

## Extract of 26 September 2024 Council Meeting Minutes Relating to the Final Accounts

### 10. ANNUAL ACCOUNTS 2019/20, 2020/21 AND 2021/22 WBC24-038.

The Portfolio Holder for finance and economy, Councillor Dale Roberts, introduced the report on the Authority's draft accounts for the years 2019/20, 2020/21 and 2021/22. It was noted that nationally, the number of local authorities with outstanding audits and failing to publish accounts within prescribed deadlines had been growing. At the same time, the complexity of the Borough Council's accounts and a lack of sufficient resources had added to the delays on the accounts.

The Members were advised that the accounts presented were the single entity accounts for the Council. The group accounts, which would include the activities of the Council owned companies, would be prepared for 2022/23 and 2023/24 and made available once completed. The last fully audited accounts, including group accounts, were those for 2018/19, with fully audited company accounts available on the Companies House website.

The accounts had been reviewed by the Audit and Governance Committee and the Vice-Chair of the Committee read out a statement on behalf of the Members of the Committee as follows:

"The Financial Statements for the years 2019/2020, 2020/2021 and 2021/2022 were reviewed and noted by the Governance and Audit Committee on 29/07/2024.

A number of questions and concerns were raised at that meeting regarding our confidence in the accounts as presented and in particular the covering statement made by the then Section 151 Officer to the accounts for 2019/2020.

We now know a number of the statements in the 2019/2020 accounts cannot be validated.

- Paragraph 142 of the Commissioners' Report of May 2023 noted the challenge to the Minimum Revenue Provision. Subsequently, the Capitalisation Directive included 360 million for MRP adjustment for previous years
- The Housing Revenue Account and General Fund are to be restated as per the presentation to the Executive on 12<sup>th</sup> September 2024.
- Section 4.12 of the 2019/2020 accounts states that:

*The Prudential Code enables a Local Authority to borrow to such an extent as the Authority considers appropriate within a range of indicators that sets itself. It is therefore possible to invest to the level that is affordable, prudent and sustainable taking into account the level of income including Council Tax and Housing Rents.*

- In Section 10.1 it is claimed:

*The Council's overall financial performance in 2019/20 was good*

We now know the debt was unaffordable and the financial performance was not good.

Subsequent events have proven the borrowing was neither prudent nor sustainable and some of that borrowing was for revenue purposes and contravened PWLB regulations.

There are similar issues with the financial statements pertaining to the 2 subsequent years, 2020/2021 and 2021/2022.

Any publication of these accounts must give equal prominence to these considered opinions as is given to those of the S 151 Officer.”

The Portfolio Holder thanked the Members of the Audit and Governance Committee for their considered comments and noted that much work would still need to be done before the Council would be able to get an unqualified signoff by auditors. Attention was drawn to the recommendations set out in the report, and it was noted that Members were only being asked to note the accounts at this stage.

RESOLVE That

- That (i) the annual accounts for 2019/20, 2020/21 and 2021/22, as noted by the Audit and Governance Committee on 29 July, be noted and referred to the Council’s external auditors for their audit opinion;
- (ii) the signing off of the accounts by the Council’s Strategic Director for Finance and Section 151 Officer be noted, with the caveat that they are based on the best information available and the policies and conventions in place for the year that the specific accounts refer to; and
- (iii) it be noted that the issues concerning bad debt on investments in group companies identified in the June 2023 Section 114 Notice and Capitalisation Direction will be dealt with in the 2023/24 accounts which are planned to be presented to the Council later in the year along with those for 2022/23.