

Audit and Standards Committee

28 November 2024

Warwickshire County Council Statement of Accounts 2023/24

Recommendations

That the Audit and Standards Committee:

1. Consider the 2023/24 Statement of Accounts, attached at Appendix A, and recommend them to Council for approval; and
2. Note that the Executive Director of Resources will make any subsequent amendments required to the Statement of Accounts, prior to their approval by Council.

1. Key Issues

- 1.1. This report presents the Statement of Accounts for 2023/24.
- 1.2. The Statement of Accounts for Warwickshire County Council comprises:
 - The statement of responsibilities for the statement of accounts;
 - A narrative statement by the Executive Director for Resources;
 - The core financial statements, comprising:
 - The movement in reserves statement
 - The comprehensive income and expenditure statement
 - The balance sheet as at 31 March 2024
 - The cash flow statement;
 - The statement of accounting policies;
 - The notes to the core financial statements; and
 - The Firefighters' Pension Fund statement.
- 1.3. Recommendations to Council for approval of the Annual Governance Statement and the accounts of Warwickshire Pension Fund, which will form part of the County Council's 2023/24 Statement of Accounts when they are published, are sought within separate reports.

- 1.4. Elected members are not expected to be financial experts, but they are responsible for approving and issuing the Council's financial statements. In doing this, they are playing a key role in ensuring accountability and value for money are demonstrated to the public. However, local authority financial statements are complex and can be difficult to understand; they must comply with CIPFA's Code of Practice on Local Authority Accounting, which is based on International Financial Reporting Standards, and the accounting and financing regulations of central government.
- 1.5. This covering report explains the key features of the primary statements and notes that make up the 2023/24 Statement of Accounts. The narrative statement provides further information on the key issues for the benefit of readers of the statements.
- 1.6. We do not expect there to be any material changes to the core financial statements before they are approved by Council in December 2024, as all changes have been discussed and agreed with the auditors as we have worked through the process. If there are any subsequent amendments to the accounts required these will be reflected in the final version of the accounts to be presented to Council in December 2024 and a note setting out the basis of any changes circulated to the Committee.
- 1.7. The Committee is asked to consider the 2023/24 Statement of Accounts attached at **Appendix A** and recommend them to Council for approval, subject to any subsequent amendments that may be needed, highlighting any issues that they wish to bring to Council's attention. Following their approval by Council the Statement of Accounts will be published as soon as the final Audit Opinion is received and inserted into the document.

2. Narrative Statement

- 2.1. The purpose of the narrative statement is to provide commentary on the financial statements. It includes an explanation of key events and their effect on the financial statements. The information in the narrative statement is consistent with budget information provided during the year and reconciles to the year-end financial position reported to Cabinet on 13 June 2024.

3. Core Financial Statements

3.1. Movement in reserves statement

Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The level of usable reserves, the Council's spending plans, and other sources of funding determine how much council tax needs to be raised. Unusable reserves derive from technical accounting adjustments and cannot be used to support spending. The movement in reserves statement analyses the changes in each of the authority's reserves between 2022/23 and 2023/24.

3.2. Comprehensive income and expenditure statement

The comprehensive income and expenditure statement reports on how the Authority performed during the year and whether its operations resulted in a surplus or deficit. It is produced in a standard format and is made up of five broad sections:

- Cost of services: Presented in the management structure of the Council. It includes service specific income and expenditure.
- Other operating income and expenditure: Includes the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: Includes interest payable and receivable and trading account income and expenditure.
- Taxation and general grant income and expenditure: Includes revenue from council tax, business rates and government revenue and capital grants.
- Other comprehensive income and expenditure: Includes items which are not allowed to be accounted for elsewhere, such as increases in the value of land and buildings and changes in the actuarial assessment of pension assets/liabilities.

3.3. Balance Sheet

The balance sheet is a 'snapshot' of the Authority's financial position at a point in time, showing what it owns and owes at 31 March 2024. It is divided into two halves that, as the name suggests, balance. These are assets less liabilities (the top half) and reserves (the bottom half).

3.4. Cash flow statement

The cash flow statement sets out our cash receipts and payments during the year, analysing them into operating, investing and financing activities. Cash-flows are related to income and expenditure but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the comprehensive income and expenditure

statement when the transactions occurred, not when the cash was paid or received.

4. Accounting Policies and Notes to the Core Financial Statements

- 4.1. The accounting policies set out the accounting rules the authority has followed in compiling the financial statements. They are largely specified by International Financial Reporting Standards and the CIPFA Code of Practice on Local Authority Accounting. We have limited discretion to amend them.
- 4.2. The Notes to the accounts provide further detail for the figures within the core statements as well as other information we are required to include in the Statement of Accounts.

5. Firefighters' Pension Fund Statement

- 5.1. This is an unfunded pension scheme which holds no assets, but the fund is required to be ringfenced. The fund collects contributions from Warwickshire County Council (as the employer) and firefighters (employee) and pays out any benefits due. The Fund is then balanced to nil at the end of each financial year by either paying over or receiving pension fund top-up grant from the government.

6. Audit Status

- 6.1. The attached 2023/24 Statement of Accounts has been audited and the Audit Findings Report from the external auditors, Grant Thornton, is elsewhere on today's agenda.
- 6.2. The audit opinion is also included in that auditor's report and will be signed by Grant Thornton's Engagement Partner on receipt of our letter of representation signed by the Executive Director for Resources, following approval of the accounts at Council on 17 December 2024. A letter of representation is provided in connection with the audit of the 2023/24 financial statements for the purpose of expressing our opinion to the best of our knowledge and belief, having made appropriate enquiries, that the financial statements give a true and fair view.

6.3. The approved accounts will be published alongside the authority's Annual Governance Statement and the Accounts of Warwickshire Pension Fund (elsewhere on the agenda) together with the signed audit opinions.

7. Financial Implications

7.1. None arising directly from this report.

8. Environmental Implications

8.1. None

9. Background Papers

9.1. None.

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