

Decision Report - Executive Decision

Forward Plan Reference: N/A

Decision Date – 2 August 2023

Key Decision – No

UPDATE - the Outturn Position across all Legacy Somerset Authorities for 2022/23

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: All

Lead Officer: Executive Director - Resources & Corporate Services

Author: Executive Director - Resources & Corporate Services

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Summary

1. Although the Statement of Accounts for each of the legacy Somerset Authorities have been progressing there are still some that remain outstanding for various reasons which means that we cannot yet report the overall position across Somerset for 2022/23. We are currently not alone in finalising 2022/23 accounts as at the end of June 2023 only 48% of all authorities had published their draft accounts. The final position should be ready for the September Executive meeting. This report updates the Executive of the current status as at the 21 July 2023. A further verbal update will be given at the meeting.

Recommendations

2. The Executive notes the current position in reporting the outturn position for the Somerset authorities for the 2022/23 financial year and the timetable for completion outlined in paragraph 20.

Reasons for recommendations

3. To ensure members are aware of the current status of the outturn position and Statement of Accounts for all of the legacy Somerset authorities.

Other options considered

4. Other options considered were whether to provide an update on the position for the authorities that have published accounts but this approach would not give an accurate position for Somerset Council.

Links to Council Plan and Medium-Term Financial Plan

5. The outturn position will show the inherited position from all five Somerset Councils and therefore will not link to the Council Plan, Ensuring the position is accurate will give opening figures for the capital programme and reserves informing the MTFP for 2024/25 to 2026/27

Financial and Risk Implications

6. It is important that a Statement of Accounts is completed for each authority to give as accurate a picture as possible of the outturn position. A risk will remain until all the accounts are signed off by our external auditors confirming that there are no corrections required that will impact on capital, revenue, or reserves.

Legal Implications

7. All authorities were required to publish their accounts by the 31 of May 2023. The Executive Director has already made a statement as to why this was not possible for the Somerset authorities.

HR Implications

8. The Statement of Accounts and audit continues to take up considerable levels of staff time especially for those in Finance.

Other Implications:

Equalities Implications

9. There are no equalities impacts arising from the recommendations in this report.

Community Safety Implications

10. There are no community safety implications arising from this report.

Climate Change and Sustainability Implications

11. There are no Climate Change implications arising from this report.

Health and Safety Implications

12. There are no health and safety implications arising from this report.

Health and Wellbeing Implications

12. There are currently no implications.

Social Value

13. There are currently no implications.

Scrutiny comments / recommendations

13. This is an update report that will be shared with Scrutiny Committee Corporate and Resources.

Background

15. All five legacy authorities were required to provide a full Statement of Accounts for their year-end position as at the 31st March 2023. These all require review by external auditors and will each be given a qualified or unqualified opinion. The Governments deadline for publishing the accounts was the 31 May 2023. This deadline was not achieved by more than half of English authorities for a variety of well documented reasons. The Executive Director - Resources and Corporate Services provided a statement outlining that the publishing of accounts would not meet the deadline – the main reasons were as follows:

- The publication date was brought forward from 31 July to 31 May for the 2022/23 Statement of Accounts
- Nationally there is a significant backlog on the auditing of local government accounts with over 1,000 still outstanding
- We have 4 outstanding audits from previous years (Sedgemoor – 2 years, South Somerset & Mendip)
- The late publication of our draft accounts will not impact upon the external audit review of the accounts as we have been discussing the position with them
- Nationally, there will be a number of councils that do not publish by the new deadline

The Executive Director – Resources and Corporate Services also gave a verbal update to the Audit Committee in the 29 June 2023.

16. Until the accounts are all completed it means that some of the information for Somerset Council such as the 2022/23 outturn, reserves position, and capital position cannot be finalised.

The 2022/23 Outturn Position for Somerset

17. The following table outlines the current position for all legacy Somerset authorities:

| | External Audit Opinion Received on 2020/21 Accounts | External Audit Opinion Received on 2021/22 Accounts | Publish Date or Expected Publishing Date for 2022/23 Accounts | External Audit - Start Date | External Audit - End Date |
|-----------------------|---|---|---|-----------------------------|---------------------------|
| Mendip DC | Yes | No | 12-Jun | 09-Jun | 15-Sep |
| Somerset Pension Fund | Yes | Yes | 01-July | 03-Jul | 04-Sep |
| Somerset CC | Yes | Yes | 10-July | 11-Sep | 18-Dec |

| | | | | | |
|----------------------------|-----|-----|---------|--------|--------|
| South Somerset DC | Yes | No | 28-July | 03-Jul | 06-Nov |
| Sedgemoor DC | No | No | 28-July | 25-Sep | 27-Nov |
| Somerset West & Taunton DC | Yes | Yes | 03-July | 03-Jul | 18-Sep |

The table shows that most accounts have now been published with South Somerset District Council and Sedgemoor District Council predicted to publish by 29 July 2023. The auditors are currently with South Somerset but have not been delayed by this because they are still working on the 2021/22 accounts.

18. A key reason for not completing the accounts for the 31 May was that the Auditors could not provide resources to cover the audits. The table shows the auditors timetables after discussion with officers of when they would have resources. This then meant that we could manage resource to prioritise those with the earliest audit dates.
19. The table shows the complications of having some authorities accounts still not having an audit opinion on previous years. Until accounts have received an audit opinion they remain open to further questions and requirements. An example of this was that those authorities with 2021/22 accounts still open had to review the impact the recent pensions actuarial review would have had on those accounts. This has meant that those three authorities have had to pay for reports from the actuary and any material amendments made. This in turn lead to the 2023/24 accounts also having to be amended.

The Way Forward

20. Once all of the accounts are published we can complete an overview of the overall impact on Somerset Council. The revised timetable is as follows:
 - All legacy Somerset Authorities publish 2022/23 Accounts – 29 July 2023
 - Outturn position of all legacy authorities is reported to Executive including the impact on Somerset Council including:
 - Legacy reserves position and starting position for Somerset Council – September Executive
 - Legacy capital receipts position and starting position for Somerset Council – September Executive

- Capital outturn and initial revised capital programme for Somerset Council
– September Executive

- Quarter 1 Budget Monitoring – September Executive

21. A revised capital programme is required because the capital programme set in February was based on each authority's Quarter 2 profiles and therefore needs updating with slippage and approvals made after Quarter 2. Much of this work is well underway but needs to fully reflect the final positions outlined in the accounts. It is worth noting that there will still be a risk of amendments depending on audit findings until all Statement of Accounts are given a final opinion.

Background Papers

22. None.

Report Sign-Off

| | Officer Name | Date Completed |
|-------------------------------------|---------------------------|----------------|
| Legal & Governance Implications | David Clark | 21/7/23 |
| Communications | Chris Palmer | Sent 21/7/23 |
| Finance & Procurement | Jason Vaughan | 21/7/23 |
| Workforce | Chris Squire | Sent 21/7/23 |
| Asset Management | Oliver Woodhams | Sent 21/7/23 |
| Executive Director / Senior Manager | Jason Vaughan | 21/7/23 |
| Strategy & Performance | Alyn Jones | 21/7/23 |
| Executive Lead Member | Liz Leyshon | 24/7/23 |
| Consulted: | | |
| Local Division Members | | |
| Opposition Spokesperson | Councillor Mandy Chilcott | 21/7/23 |
| Scrutiny Chair | Councillor Bob Filmer | 21/7/23 |