Birmingham City Council

Report to Audit Committee

25 June 2025

Title:	**DRAFT STATEMENT OF ACCOUNTS – 2022/23, 2023/24 & 2024/25**
Lead Member:	Councillor Karen McCarthy, Cabinet Member for Finance
Relevant Overview and Scrutiny Committee:	Corporate & Finance Overview and Scrutiny Committee
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	No
Report Author:	Carol Culley, Executive Director, Finance
Authorised by:	Carol Culley, Executive Director, Finance
Is this a Key Decision?	No Forward Plan Reference: Not Applicable
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late and confirm who has authorised it to be considered:	Not Applicable
Is this decision eligible for 'call in?'	Not Applicable
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not Applicable

Wards: All

Does this report contain exempt or confidential information? No

1 EXECUTIVE SUMMARY

1.1 To brief the Committee on the legislative requirements for the publication of the draft and audited Statement of Accounts 2022/23, 2023/24 & 2024/25 and the process that the Council will follow to support the Committee in considering and subsequently approving the Statement of Accounts 2022/23, 2023/24 & 2024/25.

1.2 The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 or ‘the 2015 Regulations’, as amended by the 2024 Amendment Regulations.

1.3 The regulations determine the format, content and timings of the Statement of Accounts.

2 COMMISSIONERS' REVIEW

2.1 Commissioners have no observations on this report.

3 RECOMMENDATIONS

That the Committee:

3.0 Note the legislative requirements and proposed review, publication and approvals timetable for both the draft and audited Statement of Accounts.

3.1 Note the proposed briefings offered to the Committee.

4 KEY INFORMATION

Context

Regulatory Requirements

4.1 Regulation 7(1) of the 2015 Regulations requires the statement of accounts to be prepared in accordance with “proper practices in relation to accounts”. The relevant proper practices are defined in section 21 of the Local Government Act 2003, where their role is primarily to determine what gets charged to revenue accounts in any year. The practices are:

- Those which an authority is required to follow by virtue of any enactment; and
- Those contained in a code of practice or other document identified for the purpose of regulations.

4.2 Regulation 31 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) gives proper practice status to:

- The Code of Practice on Local Authority Accounting in the UK (Accounting Code); and
- The Service Reporting Code of Practice for Local Authorities (SeRCoP).

4.3 As a result, it is mandatory to follow the Accounting Code for the preparation of the statement of accounts unless it is overridden by statute.

4.4 An example of this override would be that the Accounting Code specifies that the Comprehensive Income and Expenditure Statement (CIES) is prepared using full accruals for estimated pensions liabilities under IAS19, but the 2003 Capital Finance Regulations require the charge against the General Fund to be based on contributions payable for the year to pension funds.

4.5 Consequently, the CIES will contain items such as depreciation and the full actuarial cost of pension liabilities. However, when determining the charge against Council tax or General fund these are replaced by actual debt repayments made in the year and the annual payments made to the pension fund respectively.

4.6 Accounting Statements Regulation 7(2) requires that the statement of accounts shall include (where relevant to the authority's functions):

- Housing Revenue Account;
- Collection Fund;
- Any other statements relating to any other fund that the authority is required by statute to keep in a separate account.

4.7 The Accounting Code also mentions the disclosures of information required in support of the main statement and other additional information.

4.8 Note 1 to the accounts details the Council's accounting policies used in the preparation of the Accounts.

- Audit Committee approved the 2022/23 accounting policies at its meeting in March 2023.
- Audit Committee approved the 2023/24 accounting policies at its meeting in October 2024.
- Audit Committee approved the 2024/25 accounting policies at its meeting in March 2025.

4.9 To help Members better understand the statement of accounts, individual and group briefings will be offered during the Summer at the request of Members.

Timings, Confirmations and Approvals

4.10 The timing requirements for confirming and approving the Statement of Accounts and for publishing it are contained in regulations 9 and 10 of the 2015 Act (as amended by the 2024 Amendments).

<u>Confirmation by the Responsible Financial Officer</u>

4.11 Regulation 9(1) requires the Responsible Financial Officer (RFO), which at Birmingham is the Executive Director of Finance, to confirm the draft Statement of Accounts by signing and dating the Statement of Accounts and confirming that the Statement presents a true and fair view of the financial position of the

Council at the end of the financial year and its income and expenditure for the financial year. The Executive Director, Finance is confirming a modified statement and has confirmed that the Statement of Accounts 2022/23, 2023/24 and 2024/25 present a true and fair view of the Council's financial position, subject to the information detailed in the Statement of Responsibilities section of the respective Statements. This is following legal advice and after agreement with the External Auditors, Commissioners and CIPFA and is seen as the best course of action given the issues mentioned in the Statement of Responsibilities section of the Statements.

4.12 This confirmation has to be signed off before the draft Statement of Accounts is made available for public inspection – regulation 15(1) requires the latest date for confirmation which for 2024/25 is 30 June 2025. As outlined in previous updates to the Committee the 2022/23 and 2023/24 accounts were not confirmed by the required dates, nor made available for public inspection.

4.13 Birmingham's draft Statement of Accounts for 2022/23 and 2023/24 and 2024/25 are expected to be signed off by the RFO on or by 30 June 2025. The Public inspection period will then start. If there is a delay to meeting the 30 June 2025 date for the 2024/25 Statement of Accounts, the public inspection period for all three sets of Accounts will start immediately after the sign-off of the 2024/25 Statement. A notice will be published informing of the delay to the commencement of the public inspection period for the 2024/25 Accounts.

4.14 The 2022/23 and 2023/24 Statements are attached as appendices to this report and a presentation at the meeting will highlight the key contents of these Statements. This will help Committee Members navigate the Statements and make appropriate enquiries over the coming months in preparation of approving

the Statements, **Appendices 1 and 2** is the 2022/23 and 2023/24 draft Statement of Accounts.

4.15 As part of the Council's financial management recovery the aim has been to try to meet or be as close to the draft publication date for the 2024/25 Statement of Accounts of 30 June 2025. In light of the significant delays in production of the draft accounts for 2022/23 and 2023/24 (up to two years after the publication date) this marks a significant step change. Although the draft Statement of Accounts for 2024/25 will not be ready for the meeting, the presentation at the meeting will highlight the key content. To meet this publication date the focus has been on those balances that impact on the Councils; financial position and resources. As a result, IFRS 16 (leases) transition will not be completed for these draft accounts and a number of estimates have been made where final Group accounts have not been received by draft publication date. These should be updated for the final publication post Audit. **Appendix 3** will follow after the June Audit Committee meeting and will be the 2024/25 draft Statement of Accounts.

Public Inspection

4.16 Regulation 9(1)(b) requires the RFO, after signing, dating and confirming the unaudited Statement of Accounts, to commence the period for the exercise of public rights.

4.17 Regulation 14(1) specifies that the inspection period must comprise a single period of 30 working days.

4.18 Regulation 15 requires the Council to publish the unaudited confirmed Statement of Accounts (which must at least include publication on the

authority's website) (15(2)(a)). The unaudited Statement must be accompanied by:

- a declaration (signed by the RFO) that the Statement of Accounts is unaudited and may be subject to change (15(2)(a)(i));
- The Annual Governance Statement (15(2)(a)(ii)); and
- The Narrative Statement (15(2)(a)(iii)).

4.19 Regulation 9(1)(c) requires the RFO to notify the auditor when the public inspection period has commenced.

4.20 The period for public inspection for the 2022/23, 2023/24 and 2024/25 Statement of Accounts is expected to be from 1 July to 11 August 2025 inclusive. As per 4.13 any delay will push these dates back accordingly.

Audit

4.21 The Statement of Accounts for 2022/23, 2023/24 and 2024/25 will be passed to the external auditors, Grant Thornton, after being confirmed by the RFO on the 30 June 2025. As the 'backstop date' for the 2022/23 and 2023/24 has passed it is expected that the external auditor will issue a 'backstopped' disclaimer soon after the end of the public inspection period

4.22 Once the public inspection audit is complete the audited Statement of Accounts will need to be reconfirmed by the RFO (regulation 9(3)), approved by Members and published.

Approval by Members

4.23 Regulation 9(2) requires Members to approve the audited Statement of Accounts that is to be published, either by meeting as a whole or through a

committee. At Birmingham City Council this is the Audit Committee. Specifically, members have a duty to:

- Consider the Statement of Accounts;
- Approve the Statement by a resolution; and
- Ensure that the Statement is signed and dated by a person presiding at the meeting.

4.24 Audit Committee will have an opportunity to consider the Statement of Accounts for all three years over the Summer and through one to one or group briefings.

4.25 The Committee should be able to approve the Statement of Accounts for all three years at a subsequent meeting when the external audit is completed. The Committee will also be able to consider any changes that have been made to the draft Statement of Accounts.

4.26 The statutory deadline for the completion of the audited Statement of Accounts for 2022/23 was 13 December 2024. As covered in previous updates this was not met and the required notice was published on the Council's website.

4.27 The statutory deadline for the completion of the audited Statement of Accounts for 2023/24 was 28 February 2025. As covered in previous updates this was not met and the required notice was published on the Council's website.

4.28 The statutory deadline for the completion of the audited Statement of Accounts for 2024/25 is 27 February 2026.

4.29 Regulation 6(4) requires that members approve the Annual Governance Statement at some time before they approve the Statement of Accounts.

4.30 Under regulation 9(3) the RFO must re-confirm their view that the Statement of Accounts presents a true and fair view before it is given member approval.

Post Audit

4.31 After Members have approved the Statement of Accounts, regulation 10 sets out the requirements for publication, which requires publication of the Statement of Accounts together with any certificate or opinion entered by the local auditor.

4.32 Regulation 9A(3) requires publication to take place by 27 February 2026. If the audit opinion has not been given by the relevant date, regulation 10(2) requires that a notice be published as soon as reasonably practicable stating that the Statement of Accounts has not been issued, giving reasons why publication has not been possible. The Statement of Accounts must then be published as soon as reasonably practicably after the receipt of the report of the auditor's final findings (which can be a report issued before the conclusion of the audit).

4.33 Regulation 10(3) requires that Statement of Accounts, Annual Governance Statement and Narrative Statement remain available for public access for at least five years after the date of publication.

4.34 Regulation 16(1) requires publishing a statement as soon as reasonably practicable after the conclusion of the audit to confirm matters such as the audit has concluded and the right of electors to inspect and make copies of the Statement of Accounts, auditor's certificate of completion and auditor's opinion.

Proposed Timetable

25 June Audit Committee	Committee to be briefed on the Statement of Accounts for 2022/23, 2023/24 and 2024/25
30 June 2025	Executive Director of Finance issues draft the Statement of Accounts for 2022/23, 2023/24 and 2024/25 for publication
1 July 2025 to 11 August 2025	30 working day Public Inspection
1 July 2025 to TBA	Audit process
During July/August 2025	One to One or group briefings to Committee as requested
September 2025	Executive Director of Finance reconfirms the post audit Statement of Accounts 2022/23 and 2023/24
10 September 2025 Audit Committee (or earlier)	Audit Committee to approve post audit Statement of Accounts 2022/23 and 2023/24. To Be Confirmed as we are assuming the audit will be completed by then.
27 February 2026	'Backstop' date for the Publication of the 2024/25 post Audit Statement of Accounts

Proposal and Reasons for Recommendations

4.35 Not Applicable

Other Options Considered

4.36 Not Applicable

5 RISK MANAGEMENT

5.1 All risk management issues are captured in the appendices.

6 MEMBER ENGAGEMENT

Overview and Scrutiny

6.1 Not Applicable

Other

6.2 Not Applicable

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 All financial impacts are captured in the appendices.

Legal

7.2 The statutory requirements for local authority accounting are set out in the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015 as amended by the 2024 Amendment Regulations.

7.3 The Council is required to prepare an annual Statement of Accounts in accordance with proper accounting practices. Due to various reasons the Council has not presented finalised accounts for the last 3 financial years.

7.4 The Council is now in a position to present draft accounts from 2022/23, 2023/24 and 2024/25 in accordance with its legal responsibilities.

Equalities

7.5 Not Applicable

Procurement

7.6 Not Applicable

People Services

7.7 Not Applicable

Climate Change, Nature and Net Zero

7.8 Not Applicable

Corporate Parenting

7.9 Not Applicable

Other

7.10 There are no other implications arising from the recommendations in this report.

8 APPENDICES

8.1 Appendix 1 – Draft Annual Statement of Accounts 2022/23

8.2 Appendix 2 – Draft Annual Statement of Accounts 2023/24 (To Follow)

8.3 Appendix 3 – Draft Annual Statement of Accounts 2024/25 (To Follow Post-Committee)

9 BACKGROUND PAPERS

9.1 UPDATE ON STATEMENT OF ACCOUNTS 2020/21, 2021/22 AND 2022/23 – Audit Committee – 10 December 2024