

EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Statement of Accounts Update
Meeting of:	Audit Committee
Date:	29 th November 2023
Is this an Executive Decision:	NO
Is this a Key Decision:	NO
Is the report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	-
Essential Signatories:	
ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE	
Monitoring Officer – John Teasdale	
Date	Signature
Interim Chief Financial S151 Officer – Stephen Fitzgerald	
Date	Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Audit Committee

Date 29th November 2023

TITLE:	Statement of Accounts Report 2023-24
PORTFOLIO:	Finance, Treasury Management and Communications
HEAD OF SERVICE:	Stephen Fitzgerald
CONTACT OFFICER:	James Hopwood – Chief Accountant ext. No. 1139
WARD(S) AFFECTED:	All

1. Purpose of the Report

- 1.1 This report updates the Audit Committee on the Statement of Accounts (SOA).
- 1.2 This includes an update on both the 2021-22 and 2022-23 Statement of Accounts. Further, the report summarises the key financial results for the 2022-22 SOA.

2. Contribution to Corporate Priorities

- 2.1 By implementing governance and management around the Council's financial resources, the report provides underlying support to all corporate priorities.

3. Statement of Accounts Update – Executive Summary

- 3.1 East Staffordshire Borough Council's (ESBC) unaudited 2022-23 SOA were available for public inspection on the Council's website on 27th October 2023. The period of public inspection will continue to 7th December 2023. Grant Thornton are currently externally auditing ESBC's 2022-23 SOA.
- 3.2 The 2021-22 external audit is completed, barring the Pension Fund, dependent on the outcome of the audit of Staffordshire County Council accounts by Ernst & Young.
- 3.3 The 2022-23 ESBC SOA shows the Council's funding at 31 arch 2023. Available funding includes both £32.7m of cash reserves and additional unusable reserves. This funding supports a net financial position comprising assets of £78.3m, a working capital balance of £37.7m, £10.5m of long-term borrowing and other liabilities totalling £12.5m.

4. External Audit Update

- 4.1 As noted above, the unaudited 2022-23 were uploaded to ESBC's website 27th October 2023. This is the start of a six week public inspection period, in which residents of the district can consider and examine the Council's accounts. Currently ESBC's external auditors, Grant Thornton, are assessing whether the 2022-23 SOA is true and fair.
- 4.2 EABC's unaudited 2021-22 SOA were previously uploaded to the Council's website on 13th July 2022. The period of public inspection has expired, however, the external audit opinion way delayed. Valuations of the Council's properties were carried out by an external party and amendments to these valuations were required following the issuing of the unaudited accounts. Further, there were nationwide technical accounting issues relating to infrastructure assets. There has also been a subsequent nationwide technical accounting issue relating to pension fund valuations.
- 4.3 As a result of the above, Audit Committee on 29 November 2022, Members recommended to the Audit Committee regarding the 2021-22 SOA: "approved subject to any adjustments that may be necessary following the conclusion of the external auditors work and authority be delegated to the Chair to sign the accounts accordingly".
- 4.4 Regarding ESBC's unaudited 2021-22 SOA, amendments are now completed and have been audited by the external audit manager and engagement lead. To issue the audit opinion on the 21-22 SOA, however, a letter of assurance is required from Staffordshire County Council (SCC) external auditors. The letter of assurance comes from Ernst & Young and is required by Grant Thornton.
- 4.5 This letter of assurance comprises a response to a standard set of queries, adapted as has been done with other Councils, to respond to the nationwide technical accounting issues relating to pension fund valuations. Grant Thornton requires responses to these queries to validate the data used to produce ESBC's 2021-22 actuarial report. This actuarial report in turn supports the pension fund adjustments included within ESBC's 21-22 accounts.
- 4.6 Enest & Young have stated that they expect to provide a response to the queries raised by end of November or early in December.

5. 2022/23 Unaudited Statement of Accounts salient points

- 5.1 As noted above, cash earmarked reserves at 31 March 2023 totalled £32.7m and these can only be used once. These reserves comprise a General Fund Balance of £1.3m, £24.9m of earmarked reserves, £6.2m of capital grants and £0.2m of receipts from property sales. The General Fund Balance is a regulatory requirement for a safety valve that can protect against the volatility of spending pressures. As such, it is a small proportion of the Council's gross cost of services, which was £43.2m. Earmarked reserves protect against specific risks and commitments. The capital grants and receipts for property sales will fund the future Capital Programme.
- 5.2 The Council spent £8.1m on land, building and property during 2022-23. Most of this spend was funded by grants and receipts totalling £7.4m. There was additional funding of £0.3m from reserves, with the only the remaining £0.3m coming from borrowing.
- 5.3 The Council's total long-term assets at 31 March 2023 were £78.3m, an increase of £14.1m over the £64.2m value at 31 March 2022. The increase, alongside other movements, is mainly the result of an external valuation of the Council's property. It reflects increases in the fair value of the property the Council uses to deliver services as well as its property investments.
- 5.4 At 31 March 2023, the Council had a positive working capital balance - short-term debtors and available cash are higher than short-term creditors. This means that all things being equal, cash received from the receipt of debts will be higher than cash withdrawn to repay creditors.
- 5.5 At 31 March 2023, the Council had £14.3m of capital borrowing relating to spend on the Capital Programme that had not been repaid. Capital borrowing in this context means the amount of spend on land, property and equipment which had not already been funded by sources such as capital grants. It is important to distinguish between this amount and the actual amount of external loans taken out at 31 March 2023, which was £10.5m. This is because the Council only borrows externally where there is a requirement to do so, after all cash balances are amalgamated. Further, externally borrowing is done for a fixed period of time, so represents a legacy decision from when cash balances were at a different level.
- 5.6 As noted above, the 2022-23 SOA includes an adjustment for ESBC's share of the Staffordshire County Council pension fund. ESBC's share is an estimate of the balance between the future cost of pension promises already made to employees and the assets set aside to fund the promises. Like all Councils across the country, ESBC's share was estimated to be in deficit as at 31 March 2022, but this had significantly reduced at 31 March 2023 to £5.7m. It is emphasised that such estimates are volatile and can swing significantly between years. The actual cost of ESBC's employer contributions to the pension fund is determined by a separate estimate, known as the triennial valuation. The results of this valuation have already been incorporated within the Medium Term Financial Strategy.

5.7 The Council maintains a separate fund to collect and distribute Business Rates and Council Tax. The Council collects Council Tax and Business Rates on behalf of a number of preceptors, in addition to itself: Staffordshire County Council; the Police and Crime Commissioner; the Fire Rescue Service; and the Government. Distributions out of the Collection Fund are calculated in advance based on estimated tax income. These distributions were slightly lower than actual tax income. This means a surplus was left in the Collection Fund at the end of 31 March 2023, although the impact of this on future distributions depends on outlook for tax income collected in the current 2023-24 financial year.

6. Financial Considerations

This section has been approved by the following member of the Finance Team: (James Hopwood).

6.1 The report is solely related to financial matters.

7. Risk Assessment and Management

7.1 The main risks associated with this report and the Council achieving its objectives are the same as those contained within the Treasury Management Strategy Statement.

8. Legal Considerations

This section has been approved by the following member of the Legal Team: [John Teasdale]

8.1 There are no legal implications arising. The Council is fulfilling its statutory and regulatory requirements by seeking approval of the accounts.

9. Equality and Health

9.1 Equality impacts: The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

10. Human Rights

10.1 There are no Human Rights issues arising from this Report.

11. Sustainability (including climate change & change adaptation measures)

11.1 There are no related issues within this report.

12. Data Protection Implications – Data Protection Impact Assessment (DPIA)

10.1 A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;

- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

13. Recommendation

13.1 That the update to the 2021-22 and 2022-23 SOA be noted.

14. Background papers

14.1 Minutes to the Audit Committee of 29 November 2022.

15. Appendix

15.1 None.

15.2 The 2022-23 accounts are in the link below:

[Statement of accounts | East Staffordshire Borough Council \(eaststaffsbc.gov.uk\)](https://www.eaststaffsbc.gov.uk/Statement-of-accounts)