowances) provides summary total figures for Councillor allowances and expenses.
- 4.2 A more detailed analysis of these allowances, broken down by Members, is published online in accordance with the statutory responsibility to disclose this information as part of the local government transparency agenda. A link to the website location is provided below:

**Councillors allowances**

## **5. Alternative options that have been considered**

- 5.1 The Accounts and Audit Regulations 2015 set out the requirements for the reporting and approval of the Council's annual financial statements. Therefore, there are no alternative options.

## **6. Consultation and engagement undertaken**

- 6.1 This report and the appendices have been compiled by the Finance team in consultation with external audit.

## **7. Risks associated with the proposals**

- 7.1 The reporting and approval of the annual accounts is a statutory function. The accounts are examined and certified by independent auditors, therefore there are no risks associated with the proposals.

## **8. Implications arising from the proposals**

- 8.1 All implications arising from the proposals are covered within the report and its associated appendices.

## **9. Appendices referenced in this report**

- 9.1 **Appendix A** – West Suffolk Council Draft Statement of Accounts 2022 to 2023

## **10. Background documents associated with this report**

- 10.1 **COU/WS/22/003** (22 February 2022): Budget and Council Tax Setting 2022 to 2023 and Medium Term Financial Strategy 2022 to 2026 [COU/WS/22/003](#)
- 10.2 **PAS/WS/23/007** (1 June 2023): 2022 to 2023 Performance Report (Quarter 4) [PAS/WS/23/007](#)