

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	DRAFT STATEMENT OF ACCOUNTS 2022/23		
DATE OF DECISION:	24 JULY 2023		
REPORT OF:	EXECUTIVE DIRECTOR CORPORATE SERVICES		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Corporate Services	
	Name:	Mel Creighton	Tel: 023 80833528
	E-mail:	Mel.Creighton@southampton.gov.uk	
Author:	Title:	MTFS & Revenue Manager	
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>The draft Statement of Accounts 2022/23 was signed on 31 May 2023 by the Head of Financial Planning & Management, as Deputy S151 Officer acting on behalf of the S151 Officer. This is in line with the statutory requirement to have the unaudited accounts signed by that date, with the deadline reverting to the 31 May as set out in the Accounts and Audit Regulations 2015 for the first time since 2019. A copy of the draft unaudited Statement of Accounts is available in the Members' Room.</p>	
<p>The annual audit, carried out by our auditors Ernst & Young (EY) LLP, is expected to commence in August 2023 and to be completed in October 2023, subject to confirmation by EY. Any major changes to the Statement of Accounts arising from the annual audit are expected to be reported to the 13 November 2023 Governance Committee after the completion of the audit.</p>	
RECOMMENDATIONS:	
(i)	Notes that the draft Statement of Accounts 2022/23 has been signed by the Deputy S151 Officer and is now brought to Committee for comment.
(ii)	Notes that the audited Statement of Accounts 2022/23 is expected to be presented to the Committee on 13 November 2023 for approval.
REASONS FOR REPORT RECOMMENDATIONS	
1.	It is a legal requirement that the S151 Officer signs the draft Statement of Accounts by 31 May 2023 and certifies that it presents 'a true and fair view of the financial position of the authority at the end of the year to which it relates and of the authority's income and expenditure for that year'.
2.	The draft Statement of Accounts has been brought to the July committee in order to give members plenty of opportunity and time to comment on them before final approval, which is expected to take place in November. It is

	envisaged that the November report will detail any non-trivial amendments made as a result of the audit along with an amended Statement of Accounts (if necessary). A full report on the 2022/23 outturn position was presented to Cabinet on 19 July 2023.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	The Statement of Accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal requirement that the draft Statement of Accounts is prepared and signed by the S151 Officer no later than 31 May 2023.
DETAIL (Including consultation carried out)	
	CONSULTATION
4.	Not applicable.
	STATUTORY TIMETABLE
5.	In May 2022 the Government consulted on extending the deadline for publishing audited local authority accounts from 31 July to the 30 September for each year of account for 2022/23 to 2027/28 as part of its measures to improve local audit delays. The Accounts and Audit (Amendment) Regulations 2022 came into force on 22 July 2022 to bring these changes into effect. The regulations do allow for the deadline being missed, which is likely to be the case for the Council's 2022/23 accounts given the audit is not expected to start until August 2023.
6.	In February 2023 the Government asked for views on extending the deadline for publishing unaudited local authority accounts beyond 31 May, although said it was minded for this deadline to remain in place. Following this consultation the Government confirmed its decision not to make any changes and therefore the deadline for publishing the draft accounts reverted to 31 May as set out in the Accounts and Audit Regulations 2015.
	STATEMENT OF ACCOUNTS
7.	The Statement of Accounts is a complex document and the layout and information provided are defined by statutory requirements. The key issues that should be drawn to the attention of Committee are detailed below.
	ACCOUNTING AND OTHER POLICIES
8.	The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK (the Code), as updated, which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015.
9.	The accounting policies are described in detail on pages 33 to 47 of the Draft Statement of Accounts and cover such items as: <ul style="list-style-type: none"> • Property, Plant and Equipment • Employee Benefits • Financial Instruments • Grants and Contributions • PFI contracts
10.	There have been no significant changes to the accounting policies in 2022/23. A temporary solution was put in place to address issues raised by auditors

	nationally in relation to accounting for infrastructure assets. An update to the Code was made in November 2022, which applied to both the 2021/22 and 2022/23 editions, and new regulations were enacted to provide for a statutory override for infrastructure asset disclosures. The Council made use of the statutory override and changes afforded by the Code update and has not reported the gross book value or accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.
11.	The accounting policies adopted by the Council are in line with the CIPFA Code of Practice on Local Authority Accounting, as updated, and the Governance Committee would therefore be more likely to be interested if the Council were to depart from the recognised practice.
12.	Critical judgements made in applying the accounting policies that have the most significant effect on the amounts in the financial statements are set out in Note 3 of the accounts (page 47) and details of key areas of estimation uncertainty are provided in Note 4 of the accounts (page 50).
	2022/23 OUTTURN
13.	The Narrative Statement provides a summary of the revenue and capital financial performance for the year on pages 11 to 19. Full details of the outturn position were reported in the Revenue and Capital Outturn 2022/23 report to Cabinet on 19 July 2023.
	PREVIOUS YEARS' STATEMENT OF ACCOUNTS
14.	<p>The audit of the 2021/22 accounts has not yet been completed. The main areas subject to further work are:</p> <ul style="list-style-type: none"> • Infrastructure assets – depreciation calculation and revised disclosures • Pension liability – revised figures following the issue of the Local Government Pension Scheme triennial review as at 31 March 2022 • Going concern – updated assessment and cash flow forecast to the end of August 2024 <p>The issuing of the audit completion certificate for 2020/21 is also dependent on completing the 2021/22 audit.</p> <p>EY are prioritising closing local authority audits for 2021/22 (or earlier) before commencing work on 2022/23 audits. The Department for Levelling Up, Housing and Communities is also considering what actions could be taken to clear the backlog of delayed audits.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
15.	The capital and revenue implications are considered as part of the outturn report that was presented to Cabinet on 19 July 2023.
<u>Property/Other</u>	
16.	There are no specific property implications arising from this report.
LEGAL IMPLICATIONS	

<u>Statutory power to undertake proposals in the report:</u>	
17.	Accounts and Audit Regulations 2015 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.
<u>Other Legal Implications:</u>	
18.	None.
RISK MANAGEMENT IMPLICATIONS	
19.	Not applicable
POLICY FRAMEWORK IMPLICATIONS	
20.	Not applicable. It should be note that the Statement of Accounts has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2022/23, as updated.

KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	Draft Unaudited Statement of Accounts 2022/23
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Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes/No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	Yes/No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None