

## **REPORT TO AUDIT AND GOVERNANCE COMMITTEE**

Date of Meeting: 27 November 2024

Report of: Strategic Director Corporate Resources

Title: Statement of Accounts 2022/23

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Council

#### **1. What is the report about?**

- 1.1 To seek Members' approval and adoption of the Council's Statement of Accounts for 2022/23.

#### **2. Recommendations:**

- 2.1 **It is recommended that the Audit and Governance Committee approve the audited Statement of Accounts for 2022/23.**

#### **3. Reasons for the recommendation:**

- 3.1 The publication of audited Statement of Accounts is a statutory requirement, in accordance with the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015.

#### **4. What are the resource implications including non-financial resources?**

- 4.1 The Statement of Accounts is intended to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements, as at 31 March 2023.

#### **5. Section 151 Officer Comments:**

- 5.1 Members may be aware that the Government have implemented backstop dates in relation to outstanding local audits. For financial years up to and including 2022/23, the backstop date for publishing audited accounts is 13 December 2024. I am therefore pleased to report that the Council is on course to meet this deadline.

#### **6. What are the legal aspects?**

- 6.1 The Statement of Accounts has been prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.

- 6.2 The audit of the accounts has been undertaken in accordance with the statutory framework established by section 20 of the Local Audit and Accountability Act 2014, by the Council's external auditors, Grant Thornton.

## **7. Monitoring Officer's Comments:**

- 7.1 This report raises no issues for the Monitoring Officer.

## **8. Report Details:**

### **EXTERNAL AUDIT OF THE 2022/23 STATEMENT OF ACCOUNTS**

#### **8.1 Appointed Auditor**

Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. Exeter City Council opted into this arrangement.

On 14 December 2017, the PSAA board approved the appointment of Grant Thornton (UK) LLP to audit the accounts of Exeter City Council for a period of five years, covering the accounts from 1 April 2018 to 31 March 2023. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

#### **8.2 Statement of Accounts 2022/23**

In March 2024, delegated powers were given to the Strategic Director for Corporate Resources and Chair of Audit and Governance Committee to approve the Statement of Accounts for 2022/23 upon the conclusion of the audit and to report back to this committee any significant findings, if any are identified in the remainder of the audit.

Since that time, a significant matter has been identified in respect of the classification of the Guildhall Shopping Centre and it is considered appropriate to bring the Statement of Accounts back to committee for approval.

#### **Significant matter discussed with the auditors**

The Council acquired the Guildhall Shopping Centre in May 2022 to preserve its future as a retail destination and key strategic asset in the centre of the city, forming a vital part of the North Gate vision in Liveable Exeter.

The acquisition was facilitated by a loan from the Public Works Loan Board on the basis that any surplus income will be reinvested specifically for regeneration projects, rather than being applied to wider services.

Judgement has been required to consider whether classifying the asset as an investment property or as property, plant and equipment (PPE) in the Council's balance sheet is appropriate, based on whether it is held solely to earn rentals or for capital appreciation or both. In considering the acquisition of the asset, the Council did consider the contribution this would make to its objectives for regeneration, but at

the reporting date the Council's objectives for holding the asset are currently restricted to maximising rental income to fund regeneration projects.

Management have judged that the measurement, presentation and disclosure of the Guildhall Shopping Centre as an investment property provides the appropriate information for users, based upon the following significant matters:

- As at 31 March 2023, management and letting of the entire shopping centre is contracted to Cushman and Wakefield, a global commercial real estate services leader for all aspects of commercial leasing
- The management and letting agents are not contracted to apply any policies that would contribute to the Council's service objectives
- The Council does not make any operational use of the property to facilitate the delivery of services
- It was not acquired for subsequent sale
- The site remains a key retail and food and drink destination for Exeter with the Council investing in improvements to minimise voids, protect footfall and protect commercial rents

Our auditors have concluded that it is not unreasonable that the Council has come to this view but requested that this critical judgement is disclosed in the Statement of Accounts to ensure it is clear to the reader of the accounts the basis on which the Council is holding the asset and the judgements involved.

Note 4 Critical Judgements in Applying Accounting Policies has therefore been updated to include the judgement made in respect of the Guildhall Shopping Centre.

### **8.3 Audit Findings**

At the time of writing, our external auditors anticipate issuing an unqualified audit opinion on the Authority's financial statements.

## **9. How does the decision contribute to the Council's Corporate Plan?**

The Statement of Accounts set out the financial position at the end of the 2022/23 and the transactions of the Council during 2022/23, both of which help underpin delivery of the Corporate Plan.

## **10. What risks are there and how can they be reduced?**

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

## **11. Equality Act 2010 (The Act)**

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;

- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only.

## **12. Carbon Footprint (Environmental) Implications:**

12.1 No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Not applicable

## **Strategic Director Corporate Resources**

### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:

None

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