



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **GOVERNANCE AND AUDIT COMMITTEE**

**27<sup>th</sup> SEPTEMBER 2022**

### **REPORT OF THE CHIEF FINANCE OFFICER**

#### **Matter for Information**

**Wards Affected** – All wards

#### **Closure of Accounts 2021/22**

#### **Purpose of the Report**

The purpose of this report is to provide an update with regard to the Council's Statement of Accounts for 2021/22 which includes details of both the revenue and capital outturn positions.

#### **Background**

The Council's financial year ends on 31<sup>st</sup> March and following this date, the exercise starts to complete the annual outturn and the statutory statement of accounts.

The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft statement of accounts is also prepared to comply with the current Accounting Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Accounts and Audit (Wales) regulations requires the responsible financial officer to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the authority by 31 May 2022 and following this certification that published audited statement of accounts should be completed by 31 July 2022.

Welsh Government have recognised that ‘as the pandemic continues there is an ongoing impact on local authority staff and resources and authorities may therefore wish to prepare their accounts to an extended timetable’ with audited accounts completed by 30 November 2022.

### **Closure of Accounts 2021/22**

Neath Port Talbot’s Statement of Accounts were signed and certified by the Chief Finance Officer on 30 May 2022, the Council has elected to work within the extended deadlines for completion of the Audited Statement of Accounts. The audit is almost fully complete and sign off by Audit Wales has been delayed due to an ongoing nationwide issue identified in relation to the accounting for infrastructure assets. CIPFA is currently consulting on this issue but until resolved Audit Wales are unable to issue their Audit opinion.

Some amendments have already been agreed with the Audit Wales and have been reflected in the unaudited Draft interim Statement of Accounts included in appendix 1. The most significant adjustments made to the accounts has been in the valuations of fixed assets, due to rising building costs and market pressures an exercise to revalue some assets outside of their five year revaluation cycle was required to reflect more accurate accounting valuations. This has resulted in increase in a £19.232m Property Plant and Equipment held in the balance sheet.

### **2021/22 Revenue and Capital Outturn Position**

Included within the Statement of Accounts are the revenue and capital outturn positions for 2021/22.

In relation to the revenue budget outturn position, after adjusting for reserve transfers, the net underspend position for the Council was £670k. This £670k was transferred into the income generation reserve to support future investments in income generating initiatives.

Overall the Council’s reserve position increased during the year from £78m to £104m, this included a £5.5m increase in ring-fenced delegated schools reserves. This increase in reserves occurred in the main as a result of late funding notifications from Welsh Government which could not be spent by 31<sup>st</sup> March hence being carried forward in reserves. The original budget for 2022/23 assumes that £14m of these reserves will be spent during this financial year.

In terms of the Council's capital budget the outturn position was actual expenditure of £70.624m against a revised budget of £74.828m; this represents in financial terms 94% delivery of the programme. Any unspent funding will be carried forward into 2022/23 and associated projects delivered accordingly.

### **Annual Governance Statement**

Members should note the Annual Governance Statement was approved by Cabinet on 29 June 2022. A copy can be found in appendix 2.

### **Financial Impact**

All financial impacts are contained within the body of the report.

### **Integrated Impact Assessment**

There is no requirement for an integrated impact assessment in respect of this item.

### **Valleys Communities Impacts**

There are no impacts in respect of this item.

### **Workforce impacts**

There are no workforce impacts in respect of this item.

### **Legal Impacts**

There are no legal impacts in respect of this item.

### **Risk Management**

There are no risk management issues in respect of this item.

### **Consultation**

There is no requirement under the Constitution for external consultation on this item.

### **Recommendations**

It is recommended that Members of the Governance and Audit Committee **note** the contents of the report.

### **Appendix**

Appendix 1 - Interim unaudited Statement of Account 2021/22

Appendix 2 – Annual Governance Statement 2021/22

## **Background Papers**

Outturn / Closing working papers 2021/22.

## **Officer Contact**

For further information on this report item, please contact:

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