



Report To:	Audit and Governance Committee
Date:	27 November 2024
Subject:	Draft Financial Statements including Annual Governance Statement 2023/24
Purpose:	To present the unaudited Financial Statements including Narrative Report and Draft Annual Governance Statement for the Committee's review, in line with best practice.
Key Decision:	N/A
Portfolio Holder:	Councillor Thomas Kemp
Report Of:	Christine Marshall, Deputy Chief Executive (Corporate Development) & S151
Report Author:	Ellie Stacey, Deputy Chief Finance Officer (Corporate) – PSPS Ltd
Ward(s) Affected:	All
Exempt Report:	No

Summary

This report requests that the Audit and Governance Committee review and consider the unaudited Financial Statements 2023/24 including the Annual Governance Statement.

Recommendations

It is recommended that as part of its governance role, the Audit and Governance Committee:

- Approve the draft Annual Governance Statement, as contained in Appendix 1.
- Review the unaudited Financial Statements 2023/24 (Appendix 1), and note that there may be some further adjustments.

Reasons for Recommendations

To comply with best practice.

Other Options Considered

None.

1. Background

1.1 The Accounts and Audit Regulations 2015 require that:

- The Responsible Finance Officer (Section 151 Officer) signs the unaudited Financial Statements no later than 31 May each year; and
- The Financial Statements be considered and approved by a committee of the Council no later than 31 July each year.

1.2 To continue the Council's good practice, this report presents the unaudited Financial Statements including Annual Governance Statement to the Committee to enable comments, facilitate challenge and to highlight any key areas.

2. Report

2.1 The Financial Statements production is complete and shown at Appendix 1 is the unaudited version of the 2023/24 Financial Statements (this includes the Comprehensive Income and Expenditure Statements, Movement in Reserves Statement, and Balance Sheet as at 31 March 2024, along with the Annual Governance Statement).

2.2 The timescales involved with the approval and inspection of the Council's Financial Statements for 2023/24 are:

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|---|------------------|
| • S151 Officer signs Statements | 19 November 2024 |
| • Accounts available for Public inspection from | 19 November 2024 |
| • Unaudited Financial Statements to Committee | 27 November 2024 |

2.3 Unfortunately it was not possible to produce the unaudited Financial Statements in line with the statutory deadline for 2023/24. The Council's external auditors KPMG have commenced their planning work, but due to the recent update to the Accounts and Audit (Amendment) Regulations 2024, there is now a legislative requirement for 2023/24 audits to be concluded by the backstop date of 28 February 2025. KPMG have therefore advised that they intend on issuing a disclaimed opinion on the Financial Statements for 2023/24, in place of completing the audit work. This will enable them to focus on the planning and risk assessment of the 2024/25 financial year, to ensure the successful, timely and full delivery of the 2024/25 audit and in

doing so to commence the process of building back assurance. Resources and robust plans are in place to produce the Financial Statements 2024/25 by the revised statutory deadline of 30 June 2025.

- 2.4 The draft Annual Governance Statement is presented within the unaudited Financial Statements.
- 2.5 The net worth of the Council, as shown in the Balance Sheet, increased by £30.991m and this is also reflected in the Comprehensive Income and Expenditure Statement. The main reasons are set out in paragraph 2.6.
- 2.6 The major changes in the Balance Sheet at the year end, considered significant enough to warrant specific reference, are:
- An increase of £16.337m in Property, Plant and Equipment and Investment Property due to increases in asset valuations at year end.
 - An increase in Usable Reserves of £19.623m due to contributions to earmarked reserves and capital grants unapplied, for utilisation against future years' projects.
 - A decrease of £20m in Short Term Borrowing due to the redemption of the PWLB debt in October 2023.
- 2.7 The Financial Statements take into account a number of technical adjustments relating to the liquidisation of one property fund and the valuation of the remaining property funds. Part of these adjustments is voluntary revenue provision, which will need to be completely reviewed as part of the implementation of the new regulation requirements and is reversible.
- 2.8 ELDC's 51% share of PSPS Ltd has been consolidated into the group accounts of the Financial Statements.

3. Conclusion

- 3.1 The Committee are asked to review and consider the unaudited Financial Statements 2023/24 including the Annual Governance Statement, and approve the Annual Governance Statement.

Implications

South and East Lincolnshire Councils Partnership

None.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

The Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendments) Regulation 2024 define these arrangements.

Data Protection

None.

Financial

As contained in the unaudited Financial Statements at Appendix A.

Risk Management

None.

Stakeholder / Consultation / Timescales

None.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environmental Implications

None.

Acronyms

CIPFA – Chartered Institute of Public Finance and Accounting
PSPS Ltd – Public Sector Partnership Ltd

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 Unaudited Financial Statements 2023/24

Background Papers

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
CIPFA Accounting Code of Practice 2023/24 and supporting Guidance Notes	CIPFA public guidance document

Chronological History of this Report

A report on this item has not been previously considered.

Report Approval

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