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| Council name | COTSWOLD DISTRICT COUNCIL |
| Name and date of Committee | AUDIT AND GOVERNANCE COMMITTEE – 23 JULY 2024 |
| Subject | STATEMENT OF ACCOUNTS 2023/24 |
| Wards affected | None |
| Accountable member | Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: Mike.Every@cotswold.gov.uk |
| Accountable officer | David Stanley, Deputy Chief Executive and S151. Officer Email: David.Stanley@Cotswold.gov.uk |
| Report author | Michelle Burge, Chief Accountant Email: Michelle.Burge@Cotswold.gov.uk |
| Summary/Purpose | <p>The Statement of Accounts for 2023/24 shows the financial position of the Council as of 31 March 2024 as well as the performance during the year.</p> <p>Under the Council’s Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.</p> <p>This report presents to the Committee for consideration the draft (summary) Statement of Accounts for the year ended 31 March 2024.</p> |
| Annexes | Annex A – Draft Summary 2023/24 Statement of Accounts |
| Recommendation(s) | <p>That the Audit and Governance resolves to note:</p> <ol style="list-style-type: none">1. The draft unaudited summary Statement of Accounts 2023/24 (as attached at Annex A)2. Key highlights from the Statement of Accounts 2023/24 as set out within this report. |
| Corporate priorities | (Select which ones apply from the list below) <ul style="list-style-type: none">• Delivering Good Services |



COTSWOLD
DISTRICT COUNCIL

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| Key Decision | NO |
| Exempt | NO |
| Consultees/ Consultation | None |



1. EXECUTIVE SUMMARY

- 1.1 The Draft Summary Statement of Accounts for 2023/24 shows the financial position of the Council as at 31 March 2024 as well as the performance during the year. The full draft Statement of Accounts is at the time of writing still being finalised and is expected to be published on the Council website during the week commencing 22 July 2024.
- 1.2 Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.
- 1.3 This report summarises the key aspects of the 2023/24 Summary Statement of Accounts which can be found at **Annex A**.
- 1.4 Member of the Committee will be offered the opportunity to attend Statement of Accounts training in September 2024, providing an overview of the Accounts, an explanation of their role as Councillor, an explanation of the key statements and of some of the key balances and entries. Slides will be circulated for any members of the Committee who are unable to attend.
- 1.5 A final audited version of the Statement of Accounts, together with the Council's external audit's opinion on those accounts will be presented to a future Committee meeting following completion of the external audit. Bishop Fleming have agreed that their fieldwork will commence from August 2024.
- 1.6 The draft Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.
- 1.7 The Statement of Accounts have a specified format which includes a narrative report, four primary statements, accounting policies and notes to the accounts. The purpose of the primary statements are set out below together with any key highlights from those statements for the year ended 31 March 2024.
- 1.8 Annex A includes a summarised version of the 2023/24 financial statements including the Narrative Report, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement (MiRS) and Balance Sheet.

2. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

- 2.1 This statement includes the net cost of services in accordance with generally accepted accounting practices which for 2023/24 was a deficit of £0.329m. This differs from the revenue outturn report which reported a deficit of £0.610m (£0.251m improvement to the budgeted £0.861m deficit) as the CI&ES is prepared under International Financial Reporting Standards (IFRS) while the management accounts are prepared based upon Local Authority accounting rules. The "Expenditure and Funding Analysis" within the published Statement of

Accounts reconciles the difference between the IFRS net and deficit and management accounts outturn.

2.2 A reconciliation of the CI&ES with the budget monitoring report is shown below.

| | 2023/24 £m |
|---|-----------------------------|
| Deficit for the year per CIES | 0.329 |
| Technical Accounting Adjustments | 0.434 |
| (Use of)/transfer to Earmarked Reserves | (0.165) |
| Other movements | 0.012 |
| Net deficit per Management Reporting | 0.610 |

2.3 The technical accounting adjustments include movements for:

- Neutralisation of depreciation.
- Revaluation gains/losses for the Council's property portfolio.
- Transfer of capital grant/contribution to the capital grant reserve.
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service cost and ensures that the actuarial estimates are not charge to Council Taxpayers.

3. MOVEMENT IN RESERVES STATEMENT (MiRS)

3.1 The MiRS details the movement in the year between reserves, from the deficit on provision of services in the Comprehensive Income and Expenditure Statement, to the position on the Balance Sheet at 31 March 2024. The reserves are split into usable reserves (which are available to spend) and unusable reserves held for accounting purposes (and are not available for use).

4. BALANCE SHEET

4.1 The Balance Sheet depicts the assets and liabilities of the Council as at 31 March 2024 splitting these between current (less than 12 months) and non-current (long term assets and liabilities). Subtracting liabilities from assets leads to a net position which represents the Council's 'net worth'.

4.2 As at 31 March 2024, the Council's net worth is £94.023m compared to £85.282m the previous year, an increase of £8.741m.



- 4.3** The Council's Property, Plant and Equipment values have increased by £14.158m, largely because of £14.625m increases in land and property valuations, specifically car parks, which have increased to reflect the recovery of car park income and reduction in risk associated with car park income levels following the covid pandemic. This movement is also reflected within the Unusable Reserves, Revaluation Reserve balance.
- 4.4** Non-Current debtors have increased by £1.050m, predominantly due to the net loan provided to Cottsway Housing Association during 2023/24 to enable the provision of affordable housing. This movement is also mirrored within the Unusable Reserve, Deferred Capital Receipts for capital loan and lease principal repayments due but not yet received.
- 4.5** Current assets have reduced overall by £5.004m, due in part to a £3.082m reduction in short term Investment deposit balances held with central government and £2.4m decrease in local authority debtors, reflecting amounts owed by preceptors in relation to council tax deficit as part of the collection fund in 2022/23.
- 4.6** Current Liabilities have reduced by £3.368m, largely due to a £3.7m movement in creditors including £0.728m of receipts in advance for the 2023/24 energy rebate scheme which is no longer held at 31st March 2024 and £2.305m reduction in amount owed to preceptors in respect of Council tax and NNDR.
- 4.7** The Council's pension liability has increased by £4.835m. In 2023/24, the actuarial valuation has seen a significant movement from a net pension deficit of £7.188m to a surplus position of £1.634m as a result of improved investment returns and investment interest. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation due to an ongoing requirement to pay agreed past service contributions. The Asset Ceiling calculation resulted in a lower valuation which has resulted in a net liability of £12.023m being included within the balance sheet for 2023/24.
- 4.8** The total balance of capital resources (excluding Community Infrastructure Levy receipts) as at 31 March 2024 is £7.270m including capital grants. Expenditure on capital projects was £5.983m in 2023/24 including the drawdown of loan capital to Cottsway Housing Association to enable the provision of affordable housing incorporating low carbon technology (£2.98m). Other capital expenditure includes the Trinity Road Agile Working project (£0.328m), roof works at the Council's Trinity Road Offices (£0.524m) and private sector housing renewal grants (DFG) awarded totalling £1.344m.
- 4.9** £4.074m of Capital receipts were used in year to finance capital expenditure and £2.352m of capital receipts were received from loan and lease repayments including £0.859 of Ubico lease repayments, £1.247m of Cottsway Housing Association repayments and £0.221m of



Right to Buy Receipts from Bromford Housing Association in relation to Housing Stock previously owned by Cotswold District Council.

- 4.10** The Useable Reserves, Capital Grants Unapplied has increased by £1.4m predominantly due to capital contributions received from developers under the Community Infrastructure Levy scheme (CIL) which have not yet been applied to finance capital schemes.

5. CASHFLOW STATEMENT

- 5.1** The cashflow statement included in the full draft Statement of Accounts will present the year-on-year change in cash and cash equivalents which includes on demand deposits rather than simply showing the movement in the bank balance. There has been an increase of £0.474m increase in cash and cash equivalent due to an increase in cash held in the Council's current account at the 31st March 2024.

6. NOTES TO THE ACCOUNT

- 6.1** The notes to the accounts provide the detailed breakdown of the numbers contained within the primary statements together with relevant supporting information to assist the readers of the accounts and to comply with accounting standards disclosure requirements. The notes will be included in the published draft Statement of Accounts.

7. ACCOUNTING POLICIES

- 7.1** The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's Accounting Policies. The Statement of Accounts is prepared based upon these policies. Whilst it is the Chief Finance officer's responsibility to set the policies, the Audit and Governance Committee is responsible for approving them.
- 7.2** The Accounting Policies will be included in the published draft Statement of Accounts and were approved by the Audit and Governance Committee at the meeting on the 25 April 2024. No further changes have been made to the policies presented and approved at that meeting.

8. AUDIT DELAYS

- 8.1** Members will be aware of the wider delays with the audit of the accounts and receiving audit opinions across local government.
- 8.2** The General Election meant Parliament was dissolved on the 30 May, and proposals to change the Code of Audit Practice and introduce a statutory deadline (backstop for audited accounts did not come into effect in time.



- 8.3** Just 45 2022/23 local government audits had been completed by the deadline last year, leaving 422 outstanding and a cumulative backlog – at that point – of 771. The backstop system was hoped to have introduced a deadline of September 2024 for all outstanding audits and separate deadlines for all upcoming financial years until 2027/28.
- 8.4** Cotswold District Council is in a relatively good position as although the 2023/24 accounts are not expected to be approved by Bishop Fleming until October 2024, the Council's 2022/23 Statement of Accounts were signed off by the Council's previous external auditors, Grant Thornton in April 2024.

9. APPROVAL AND PUBLICATION OF THE ACCOUNTS

- 9.1** The Audit and Governance Committee is responsible for formally approving the audited Statement of Accounts on behalf of the Council. The statutory deadline for completing the 2023/24 audit is the 30th September 2024.
- 9.2** Officers have agreed with Bishop Fleming that the audit will commence in August 2024 and is expected to complete by 31 October 2024.
- 9.3** On completion of the audit, the Committee will be asked to approve the signing of the Statement of Accounts and Letter of Representation. At this point, the accounts can be formally approved by the Committee and the external auditor (Bishop Fleming LLP). The S.151 Officer will then sign the accounts and they will be published on the Council website alongside the notice of the completion of the Audit.

10. POST BALANCE SHEET EVENTS

- 10.1** The S.151 Officer will continue to monitor matters which occur after the balance sheet date (31 March 2024) which could have an impact on the amounts included within the accounts up to the date the external auditor signs the Statement of Accounts. If the matter meets the definition of an 'adjusting' event and would have a material impact on an amount or amounts included within the statements, further adjustments to the statement may be required. Any such events would be discussed with the external auditor and reported to the Committee.

11. ALTERNATIVE OPTIONS

- 11.1** There are no alternative options as the Council has a legal obligation to prepare the statutory statement of accounts and for those to be subject to external audit.

12. CONCLUSIONS

- 12.1** The summary statement of accounts and narrative report at Annex A are draft and do not yet include the accompanying notes. The draft Statement of Accounts is expected to be published on the Council website on the week commencing 22nd July 2024. Committee members will be offered the opportunity to attend a Statement of Accounts training session



in September 2024 following and full draft accounts will be presented to the October 2024 Audit and Governance Committee meeting.

- 12.2** Subject to the progress of the 2023/24 audit, an audited version of the accounts will be presented to the October Committee for final sign off following finalisation of the audit by Bishop Fleming.

13. FINANCIAL IMPLICATIONS

- 13.1** Revenue and capital balances as detailed within the report and the annex. There are no other direct financial implications arising from this report.

14. LEGAL IMPLICATIONS

- 14.1** None specific.

15. RISK ASSESSMENT

- 15.1** The main risks arise from a lack of financial control and poor accounts preparation process. The Council has appropriate controls in place to mitigate these. In addition, any recommendation made by the External Auditor which have been accepted will be implemented within the agreed deadline.

16. EQUALITIES IMPACT

- 16.1** This report presents to the Committee a statutory report which the Council has a legal obligation to prepare and as such, there are no equalities impacts.

17. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 17.1** None

18. BACKGROUND PAPERS

- 18.1** 25 April 2024 Audit and Governance Committee approved the Draft Accounting Policies

(END)