



Title of report: 2024/25 Draft Statement of Accounts

Meeting: Audit and Governance Committee

Meeting date: Tuesday 10 June 2025

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To note the draft, unaudited Statement of Accounts for 2024/25.

Recommendation(s)

That:

- a) **Audit and Governance Committee notes, and comments on as appropriate, the draft, unaudited Statement of Accounts for 2024/25.**

Alternative options

1. To not provide a Statement of Accounts. This is not an option. The Local Audit and Accountability Act 2014 requires the Council to produce a Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. The process requires the final accounts to be approved by the Audit and Governance Committee.

Key considerations

2. The council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulations 2015 and the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the council and comprises: a narrative report and

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annual governance statement, comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.

3. The council has prepared the draft Statement of Accounts for 2024/25 (Appendix 1) and published them on 30 May 2025, one month ahead of the statutory deadline determined by the Accounts and Audit Regulations 2015 and provided accounts to the external auditors on this date.
4. It is anticipated that the external audit fieldwork will be completed by Grant Thornton UK LLP over June to September, with audited Statement of Accounts and audit findings to be presented at the September meeting of this committee, in advance of the statutory deadline of 27 February 2026.
5. The financial outturn position reported for 2024/25 is an underspend of £0.5 million against a budget of £212.8 million. The net deficit on the provision of services presented in the comprehensive income and expenditure statement is £11.1 million; this represents the accounting deficit after financial accounting adjustments including pension actuarial costs and capital costs allowable under International Financial Reporting Standards (IFRS). These accounting adjustments are explained in note 8 to the accounts: Expenditure and funding analysis.
6. The general fund balance has increased by £0.5 million to £10.1 million and earmarked reserves have increased from £73.2 million to £80.7 million. These figures included balances of £11.7 million held for individual maintained schools.
7. The cumulative dedicated schools grant (DSG) deficit brought forward from the last financial year of £6.1 million has increased by £13.9 million, representing the deficit in 2024/25, to £20.0 million. In line with the School and Early years Finance (England) Regulations 2020, the deficit reserve is classified as an unusable reserve instead of an earmarked reserve.
8. The council instructed external valuers Wilks Head & Eve LLP to carry out the land and buildings asset valuations in 2024/25 in line with the rolling programme of valuations. Valuations were completed in accordance with the professional standards of the Royal Institution of Chartered Surveyors (RICS) as per the planned timetable and revaluations have been processed to update carrying values at 31 March 2025 which are reflected in the 2024/25 draft Statement of Accounts.
9. A new accounting standard was implemented from 1 April 2024; IFRS 16 Leases. The impact of this is to create a right of use asset and a lease liability on the balance sheet, instead of charging the lease payments to the comprehensive income and expenditure statement. A full review of council contracts and lease contracts was undertaken to determine those in scope of the accounting standard. The impact on the 2024/25 draft Statement of Accounts of the new accounting standard is not material in respect of right of use assets, and the note in the Statement of Accounts reflects this assessment.
10. The group accounts consolidate the performance of the council with its subsidiary undertaking: Hoople Ltd. The impact of the consolidation is an increase in the group reserves of £3.4 million, which includes reserves applicable to the minority interest of £0.7 million.
11. A summary financial statements document has also been produced (Appendix 2) to provide high level summary figures and brief explanations of the purpose of each statement in two pages.

Community impact

12. Publication of the Statement of Accounts in accordance with statutory requirements helps the council to achieve its code of corporate governance commitment to behave with integrity, demonstrate strong commitment to ethical values, and respect the rule of law. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

13. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
14. This report is to note the draft statement of accounts so will have minimal environmental impacts; however consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy. For example, the external audit will be mostly completed remotely, reducing travel impact and paper usage.

Equality duty

15. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
16. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality.

Resource implications

17. There are no new resource implications from this report.

Legal implications

18. Regulation 9 of the Accounts and Audit Regulations 2015 requires the following:
 - a. The S151 officer to sign and date the Statement of Accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the council at the end of the financial year to which it relates together with the income and expenditure for that financial year;
 - b. A period of time to allow the public to inspect the accounts. This will commence on 2 June 2025 and last for six weeks; and
 - c. Once there has been a period of public inspection, the committee must approve the Statement of Accounts by a resolution and ensure that the Statement of Accounts are signed and dated by the person presiding at this committee.

Risk management

19. The council is required to make arrangements for the proper administration of its financial affairs and to secure that the Chief Financial Officer has the responsibility for the administration of those affairs. The council is also required to secure economic, efficient and effective use of resources on which Grant Thornton provide a value for money opinion.

Consultees

20. The Statement of Accounts was made available for public inspection for a six week period commencing 2 June 2025.

Appendices

- Appendix 1 Draft Statement of Accounts 2024/25
Appendix 2 Summary Financial Statements 2024/25

Background papers

None identified.