Item 2(b)
20th March 2024

Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Finance

Contact: Martin Booth **Ext: 73837**

Annual Accounts 2022-23

Purpose of Report:

To update Members on the completion of the Annual Accounts 2022-23.

Recommendations:

The Finance and Audit Scrutiny Committee is asked to:

I. Consider the audited Annual Accounts 2022-23,

II. Remit the audited annual accounts and the associated Annual Audit Report from Ernst & Young LLP to the City Administration Committee for approval and signature.

Ward No(s): Citywide: ☐

Local member(s) advised: Yes ☐ No ☐ Consulted: Yes ☐ No ☐

1. Introduction

1.1 The unaudited annual accounts were submitted for audit to the council's external auditors, Ernst & Young LLP (EY) on 30 June 2023 and subsequently considered by the Finance and Audit Scrutiny Committee at its meeting on 2 August 2023.

1.2 The audit has now been completed and the attached Annual Accounts amended to reflect the findings of the audit.

2. Annual Accounts 2022-23

2.1 The Annual Accounts are prepared in line with proper accounting practice and statute.

2.2 Within the Annual Accounts the primary financial statements consist of:

• Comprehensive Income and Expenditure Statement	Shows the total income and expenditure incurred in the year in relation to the provision of services. In total this reflects the overall movement in council reserves but excludes statutory adjustments to the General Fund balance.
• Movement in Reserves Statement	Shows the movement in the different reserves held by the council.
• Balance Sheet	Represents the value of assets, liabilities and reserves as at 31 March.
• Group Accounts	Consolidates the financial statements for the council, its subsidiaries, associates. and joint ventures.

2.3 A number of other statements and detailed explanatory notes, which provide additional information are also included within the Annual Accounts.

3. Key Financial Outcomes

3.1 The key financial information included within the financial statements is outlined below.

3.2 <u>Movement in Reserves Statement</u>

3.2.1 The Movement in Reserves Statement records a contribution to the General Fund Reserve of £51.622 million in the year.

3.2.2 The balance on General Fund Reserve brought forward was £225.734 million, giving a total General Fund Reserve of £277.356 million as at 31 March 2023. Of this sum, a total of £251.103 million has been earmarked to meet expenditure in future years. This leaves an uncommitted General Fund Reserve balance of £26.253 million as at 31 March 2023.

3.3 <u>Comprehensive Income and Expenditure Statement (CIES)</u>

3.3.1 The CIES shows Total Comprehensive (Income) and Expenditure of £(865.336) million which reflects the impact of the council's activities in relation to service provision in line with proper accounting practice. As noted above this

statement does not reflect any of the statutory adjustments required to match the funding arrangements of the council with the requirements of proper accounting practice.

3.4 Balance Sheet

3.4.1 The council's Balance Sheet shows net assets of £2,843.912 million.

3.5 Group Accounts

3.5.1 The council's group accounts include the same primary financial statements as noted above in a consolidated basis across the council's material subsidiaries and associates. The key financial information is noted below:

- General Fund Reserve £277.356 million
- Total Comprehensive (Income) / Expenditure £(1,156.788) million
- Net Assets / (Liabilities) £3,531.456 million

3.5.2 In addition to the General Fund Reserve of the council the Group Balance Sheet includes Group Reserves of £687.544 million. This includes both useable and unusable reserves of the associates and subsidiaries of the council.

4. Annual Governance Statement

4.1 As part of the annual accounts the council is required to conduct a review of the effectiveness of its systems of internal control. The Annual Governance Statement (pages 118-128) outlines the findings of this review for 2022-23 and certifies that limited assurance can be placed on the adequacy and effectiveness of the systems of governance and internal control across the council family. The Internal Audit Annual Report for 2022-23 and unaudited governance statement was considered by the Finance and Audit Scrutiny Committee on 14 June 2023.

5. Audit Amendments

5.1 During the course of the audit a number of adjustments were identified and have been updated in the audited annual accounts. These have been discussed and agreed with EY and further details can be found within their Annual Audit Report.

6. Policy and Resource Implications

Resource Implications:

Financial: As outlined in the report.

Legal: None

Personnel: None

Procurement: None

Council Strategic Plan: A well Governed City that listens and responds

Equality Impacts:

Does the proposal support the Council's Equality Outcomes 2017-22	Yes
What are the potential equality impacts as a result of this report?	No significant impact

Sustainability Impacts:

Environmental:	None
Social:	None
Economic:	None
Privacy and Data Protection impacts:	None

7. Recommendations

7.1 The Finance and Audit Scrutiny Committee is asked to:

I. Consider the audited Annual Accounts 2022-23,

II. Remit the audited annual accounts and the associated Annual Audit Report from EY to the City Administration Committee for approval and signature.