

GOSPORT BOROUGH COUNCIL

BOARD:	POLICY & ORGANISATION
DATE OF MEETING:	30th September 2024
TITLE:	FINAL ACCOUNTS 2023/24
AUTHOR:	BOROUGH TREASURER
STATUS:	FOR APPROVAL

Purpose

This report summarises the outturn position for the 2023/24 financial year and recommends the approval of the Statement of Accounts for 2023/24.

An update on the audit backlog situation is also provided for information.

Recommendation

It is recommended that:

- i) The Board note the outturn position summarised in the report and the Narrative Report contained in the Statement of Accounts (Appendix A)
- ii) The Board approves the Statement of Accounts for 2023/24 at Appendix A (subject to point iv)
- iii) The Board approve the Letter of Representation at Appendix B (not included in report issued and will follow separately).
- iv) The Board delegate to the Borough Treasurer in consultation with the Chairman of the Policy & Organisation Board the decision to agree any final changes to the financial statement arising from the completion of the audit.

1.0 Background

1.1 The Accounts and Audit Regulations 2015 require the annual Statement of Accounts to be formally approved by members after the external audit has taken place with the subsequent publication of the Statement taking place by 30th September 2024. As a response to the current backlog in the publication of audited accounts of local bodies in England the Ministry of Housing Communities and Local Government

are consulting on changes to the accounts and audit regulations which will apply as below;

Financial Year	Backstop date	GBC status
2022/23	13 th December 2024	Assisting with information needed for the disclaimer by Central EY Team. Suggest take these accounts to the P&O Board on 27th November 2024
2023/24	28 February 2025	Completed by GBC, subject to EY sign off
2024/25	27 February 2026	Noted
2025/26	31 January 2027	Noted
2026/27	30 November 2027	Noted

The external audit of the draft statement of accounts for the year ended 31 March 2024 is nearing completion by our external auditors, EY LLP.

Members therefore receive and consider a final Statement that has been amended for any items arising out of the audit.

2.0 Report

- 2.1 The audit of the accounts was undertaken by Ernst and Young and commenced July 2024 and has continued through September 2024 formally concluding when the audit opinion is issued prior to publication of the statement. Ernst and Young's opinion is set out in the "Interim Audit Results" report to members and is a separate item on this agenda. It describes, in their opinion, whether the Accounts provide a true and fair view of the financial position of the Council and whether they have been prepared in accordance with proper practice. Their report also sets out their Value for Money Conclusion which considers whether the Council has put in place the proper arrangements to secure economy, efficiency and effectiveness on its use of resources.
- 2.2 The accounts have been available for public inspection and the Council's auditor has been available to receive questions from any Gosport local elector.
- 2.3 The Statement of Accounts for 2023/24 which includes any amendments arising from the external audit to date is included at Appendix A. The key points within the statement are summarised below.
- 2.4 Any feedback provided by Ernst and Young will be considered in a proactive way and taken forward as appropriate.

3.0 OUTTURN 2023/24

3.1 A summary of the key outturn figures is set out below. More detail can be found in the narrative report included within the statement of accounts.

- General Fund Budget

At the year end £575,000 was transferred from to the Revenue Financing Reserve compared to a revised budgeted contribution from the reserve of £937,000 this translates into a net underspending compared to the revised budget of £362,000 for 2023/24.

- Slippage in budgeted spending for 2023/24 which has been approved to be carried forward and spent in 2024/25 (£67,000).
- Amount of revenue funding required for the Capital Programme due to scheme slippage (£277,000))
- All other service underspending/additional income (£18,000)

Business Rates retained income of £574,000 was transferred to the EZ Retained Rates Reserve during the year, the balance on this reserve at the end of the year is £799,000 which is available to fund projects meeting the criteria set out when the Solent Enterprise Zone was established.

- Capital Programme

The revised 2023/24 capital programme was budgeted at £7,651,000. The actual spend amounted to £6,482,000 with scheme slippage of £1,125,000 being carried forward into 2024/25. The outturn position has no significant impact on the overall resources available for the future capital programme.

- Housing Revenue Account

At the year end £805,000 was transferred to the new build & loan repayment reserve compared to a revised budgeted contribution to the reserve of £1,443,000, this translates into a net overspend compared to the approved revised budget of £638,000. This mainly reflects increased cost of

- Repairs and Maintenance of the Housing Stock
- Supervision and Management
- Net interest costs on HRA Debt

There was a transfer of £402,000 to the Major Repairs Reserve (MRR) being the excess of the depreciation charged to the Housing Revenue Account (HRA) and credited to the MRR, compared with the capital expenditure funded from the MRR. The balance in the MRR (£1,355,000 at 31st March 2024) represents capital resources available to fund future HRA capital expenditure.

- **Revaluation Methodology of PPE**

For the 2023/24 accounts there was an agreed change in valuation approach from Existing Use Valuation (EUV) to Depreciated Replacement Cost (DRC) valuation for certain community assets.

The DRC method is a form of cost approach that is defined in the RICS Valuation – Global Standards Glossary as: ‘The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

The impact of this upon the Statement of Accounts is that the valuation of Land and Buildings assets held has increased by £5.8 million.

It should be noted that this is a property valuation for accounting purposes and we also need to hold separate valuations for insurance or disposal (sale) purposes.

4.0 LETTER OF REPRESENTATION

4.1 The Letter of Representation (Appendix B) is the formal letter from the Council to the Council’s external auditors that provides assurances on key matters that are contained in the audited Statement of Accounts for 2023/24.

4.2 It is a requirement of the external audit to provide an opinion on whether the financial statements give a true and fair view of the financial position of the Council at 31 March 2024 and once approved it is signed by the Borough Treasurer and the Chairman of Policy and Organisation Board.

5.0 Risk Assessment

5.1 Council budgets operate in what can be a changing and demand led environment and some service areas may be deemed to have a higher risk of significant budgetary variation against actuals than others.

5.2 While informed and realistic budgets are set and monitored, in practice there will always be variations between budgets and outturn figures as managers seek to deliver services with limited resources.

6.0 Conclusion

6.1 This report summarises the outturn position for 2023/24 and requests members to approve the formal Statement of Accounts for 2023/24

Financial Services comments	As set out in the report
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Legal Services comments	The Council is required to approve and publish the Statement of Accounts for 2023/24 by 30 th September 2024 (subject to draft regulation).
Equality and Diversity	N/A
Climate Change	No direct impact
Crime and Disorder	N/A
Service Improvement Plan	N/A
Corporate Plan:	N/A
Risk Assessment:	Section 3 of the report
Background papers:	Final accounts working papers
Appendix	A Statement of Accounts 2023/24 B Letter of Representation
Report Author/Lead Officer	Keith Price