

<b>DECISION-MAKER:</b>		<b>GOVERNANCE COMMITTEE</b>	
<b>SUBJECT:</b>		<b>STATEMENT OF ACCOUNTS 2021/22</b>	
<b>DATE OF DECISION:</b>		<b>2 OCTOBER 2023</b>	
<b>REPORT OF:</b>		<b>EXECUTIVE DIRECTOR CORPORATE SERVICES</b>	
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	<b>Executive Director Corporate Services</b>	
	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel: 023 80833528</b>
	<b>E-mail:</b>	<a href="mailto:Mel.Creighton@southampton.gov.uk">Mel.Creighton@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title:</b>	<b>MTFS &amp; Revenue Manager</b>	
	<b>Name:</b>	<b>Stephanie Skivington</b>	<b>Tel: 023 80832692</b>
	<b>E-mail:</b>	<a href="mailto:Stephanie.Skivington@southampton.gov.uk">Stephanie.Skivington@southampton.gov.uk</a>	
<b>STATEMENT OF CONFIDENTIALITY</b>			
NOT APPLICABLE			
<b>BRIEF SUMMARY</b>			
<p>An update on the 2021/22 statement of accounts was provided to the Governance Committee in April 2023. This noted that although the audit of the accounts was substantially complete by September 2022 the audit was still in progress, largely due to accounting issues beyond the control of the authority. Since April the statement of accounts has been amended to reflect an update to the pension liability following the Hampshire Local Government Pension Fund triennial review and the going concern disclosure has been updated to reflect management's conclusion of a material uncertainty in respect of the council's ability to continue as a going concern, in recognition of the difficult financial position the council currently faces. The annual governance statement has also been brought up to date.</p>			
<p>The audit of the accounts is now expected to be completed by the end of September 2023 and the final version is brought to the committee for approval.</p>			
<b>RECOMMENDATIONS:</b>			
	(i)	Notes the changes made to the Statement of Accounts 2021/22, and Annual Governance Statement included within, since the version presented to this committee in April 2023.	
	(ii)	Considers and approves the final version of the audited Statement of Accounts 2021/22 and Annual Governance Statement included within.	
<b>REASONS FOR REPORT RECOMMENDATIONS</b>			
1.	It is a legal requirement that the statement of accounts 2021/22 is considered and approved by this committee, following the audit, and signed by the person presiding at this meeting.		
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>			
2.	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 statement of accounts is prepared, and signed by the person presiding at this meeting, following completion of the audit.
<b>DETAIL (Including consultation carried out)</b>	
	<b>CONSULTATION</b>
3.	Not applicable.
	<b>STATEMENT OF ACCOUNTS</b>
4.	A copy of the updated statement of accounts is available in the Members' Room.
	<b>STATEMENT OF ACCOUNTS AMENDMENTS</b>
5.	<p>The Code of Practice on Local Authority Accounting in the UK 2021/22 (the Code) requires 'events after the reporting date' to be reflected in the statement of accounts. These are events that occur between the end of the reporting period (31 March 2022 for the 2021/22 accounts) and the date when the financial statements are authorised for issue. There are two types of events:</p> <ul style="list-style-type: none"> <li>• Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period – amounts recognised in the financial statements are adjusted.</li> <li>• Non-adjusting events – those that are indicative of conditions that arose after the reporting period – amounts are not adjusted, however where material these are disclosed.</li> </ul> <p>For the audited accounts, the authorised for issue date is the date the chief finance officer re-confirms the financial statements before the committee approves them in accordance with regulations.</p>
6.	As noted in the report to the committee in April, the delay in completing the audit of the accounts arising from infrastructure assets accounting issues meant that new information on pension liabilities as at 31 March 2022 had come to light as a result of the triennial actuarial review of the Hampshire Local Government Pension Fund. This was an adjusting event requiring an amendment to the accounts. The pension liability reduced by £42.4M with a corresponding reduction to the pension reserve. The amendments had no impact on the reported General Fund position for 2021/22.
7.	The general principles for the preparation of the accounts are set out in Note 1 (page 33) to the statement of accounts. This includes that the accounts are prepared on a going concern basis. In view of the budget shortfalls and depleted revenue reserves, as reported to Council in the MTFs Update in July, management has concluded that there is a material uncertainty in respect of the council's ability to continue as a going concern and Note 1 has been updated in this respect. A section has also been added to the narrative statement to draw readers attention to this change to the going concern assessment.
8.	The Code requires that the annual governance statement relates to the governance system as it applied during the financial year for the accounts that it accompanies. However, significant events or developments relating the governance system that occur between the reporting date and the date on which the statement of accounts is authorised for issue shall also be reported. The 2021/22 annual governance statement contained within the statement of accounts document has therefore been updated in this respect.

9.	Other minor amendments have been made to the statement of accounts since the version presented to the committee in April.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
10.	Not applicable
<b><u>Property/Other</u></b>	
11.	Not applicable
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
12.	Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2021, the Accounts and Audit (Amendment) Regulations 2022 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.
<b><u>Other Legal Implications:</u></b>	
13.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
14.	Not applicable
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
15.	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 2021/22 as updated.
<b>KEY DECISION?</b>	<b>Yes/No</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	<b>None</b>
<b><u>SUPPORTING DOCUMENTATION</u></b>	
<b>Appendices</b>	
1.	None
<b>Documents In Members' Rooms</b>	
1.	Updated Statement of Accounts 2021/22

<b>Equality Impact Assessment</b>		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes/No
<b>Privacy Impact Assessment</b>		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
<b>Other Background Documents</b>		
<b>Other Background documents available for inspection at:</b>		
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.		
2.		