



**Committee and Date**

Audit Committee  
20<sup>th</sup> December 2024

Item

Public



# Final Approval Statement of Accounts 2023/24

<b>Responsible Officer:</b>	James Walton
email: <a href="mailto:james.walton@shropshire.gov.uk">james.walton@shropshire.gov.uk</a>	Tel: 01743 258915
<b>Cabinet Member (Portfolio Holder):</b>	Cllr Gwilym Butler, Finance & Corporate Support

## 1. Synopsis

This report provides for the approval of the 2023/24 Statement of Accounts, following completion of the audit of the accounts.

## 2. Executive Summary

2.1. For 2023/24 the statutory deadlines for publishing the final audited accounts was 30th September with unaudited accounts needing to be published by 31st May. It was identified during audit planning that external audit would be unable to work to the 30th September deadline as the audit sector work to address the backlog of public sector audits highlighted and acknowledged by the Public Sector Audit Appointments. As highlighted to Audit Committee in the June 2024 meeting, it was agreed that the auditors would plan to complete the audit by 30th November. As notified at Audit Committee on 28 November, due to delays in completion of the audit, the completion date was revised to the end of December 2024.

2.2. The audit on the 2023/24 Statement of Accounts is substantially complete and the auditors are planning to provide an unqualified audit on the Statement of Accounts as follows:

“In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2024 and of the group’s expenditure and income and the Authority’s expenditure and income for the year then ended;

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

2.3. Grant Thornton have produced the Audit Findings Report on the 2023/24 Statement of Accounts which will be presented as a separate paper on this Audit Committee's agenda.

### 3. Recommendations

- 3.1. Consider and approve the 2023/24 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 Statement of Accounts prior to publication of the audited Statement of Accounts.
- 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 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. Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve
  - scaling down initiatives,
  - changing the scope,

- delaying implementation, or
- extending delivery timescales.

5.2. 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 following the completion of the audit of the accounts.

7.2. A copy of the 2023/24 Audited Statement of Accounts is attached at Appendix 1. The Council’s external auditors, Grant Thornton, have audited the accounts between the periods August to December. The audit of the accounts is substantially complete, and the Auditor has indicated that an unqualified audit opinion will be issued on the accounts, subject to the successful completion of the outstanding matters.

7.3. There have been two significant adjustments to the accounts identified during the audit. The first relates to an update of the IAS19 figures used for the pension costs in the accounts, given that the original IAS19 statement produced by the actuary was based on 11 months of actual inflation data, and 1 month of estimated inflation. During the audit, it was identified that had the actual inflation been used, then this would deliver a material change to the pension liability and reserve held in the accounts. Therefore, a revised IAS19 statement has been requested based on actual data for 2023/24, and this has generated the amendments as shown in Table 1 below.

7.4. It has also been identified during the audit that Grant Received in Advance – Capital which is held in the balance sheet has been overstated by £5.429m. This includes £3.435m of Shropshire Council’s element of the Broadband gainshare which should have instead been held in Capital Grants Unapplied Account given that there were no specific conditions relating to the funding. Also, the £1.994m residual element of the gainshare payment related to BDUK’s share of the gainshare and so should have been held in Creditors. The accounts have been updated for these adjustments and are detailed in Table 1 below.

**Table 1: Amendments to the Statement of Accounts**

Section in Statement of Accounts Amended	Value in Draft Accounts (£'000)	Amendment (£'000)	Value in Final Accounts (£'000)	Adjustment
<b>Income &amp; Expenditure Account</b>				
Taxation and Non-Specific Grant Income	(342,574)	(3,435)	(346,009)	Grant RIA - Capital

Surplus or Deficit on Provision of Services	47,920	(3,435)	44,485	Grant RIA - Capital
Remeasurement of the Net Defined Benefit Liability	(110,518)	17,190	(93,328)	IAS19 Update
Total Comprehensive Income and Expenditure	(88,057)	13,755	(74,302)	IAS19 Update & Grants RIA Capital
<b>Balance Sheet</b>				
Short Term Creditors	(86,156)	(1,994)	(88,150)	Grant RIA - Capital
Grants Receipts in Advance - Capital	(25,145)	5,429	(19,716)	Grant RIA - Capital
Pension Liability	(21,397)	(17,190)	(38,587)	IAS19 Update
Net Assets	792,045	(17,190)	778,290	IAS19 Update & Grants RIA Capital
Usable Reserves	116,452	3,435	119,887	Grant RIA - Capital
Unusable Reserves	675,593	(17,190)	658,403	IAS19 Update
Total Reserves	792,045	(17,190)	774,855	IAS19 Update & Grants RIA Capital

In addition, the impact of these changes has been reflected in the Movement in Reserves Statement, the Cash Flow, in the following Notes to the Accounts and throughout Group Accounts:

Note 7 – Expenditure and Funding Analysis

Note 8 – Note to the Expenditure and Funding Analysis

Note 9 – Expenditure and Income Analysed by Nature

Note 11 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

Note 15 – Taxation and Non-Specific Grant Incomes

Note 21 – Financial Instruments

Note 26 – Creditors

Note 28 – Usable Reserves

Note 29 – Unusable Reserves

Note 30 – Cash Flow Statement – Operating Activities

Note 38 – Grant Income

Note 41 – Defined Benefit Pension Schemes

- 7.5 There have also been other minor typographical errors corrected throughout the Statement of Accounts.

## 8. Letter of Representation

- 8.1. 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.

- 8.2. For Shropshire Council, this letter is produced in consultation with the external auditor, and it is proposed that this is signed by the Executive Director of Resources and the Chairman of the Audit Committee on behalf of the Council.

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

Audit Committee, 27<sup>th</sup> June 2024 – Approval of the Council's Draft Statement of Accounts 2023/24

Audit Committee, 28<sup>th</sup> November 2024 – Final Approval Statement of Accounts 2023/24

**Local Member:** *All*

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

Appendix 1 – Audited Statement of Accounts 2023/24