

## 2023/24 Statement of Accounts (SOA) Overview

[page references are shown which cross reference to the full SOA document also available on the T&W internet site]

- The communication of financial information is a key aspect of public accountability. The Statement of Accounts provides detail about the funds available to the Council and how they have been used to deliver services together with a snap-shot of the financial position as at 31 March 2024 i.e. the value of assets and liabilities at year end.

### BACKGROUND

- The structure and content of the Statement of Accounts is determined by Government Legislation, Accounting Standards, including International Financial Reporting Standards, and the Chartered Institute of Public Finance & Accountancy (CIPFA) Guidance and Codes of Practice.
- The Statement of Accounts comprises:
  1. **Narrative Report**
  2. **Statement of Responsibilities**
  3. **Annual Governance Statement**
  4. **Auditor's Report**
  5. **Expenditure & Funding Analysis**
  6. **Comprehensive I&E Statement**
  7. **Movement in Reserves Statement**
  8. **Balance Sheet**
  9. **Cash Flow Statement**
  10. **Notes to the Accounts**
  11. **The Collection Fund Account**
  12. **Group Accounts**
  13. **Glossary**

### KEY DATES

- Outturn report presented to Cabinet: 10 July 2024; Council 18 July 2024
- **Draft SOA presented to Audit Committee Members: 29 May 2024**
- Draft SOA available for Public Inspection for 30 days
- **Start of External Audit: 27 August 2024**
- Updated SOA approval by Audit Committee: 29 January 2025
- **Audit substantially completed**
- Final SOA published once Audit Opinion is received

## 1. NARRATIVE REPORT [pages 4 -29]

Provides an overview of the budget and financial context, highlights issues raised during the year and provides a summary of both the revenue and capital outturn positions for the Council.

Revenue Position			
	Budget £m	Outturn £m	Variation £m
<b>Net Budget</b>	<b>146.774</b>	<b>146.400</b>	<b>(0.374)</b>
Add: Funding Variance	0.000	0.359	0.359
<b>Service Outturn [page 12 SOA]</b>	<b>146.774</b>	<b>146.759</b>	<b>(0.015)</b>

General & Special Fund Balances - £m	
Balances bfwd 1/4/23	4.721
Surplus or (Deficit) in year	0.015
Agreed use of balances	(0.167)
<b>Balances cfwd 31/3/24</b>	<b>4.569</b>

Capital - £m	
Approved Capital Programme	90.047
Outturn	83.485
Funded by:	
Borrowing	38.367
Capital Receipts	1.852
Grants	35.114
Other Sources	8.152
<b>Total</b>	<b>83.485</b>

## 2 & 3. STATEMENT OF RESONSIBILITIES & ANNUAL GOVERNANCE STATEMENT [pages 30 & 31 - 48]

Sets out the responsibilities of the authority and the Chief Financial Officer in respect of the SOA; details the governance framework, systems of control and standards of conduct; reviews the effectiveness of governance arrangements and identifies actions to be implemented in 2024/25.

## 4. AUDITORS REPORT [page 49 - 53 (to follow)]

Provides independent assurance to Members that the SOA have been compiled in accordance with UK accountancy regulations and that they give a true and fair view of the financial position as at 31 March 2024. KPMG LLP will **present** their own report to Audit Committee which will include the Audit Opinion. An unqualified audit opinion is anticipated.

## 5. EXPENDITURE & FUNDING ANALYSIS (EFA) [page 55]

The EFA reconciles how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices.

## 6. COMPREHENSIVE INCOME & EXPENDITURE STATEMENT (CIES) [page 61]

The CIES shows the cost of providing services, in accordance with Accountancy regulations, not the amount funded from taxation.

	£m
<b>(Surplus)/Deficit on I&amp;E Account</b>	<b>(1.510)</b>
<b>Plus</b> adjustments for capital purposes	19.813
<b>Less</b> pension adjustments	(3.550)
<b>Less</b> other adjustments	(14.768)
<b>Actual Contribution to General Fund Balances</b>	<b>(0.015)</b>

## 7. MOVEMENT IN RESERVES STATEMENT [page 62]

Shows the different reserves held by the authority, analysed into Usable reserves (those which could be used to fund expenditure) and Other Reserves (technical reserves and those where funds would not be immediately realisable e.g. revaluation reserve where assets would have to be sold to release the benefit).

Usable Reserves	£m	Unusable Reserves	£m
General/Special Fund Balance	4.569	Pension Reserve - Deficit	(17.389)
Capital Grants Unapp.	27.604	Acc. Absence Reserve	(1.397)
Revenue Grants Unapp.	0.177	Capital Adjustment a/c	136.260
Earmarked Service Reserves	80.553	Revaluation Reserve	190.317
School Balances	9.799	Collection Fund	0.637
		Dedicated Schools Grant	(1.823)
		Other	(7.071)
<b>Total Usable Reserves</b>	<b>122.702</b>	<b>Total Unusable Reserves</b>	<b>299.534</b>
<b>Total Reserves at 31 March 2024: £422.236</b>			

## 8. BALANCE SHEET [page 63]

The Balance Sheet shows the value of assets and liabilities at 31 March.

Assets	£m	Liabilities	£m
Property, Plant & Equipment	802.559	Borrowing	371.323
Intangible Assets	6.527	Creditors	102.834
Long Term Investments	22.200	Pensions Liability	17.389
Long Term Debtors	50.949	PFI/Finance Leases	40.685
Assets Held for Sale	1.544	Provisions	3.125
Debtors	58.994	Other	3.421
Cash/Cash Equivalents	17.989		
Other Current Assets	0.251		
<b>Total Assets</b>	<b>961.013</b>	<b>Total Liabilities</b>	<b>538.777</b>
<b>Total Net position at 31 March 2024: £422.236 (Asset)</b>			

## 9. CASHFLOW STATEMENT [page 64]

Shows cash inflows and outflows during the year.

## 10. NOTES TO THE ACCOUNTS [pages 65 - 143]

56 notes providing further information to support the figures in the financial statements.

**[listed in contents on page 1]**

## 11. COLLECTION FUND [pages 144-148]

Required by statute for billing authorities; records transactions relating to business rates and council tax income and payments to this Council, the Parishes, Police & Fire Authorities.

## 12. GROUP ACCOUNTS AND NUPLACE ACCOUNTS [pages 149-163]

Nuplace was incorporated on 1 April 2015. The principal activity of the company is the procurement of the construction and management of private and affordable residential property.

- Nuplace is wholly owned by Telford & Wrekin Council;
- 2023/24 was the ninth year of operation;
- At 31 March, NuPlace's housing portfolio comprised of 500 homes of which 65 are affordable. The programme has resulted in 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities.
- Dyke Yaxley are the appointed auditors for Nuplace;
- Nuplace generated an operating profit, before taxation of **£0.43m**. The Council also received income of **£2.0m** from Nuplace during 2023/24. A summary of the financial statements is shown below:

Profit & Loss Account Financial Year 2023/24	
	£m
Turnover	4.149
Cost of Sales	(1.152)
<b>Gross Profit</b>	<b>2.997</b>
Administrative Expenses	(0.363)
Other Operating Income	0.082
<b>Profit before taxation and interest</b>	<b>2.716</b>
Net Interest payable/receivable	(2.286)
<b>Profit before taxation</b>	<b>0.430</b>
Tax on Profit	(0.174)
<b>Profit for the financial year</b>	<b>0.256</b>

Balance Sheet at 31 March 2024			
Assets	£m	Liabilities	£m
Fixed assets	101.039	Creditors	51.783
Cash at bank and in hand	0.750	Provisions	0.427
Debtors	0.047	Deferred Income	1.282
<b>Total Assets</b>	<b>101.836</b>	<b>Total Liabilities</b>	<b>53.492</b>
<b>Total Net Assets at 31 March 2024: £48.344m</b>			
<b>Share Capital (£m)</b>			<b>22.200</b>
<b>Profit &amp; Loss Account (£m)</b>			<b>2.011</b>
<b>Revaluation Reserve (£m)</b>			<b>24.133</b>
			<b>48.344</b>

- In accordance with accounting policy, the housing portfolio was revalued at year end which resulted in an increase in value of 5.5% (£4.7m) over the 9 completed sites.

The Council has produced Group Accounts for 2023/24 which consolidate the Council's accounts with those of Nuplace to give an overall picture of the Council's activities.

## AMENDMENTS MADE DURING AUDIT PERIOD

### Main Statements:

- **Property, Plant and Equipment** – spend relating to 3 schools which converted to Academies on 1<sup>st</sup> April 2024 wasn't correctly treated as the Council expenditure and was accounted for via REFCUS (i.e. treated as spend on 3<sup>rd</sup> party assets)
  - +£1.768m to PPE
  - -£1.768m to Unusable Reserve (Capital Adjustment Account)

There was **no impact** on the final General Fund surplus reported to Full Council as a result of the above amendment

## AMENDMENTS MADE DURING AUDIT PERIOD (cont.)

### Disclosure Notes:

- **Note 5: Post Balance Sheet Events** – disclosure added to reflect In July 2024, the Court of Appeal dismissed an appeal by Virgin Media Group concerning a High Court ruling in June 2023 pertaining to Defined Benefit Obligations associated with the Pension Fund.
- **Note 10: Expenditure & Income Analysis by Nature** – disclosure note amended to reflect the cost of school-based staff as Employee Expense. 2022/23 comparative totals have also been amended.
- **Note 12: Defined Benefit Pensions participation in Pension Scheme** – further information provided in relation to a change in methodology in the way the actuary calculates the Net Discount Rate and the guarantees the Council offers to cover liabilities associated with the pensions of ex-employees following the transfer of council services to external bodies.
- **Note 41: Grant Income** – updated grant analysis.
- **Note 47: Related Parties** – a number of small amendments following further review to ensure completeness.

Along with the above, various wording and presentational changes have also been reflected in the Audited Statement of Accounts

The Narrative Statement, Core Financial Statements and Group Accounts have been updated to reflect all changes as appropriate.

### **UNADJUSTED ERRORS DURING THE AUDIT PERIOD**

The following transactions have been noted as errors during the audit period but have remained unadjusted due to their nonmaterial impact on the Financial Statements –

- Income generated by schools through either miscellaneous cash or sales ledger invoicing has been excluded from the CIES. The inclusion of these transaction would have a net nil impact overall; however, income and expenditure are understated.
- An incorrect assessment of the estimated commitment of an accrual (residential).
- A pension obligation relating to secondary contributions has been identified by KPMG which would affect the net pension deficit. Whilst the pension fund actuary, Mercers, recognised the contributions have not been considered within their estimates, they believe their inclusion would have no impact.

## **CONTACT DETAILS**

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