

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	26 JULY 2023
Report Title:	DRAFT STATEMENT OF ACCOUNTS 2022-23
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE & CHANGE
Responsible Officer:	NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	There is a legal requirement for the Statement of Accounts to be prepared and authorised by the responsible financial officer prior to submission to Audit Wales to be audited. As the accounts were not completed by 31 May 2023 a notice was published explaining this in accordance with Regulation 10 of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018).
Executive Summary:	<ul style="list-style-type: none"> • The draft Statement of Accounts for 2022–23 have been completed in accordance with the Accounts and Audit (Wales) Regulations 2014. • The draft Accounts are now subject to audit by Audit Wales and the final audited accounts will be presented for approval to the Governance and Audit Committee in the Autumn.

1. Purpose of Report

- 1.1 The purpose of the report is to present to the Governance and Audit Committee the unaudited Statement of Accounts for 2022-23 attached at **Appendix A** for noting.

2. Background

- 2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 2.2 In accordance with these Regulations, the unaudited Statement of Accounts for 2022-23 requires approval and signature by the responsible financial officer by 31 May 2023, certifying that it presents a true and fair view of the financial position of the Council. The audited Statement of Accounts then has to be approved by 31 July 2023 by the Governance and Audit Committee, in accordance with the Committee's Terms

of Reference. If the accounts are not able to be signed and published by this date then the Council must publish a Regulation 10 notice setting out the reasons why.

- 2.3 As a result of delays in approving the 2021-22 Statement of Accounts, which were certified by the Auditor General on 27 January 2023, and the consequential impact on preparing the 2022-23 Statement of Accounts, and the need to consolidate Bridgend County Borough Council's share of Cardiff Capital Region City Deal accounts, the Council was unable to meet the 31 May 2023 deadline and therefore, in line with the requirements of the Regulations, issued a notice advising of this.

3. Current situation / proposal

- 3.1 The Council's unaudited Statement of Accounts for the financial year ended 31 March 2023 is attached at **Appendix A**. The Statement of Accounts comprise a number of different statements relating to financial performance and reserves. Whilst the final document will include the Annual Governance Statement, it is being presented as a separate report to this Committee. The Annual Governance Statement will be signed by the Leader of the Council and Chief Executive once the audit has been completed.
- 3.2 The unaudited Statement of Accounts 2022-23 was signed by the responsible financial officer on 18 July 2023.
- 3.3 The Accounts include the following core Financial Statements:
- Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cash Flow Statement

These are produced in accordance with International Financial Reporting Standards (IFRS) rather than the amount to be funded in cash terms when the budget is set, therefore these statements include items such as depreciation on property, plant and equipment, the estimated cost of the shortfall on the pension scheme and other technical accounting adjustments.

- 3.4 The Council achieved a balanced position for the financial year, after allowing for capital financing and contingency costs, transfers to and from earmarked reserves and additional council tax income. As a result the Council Fund balance remained unchanged from the previous year at £10.110 million as at 31 March 2023. The Expenditure and Funding Analysis (page 37) shows how this balanced position is adjusted to a deficit of £37.061 million on the Comprehensive Income and Expenditure Statement as a result of technical adjustments between the funding and accounting basis and transfers to earmarked reserves.
- 3.5 In addition to spending money providing services on a day to day basis, the Council also spends money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2022-23 was £29.230 million. Assets created, improved or under development as a result of this spend included:
- Brynmenyn Children's Hub
 - Active Travel Bridgend to Pencoed Phase 3

- Redevelopment of Cosy Corner in Porthcawl

3.6 There are various notes within the Accounts that detail how the capital expenditure is financed and the nature of assets have been developed or enhanced.

3.7 The unaudited Statement of Accounts will be reviewed by Audit Wales. A final version of the Accounts will be brought back to the Governance and Audit Committee in November 2023, which will need Governance and Audit Committee approval, in accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended 2018), and to be signed by the Chair of the Governance and Audit Committee.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report therefore it is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change Implications

6.1 There are no climate change implications as a result of this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no Safeguarding or Corporate Parent implications as a result of this report.

8. Financial Implications

8.1 The Statement of Accounts reflects the financial performance of the Council for the financial year 1 April 2022 to 31 March 2023. The Statement of Accounts are presented for information so there are no direct financial implications arising from this report.

9. Recommendation

9.1 It is recommended that the Governance and Audit Committee notes the unaudited Statement of Accounts 2022-23 at **Appendix A**.

Background documents

None