

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 5</b>
<b>9 SEPTEMBER 2024</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth – Executive Director for Corporate Services and Section 151 Officer
Cabinet Member(s) responsible:	ClIr Mohammed Jamil, Deputy Leader and Cabinet Member for Finance and Corporate Governance
Contact Officer(s):	Jill Evans, Service Director - Corporate Finance

**DRAFT STATEMENT OF ACCOUNTS 2023/2024**

R E C O M M E N D A T I O N S	
<b>FROM:</b> Cecilie Booth – Executive Director for Corporate Services and Section 151 Officer	<b>Deadline date:</b> 9 September 2024
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Receives and comments on the Annual Accounts for 2023/24, delegating any final approval to the Executive Director for Corporate Resources and the Chair of Audit Committee.</li> <li>2. Notes the delay in the audit.</li> </ol>	

**1. ORIGIN OF REPORT**

1.1 To receive the Annual Accounts for 2023/24, noting that these are draft accounts which have yet to be audited.

To note that the audit is delayed as the accounts were published on 1 August, not 31 July, and the working papers were not ready.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide Audit Committee with the opportunity to review the annual accounts, as part of the remit of the committee.

The period for the exercise of public rights is open in accordance with regulations 14 and 15 of the Accounts and Audit Regulations 2015. Therefore, the Committee will be required under the same Act Regulation 9 (2) to consider but not yet approve the statement of accounts.

This report also informs the Audit Committee that the audit of the accounts has been delayed.

2.2 This report is for the Audit Committee to consider under its Terms of Reference 5.2:

To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	n/a
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### 4. **BACKGROUND**

- 4.1 The Statement of Accounts were published on 1 August 2024.
- 4.2 The outturn in the accounts was an overspend of £1.17m. The Council has been facing known financial challenges which are not unique to Peterborough and reflect the wider economic and operating environment. The Council is trying to improve services and manage demand pressure by using the innovation reserve. Inflationary pressures have been mitigated by using the inflationary reserve.
- 4.3 The Council held General Fund and Earmarked reserves balances of £45m at 31 March 2024, a reduction of £25m in the year. This includes £10.3 million within the General Fund and £14.9 million of Innovation Fund Reserves. The General Fund reserve has increased by £0.4m in 2023/24 in line with the Council's strategy to ensure the reserve is kept at 5% of the Council's net budget. The inflation and innovation reserves have reduced in year and are predicted to continue to decrease over the next two years due to high inflation and need for the Council to transform services to meet demand and increase efficiency and effectiveness.
- 4.4 The Balance Sheet position improved and increased by £55m to £182m as of 31 March 2024. This is materially due to an increase in property, plant and equipment of £49m, of which the largest increase is in other land and buildings. It primarily relates to the purchase of Sand Martin House. Borrowing has also increased but is not as much as the increase in asset values.
- 4.5 The statutory deadline for publishing the accounts is 31 May. The team were working to a deadline of 31 July due to delays in producing the previous accounts, a complete change in the finance team and the ongoing audit of 2020/21. The accounts were published on 1 August.
- 4.6 Government have announced a new timetable to help clear the delay in Local Authority audit. The new proposed backstops are:
- Financial years up-to-and-including 2022/23: 13 December 2024
  - Financial year 2023/24: 28 February 2025
  - Financial year 2024/25: 27 February 2026
  - Financial year 2025/26: 31 January 2027
  - Financial year 2026/27: 30 November 2027
  - Financial year 2027/28: 30 November 2028
- 4.7 In mid- July our auditors informed us that if the accounts and working papers were not ready by 31 July, and the data files by mid-July, then the audit would be delayed. The accounts were published on 1 August, one day late, and the working papers were not quite complete, therefore the audit is delayed. EY have said "With a finite amount of audit resource available in the period to 28 February 2025, there is a possibility that we do not have the ability to be able to start the audit with sufficient certainty that it can be completed by the expected backstop date."
- 4.8 The Council will continue to liaise with EY to have the audit fully completed, and to understand the implications for the audit of the accounts for 2021/22 and 2022/23. The Audit Committee will be updated as more information becomes available.

### 5. **CORPORATE PRIORITIES**

Having audited accounts is a statutory requirement.

## 6. CONSULTATION

This report has been issued to the Executive Director for Corporate Services and Section 151 Officer for consideration.

## 7. ANTICIPATED OUTCOMES OR IMPACT

The Council is required to publish a Statement of Accounts.

## 8. REASONS FOR RECOMMENDATIONS

To enable the Audit Committee to continue to monitor the Council's financial governance.

## 9 ALTERNATIVE OPTIONS CONSIDERED

Publication and Audit Committee approval of the statement of accounts is a statutory requirement. Not sending the accounts to the Audit Committee to approve was not considered.

## 10. IMPLICATIONS

### Financial

Audited accounts enable the Council to demonstrate its true and fair financial position.

### Legal

In accordance with the Council's constitution at Part 3 Delegations Section 2 – Regulatory Committee Functions - Audit Committee – Terms of Reference, para. 5.2 requires that the committee review and approve the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

The statement of accounts been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003;
- Accounts and Audit Regulations 2015; and
- Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

## 11. BACKGROUND DOCUMENTS

The draft Statement of Accounts can be found here- [Draft Statement of Accounts 2023-24 \(peterborough.gov.uk\)](https://www.peterborough.gov.uk)

Details of the new audit backstop can be found here- [Significant measures to tackle worsening backlog in local audit - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## 12. APPENDICES

Appendix A – 2023/24 Annual Accounts (draft)

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