



Committee and Date

Item

Public



## FINAL STATEMENT OF ACCOUNTS

<b>Responsible Officer:</b>	James Walton, Executive Director of Resources		
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<b>Cabinet Member (Portfolio Holder):</b>	Gwilym Butler		

### 1. Synopsis

*This report sets out the audited Statement of Accounts for 2020/21 and 2021/22, and detailed any amendments made to the Draft Statement of Accounts during the audit process.*

### 2. Executive Summary

- 2.1. Within the Shropshire Plan priority to deliver a Healthy Organisation is the Strategic Objective: *We will put our resources in the right place using accurate data, insights, and evidence to support the delivery of the organisation's priorities and balance the books.* The Statement of Accounts demonstrates how the organisation has spent its resources during the course of the year to deliver its priorities and demonstrates the financial position of the Council.
- 2.2. The audit of the 2020/21 and 2021/22 accounts has been delayed significantly due to the review of how local authorities account for Infrastructure assets which has been carried out by a CIPFA Task and Finish Group. As a result of this review, CIPLA/LASAAC issued an update to the Code of Practice on Local Authority Accounting in the UK (Code) in January 2023 and made specifications for future codes for infrastructure assets.
- 2.3. Following the publication of the update to the Code, the accounts for 2020/21 and 2021/22 have been amended to reflect the statutory provisions included within the

Code for infrastructure assets. This has allowed the Council to close the 2020/21 and 2021/22 accounts with a net book value for infrastructure assets which is materially accurate in accordance with the provisions of the Code.

- 2.4. The audit for the 2020/21 and 2021/22 Statement of Accounts is substantially complete and Grant Thornton have produced an Audit Findings Report detailing the anticipated opinion to be provided on the accounts. The Audit Findings Report is attached to this report as Appendix 5 and 6, however it should be noted that is the draft report and the audit opinion will only be issued once the audit work is complete. Any further amendments required to the Statement of Accounts will be tabled at this meeting.

### **3. Recommendations**

- 3.1. Consider and approve the 2020/21 Statement of Accounts and 2021/22 Statement of Accounts and that the Chairman of the Audit Committee signs them (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- 3.2. Agree that the Executive Director of Resources be authorised to make any minor adjustments to the 2020/21 and 2021/22 Statement of Accounts prior to publication on the Council's website.
- 3.3. Agree that the Executive Director of Resources and the Chairman of the Audit Committee sign the letter of representation in relation to the 2020/21 and 2021/22 financial statements on behalf of the Council and send to the External Auditor.

## **Report**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1. Details of the potential risks affecting the balances and financial health of the Council are detailed within the Statement of Accounts that has been subject to audit. The Audit Findings Report highlights that the audit work has been focussed on the significant risk areas identified for the audit.

### **5. Financial Implications**

- 5.1. This report considers the overall financial position of the Authority in the form of the Council's Statement of Accounts. The accounts consider the level of assets controlled and owned by the Authority, and the level of balances of held.

### **6. Climate Change Appraisal**

- 6.1. The information contained within this report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption.

## 7. Background

- 7.1. The Accounts and Audit Regulations 2015 state that members are required to approve the annual accounts after, rather than before, the findings of the audit are known. The original deadline for audited accounts to be published was 30<sup>th</sup> November, however the need to finalise the arrangements for infrastructure assets has delayed this significantly.
- 7.2. A copy of the 2020/21 Statement of Accounts is attached at Appendix 1 and the 2021/22 Statement of Accounts is attached at Appendix 2. The draft 2020/21 Statement of Accounts was considered and reviewed by the Audit Committee on 30 July 2021 and subsequently presented to Audit Committee as substantially complete in October 2021. However following this meeting, the national issue with infrastructure has arisen and stalled the completion and sign off of the accounts.
- 7.3. The draft 2021/22 Statement of Accounts was considered and reviewed by the Audit Committee on 20 July 2022. The Council's external auditors, Grant Thornton, have audited the accounts and indicated that subject to satisfactory resolution of the outstanding matters detailed in their Audit Findings Report an unqualified audit opinion will be issued on the accounts.
- 7.4. The Accounts and Audit Regulations 2015 also require that the Statement of Accounts is accompanied by the Council's Annual Governance Statement which details the processes and procedures in place to enable the council to carry out its functions effectively. The Annual Governance Statement for 2020/21 is attached at Appendix 3 and the Annual Governance Statement for 2021/22 is attached at Appendix 4.

## 8. Additional Information

- 8.1. Grant Thornton are expected to provide an unqualified audit opinion on the Statement of Accounts and therefore should report as follows.

"In our opinion:

- the financial statements give a true and fair view of the financial position of the Authority and Group and of the Authority's and Group's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and applicable law."

- 8.2. Grant Thornton have produced the Audit Findings Report on the 2020/21 Statement of Accounts, and this is attached at Appendix 5, and the Audit Findings Report for the 2021/22 Statement of Accounts is attached at Appendix 6. .
- 8.3. There have been no changes to the 2020/21 Statement of Accounts that would fundamentally affect the bottom line for the Council's funding position, however there have been some changes to asset valuations and other disclosures identified following the last report which are summarised in Table 1 below.

**Table 1: 2020/21 Statement of Accounts amendments**

<b>Value amended £'000</b>	<b>Section of Statement of Accounts Amended</b>	<b>Reason for Amendment</b>
+12,118	Balance Sheet – Property, Plant & Equipment	Valuations of land and buildings needed to be amended due to correction required of land areas.
-12,118	Balance Sheet – Revaluation Reserve  Corresponding figures in Comprehensive Income & Expenditure Statement, Movement in Reserves Statement and Notes to the Accounts, Group Accounts	
Narrative amended	Note 3 – Critical Judgements	Removed reference to uncertainty of future funding levels  Amended judgment for schools
Narrative amended	Note 1 – 1.7 Non-Current Assets – Property, Plant & Equipment – Highways Network Infrastructure Assets  Note 15 – Property, Plant & Equipment	Amended for Highways Infrastructure assets in line with statutory provisions.
-16,054	Note 21 – Financial Instruments	Amended PFI Fair value to reflect use of new loan rate
Narrative amended	Note 40 – Communities Infrastructure Levy	Additional wording relating to the balance held
Narrative amended	Note 46 – Better Care Fund	Minor change to wording of how income and expenditure treated.
Narrative amended	Group accounts – Note G.14 Unusable Reserves	New note added to Group accounts for Unusable reserves

8.4. The amendments detailed in Table 2 have been made to the 2021/22 Statement of Accounts:

**Table 2: 2021/22 Statement of Accounts amendments**

<b>Value amended £'000</b>	<b>Section of Statement of Accounts Amended</b>	<b>Reason for Amendment</b>
-8,737	Comprehensive Income & Expenditure Statement – Remeasurement of the Net Defined Benefit Liability  Movement in Reserves Statement – Other Comprehensive Income and Expenditure  Balance Sheet – Pensions Liability and Reserve  Note 30 – Unusable Reserve	Actuaries updated the IAS19 Statement due to a known change in asset values within the Pension Fund

<b>Value amended £'000</b>	<b>Section of Statement of Accounts Amended</b>	<b>Reason for Amendment</b>
	Note 41 – Defined Benefit Pension Schemes	
Narrative amended	Note 2 – Prior Period Adjustments	New note included to show the prior period adjustment arising from the change in the Council's reporting structure.
Narrative amended	Note 4 – Critical Judgements	Removed reference to uncertainty of future funding levels  Amended judgment for schools
Narrative amended	Note 1 – 1.7 Non-Current Assets – Property, Plant & Equipment – Highways Network Infrastructure Assets  Note 5 – Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty  Note 15 – Property, Plant & Equipment	Amended for Highways Infrastructure assets in line with statutory provisions.
-12,961	Note 22 – Financial Instruments	Amended PFI Fair value to reflect use of new loan rate
Narrative amended	Note 40 – Communities Infrastructure Levy	Additional wording relating to the balance held
Narrative amended	Note 46 – Better Care Fund	Minor change to wording of how income and expenditure treated.
Narrative amended	Group accounts – Note G.14 Unusable Reserves	New note added to Group accounts for Unusable reserves
Narrative amended	Pension Fund Accounts	A number of changes have been made to the Pension Fund Accounts to reflect amendments highlighted during their audit.

## 9. Letter of Representation

- 9.1. The Council is required to produce a letter of representation for the external auditors which provides assurance that the information submitted within the accounts is accurate and that all material information has been disclosed to the auditors. External audit will only sign off the accounts once this letter has been received.
- 9.2. For Shropshire Council, this letter is produced in consultation with the external auditor, signed by the Executive Director of Resources and the Chairman of the Audit Committee and issued prior to the publication date.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Approval of the Council's Draft Statement of Accounts 2020/21 – Audit Committee, 30<sup>th</sup> July 2021

Statement of Accounts 2020/21 – Audit Committee, 22<sup>nd</sup> October 2022

Approval of the Council's Statement of Accounts 2021/22 – Audit Committee, 20<sup>th</sup> July 2022

Draft Audit Findings Report 2021/22 – Audit Committee, 24<sup>th</sup> November 2022

**Local Member:**

*All*

**Appendices** [Please list the titles of Appendices]

- 1. Audited Statement of Accounts 2020/21**
- 2. Audited Statement of Accounts 2021/22**
- 3. Annual Governance Statement 2020/21**
- 4. Annual Governance Statement 2021/22**
- 5. Audit Findings Report 2020/21**
- 6. Audit Findings Report 2021/22**