



Audit and Standards Committee Report

Report of: Philip Gregory
Director of Finance and Commercial Services,
Local Authority Section 151 Officer

Date: 25 April 2024

Subject: 2022/23 Unaudited Statement of Accounts -
Reauthorised

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Summary: The purpose of this report is to provide Members of the Audit and Standards Committee with a summary and explanation of the amendments to the 2022/23 Unaudited Statement of Accounts.

Recommendations: The Audit and Standards Committee is asked to note the amendments to the Unaudited Statement of Accounts for 2022/23.

The Audit and Standards Committee is asked to note the delay to the external audit of the 2022/23 Statement of Accounts.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO
Legal Implications
No
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
NO
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
None
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

AUDIT AND STANDARDS COMMITTEE – 25 APRIL 2024

UNAUDITED STATEMENT OF ACCOUNTS 2022/23 REAUTHORISED REPORT

Purpose of this Report

1. The purpose of the following report is to update the Committee since the previous report of 22 June 2023 and provide Members with a summary of the amendments to the 2022/23 Unaudited Statement of Accounts and explain the reason for the adjustments.
2. A full set of the reauthorised unaudited accounts is now available on the Council's website via the following link: [Unaudited Statement of Accounts 2022/23](#).
3. This report also outlines the delay to the external audit of the 2022/23 Statement of Accounts.

Introduction

4. The Council's 2022/23 Unaudited Statement of Accounts were authorised by the Director of Finance and Commercial Services (Section 151 Officer) on the 31 May 2023 and brought to the Audit and Standards Committee on 22 June 2023 for Members to note.
5. Although the accounts have not been subject to external audit by Ernst & Young (EY), officers have continued to review the set of accounts and identified adjustments required to ensure they remain accurate.
6. The Director of Finance and Commercial Services has on behalf of the Council re-confirmed that he is satisfied that the financial statements present a true and fair view of the financial position of Sheffield City Council as at 31 March 2023 and its income and expenditure for the year, on the 16 April 2024. We therefore request the amended Unaudited Statement of Accounts be noted by the Audit and Standards Committee at this meeting.
7. It should be noted that EY have not started the audit of the 2022/23 Statement of Accounts and have therefore not yet been able to provide an audit opinion. The way forward and a final audit opinion will be dependent on any legislation changes as a result of the ongoing Department for Levelling Up, Housing & Communities (DLUHC), National Audit Office (NAO) and Chartered Institute of Public Finance & Accountancy (CIPFA) consultations.

Summary of adjustments to the 2022/23 Unaudited Statement of Accounts

Accounting Adjustments

8. The impact of the following accounting adjustments on the balance sheet are shown in **Appendix A**. All applicable statements and disclosure notes have been updated as necessary throughout the accounts document.
- Dwellings Housing Price Index (HPI) and other capital valuations - £-34.8m:
 9. Following the latest HPI for dwelling valuations as at 31st March 2023, the movement was considered material enough to adjust the Council's 2022/23 Statement of Accounts. The overall change to the valuation of Council Dwellings and Dwelling Assets Held for Sale was a decrease of £35.5m and £127k respectively.
 10. Whilst this adjustment was being transacted through the accounts, we took the opportunity to amend other valuations to ensure the balance sheet was accurate. This included an increase of £342k to Heritage Assets and an increase of £173k to Property, Plant & Equipment (PPE), due to the valuations not being available at the statutory deadline plus a number of other increased movements to correct PPE totalling £261k.
 - Pensions Triennial valuation - £-25.1m:
 11. Following the pension triennial revaluation as at 31 March 2023, an audit adjustment was processed in the 2021/22 Statement of Accounts to allow for the results of the 2022 actuarial valuation. The comparative prior year pension balances have been updated in the 2022/23 accounts.
 12. This also resulted in the actuary having to amend the Council's 2022/23 pension report for the restated 31st March 2022 closing position as the new opening position. The adjustment has been transacted through the 2022/23 Statement of Accounts, which has resulted in a decrease of £25.1m to the pension asset.
 - Schools Cash Advance payment - £17.2m:
 13. The schools April 2023 cash advance payment was believed to have been processed in March 2023. Therefore, to correct the 2022/23 accounts an accrual was taken, unfortunately, this was in error as the payment had correctly been transacted in the 2023/24 financial year. Although a net nil impact, an adjustment of £17.2m has been transacted on the balance sheet so not to overstate both Cash & Cash Equivalents and Short-Term Creditors.

Other Adjustments

- Disclosure Note 13 - Dedicates Schools Grant (DSG):

14. Following the annual review of the Council's DSG disclosure, the Education & Skills Funding Agency (ESFA), identified that our disclosure was not a correct statement of how the DSG had been deployed. The amended disclosure has since been approved by the ESFA.

- Annual Governance Statement (AGS):

15. Following the review of the 2022/23 AGS by Legal with CIPFA, the updated version has now been included in the 2022/23 Unaudited Statement of Accounts, following its approval at the Audit & Standards Committee meeting on 1st February 2024.

Financial Implications

16. There are no financial implications arising from the recommendations set out in this report.

Equal Opportunities Implications

17. There are no equal opportunities implications arising from the recommendations set out in this report.

Property Implications

18. There are no property implications arising from the recommendations set out in this report.

Legal Implications

19. There are no legal implications arising from the recommendations set out in this report.

Recommendations

20. The Audit and Standards Committee is asked to note the amendments to the Unaudited Statement of Accounts for 2022/23.

21. The Audit and Standards Committee is asked to note the delay to the external audit of the 2022/23 Statement of Accounts.

Clair Sharratt and Ruth Matheson
Finance and Commercial Services
25 April 2024

Appendix A – Adjusted Balance Sheet as at 31 March 2023

	As at 31 March 2023	As at 31 March 2023	Variance
	Original	Adjusted	
	£000	£000	£000
Intangible Assets	0	0	-
Property, Plant and Equipment	3,446,405	3,411,363	(35,042)
Heritage Assets	54,883	55,225	342
Investment Properties	18,630	18,630	-
Long Term Investments	5,000	5,000	-
Long term Debtors	119,522	119,522	-
Pension Asset	165,375	140,316	(25,059)
Long Term Assets	3,809,815	3,750,056	(59,759)
Short Term Investments	150,000	150,000	-
Inventories	2,261	2,261	-
Short Term Debtors	168,451	168,451	-
Cash and Cash Equivalents	239,213	222,001	(17,212)
Assets Held for Sale	7,922	7,795	(127)
Current Assets	567,847	550,508	(17,339)
Short Term Borrowing	(27,795)	(27,795)	-
Short Term Creditors	(289,586)	(272,374)	17,212
Short Term Provisions	(10,898)	(10,898)	-
PFI / PPP Finance Lease Liability	(18,614)	(18,614)	-
Capital Grants Receipts in Advance	(58,504)	(58,504)	-
Current Liabilities	(405,397)	(388,185)	17,212
Long Term Borrowing	(887,407)	(887,407)	-
Long Term Provisions	(10,893)	(10,893)	-
PFI / PPP Finance Lease Liability	(301,506)	(301,506)	-
Pension Liability	0	0	-
Other Long Term Liabilities	(14,629)	(14,629)	-
Revenue Grants Receipts in Advance	(6,685)	(6,685)	-
Capital Grants Receipts in Advance	(20,459)	(20,459)	-
Long Term Liabilities	(1,241,579)	(1,241,579)	-
Net Assets	2,730,686	2,670,800	(59,886)
Usable Reserves	(574,825)	(574,825)	-
Unusable Reserves	(2,155,861)	(2,095,975)	59,886
Total Reserves	(2,730,686)	(2,670,800)	59,886