

Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1

Report checklist – responsibility of report owner

ITEM	Yes / No	Date
Councillor engagement / input from Chair prior to briefing	Yes	13/11/25
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)		
Relevant Group Head review		
MAT+ review (to have been circulated at least 5 working days before Stage 2)	Yes	10/11/25
This item is on the Forward Plan for the relevant committee	Yes	
	Reviewed by	
Risk comments		
Legal comments	LH	13/11/25
HR comments (if applicable)		

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2

Report checklist – responsibility of report owner

ITEM	Completed by	Date
Monitoring Officer commentary – at least 5 working days before MAT	L Heron	13/11/25
S151 Officer commentary – at least 5 working days before MAT	T.Collier	10/11/25
Confirm final report cleared by MAT	Yes	

Audit Committee

Date of meeting – 27 November 2025

Title	2024-25 Draft Unaudited Financial Statements
Purpose of the report	To inform and assure
Report Author	Ola Owolabi, Deputy Chief Finance Officer (Interim)
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendation	Committee is asked to: Committee is asked to acknowledge the report and the draft unaudited financial statements, which were published on the Council's website on 16 September 2025, in accordance with the statutory deadline.
Reason for Recommendation	Spelthorne Borough Council must publish a draft set of unaudited accounts in accordance with statutory deadlines. This report aims to enhance transparency regarding the council's draft financial statements for 2024/25. It also provides the Committee with an opportunity to develop a deeper understanding of the Council's accounts.

1 Executive summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none">Local authority accounts in the UK are prepared in accordance with the Code of Practice on Local Authority Accounting, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) (“the Code”). The Code adapts International Financial Reporting Standards (IFRS) to reflect the specific financial reporting needs of local government bodies in the UK.Under the national backstop arrangements Councils are required to publish audited Statement of Accounts for 2024-25 by 27th February 2026 - Appendix A	<ul style="list-style-type: none">The Council has a statutory responsibility to formally approve the account by 27 February 2026
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none">Review the draft 2024/25 Statement of Accounts (Appendix A), and the note the comments.	<ul style="list-style-type: none">The Committee to note the accounts and that the Statement of Accounts will need to be approved and published by 27 February 2026.

2 Key issues

Framework for Local Government Financial Reporting

- 2.1 In accordance with the Finance Service Team’s audit timetable, the Council published, the following items, as required on 16 September 2025:
- Commencement of the account’s inspection period
 - The publication of draft unaudited 2024/25 statement of accounts
 - Draft set of unaudited statement of accounts (see appendix A) for the year ended 31 March 2025.
- 2.2 Local authority accounts in the UK are prepared in accordance with the Code of Practice on Local Authority Accounting, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) (“the Code”). The Code adapts International Financial Reporting Standards (IFRS) to reflect the specific financial reporting needs of local government bodies in the UK.

2.3 Local government accounts include the following core statements:

- Comprehensive Income and Expenditure Statement (CIES) - recording all revenue income and expenditure for the year
- Balance Sheet – showing the value of assets and liabilities held by the Council
- Cashflow Statement – showing movements in cash and cash equivalents for the Council. Complementing the CIES and Balance Sheet which are completed on an accrual's basis.
- Movement in Reserves Statement – this is a local government specific statement. It shows how reserves have changed by removing accounting items in the CIES that are required by statute to not impact the Council's reserves, reconciling to the outturn position.
- Notes to the Accounts provide further detail on individual line items in the core statements.

3 Historical Audit delays

3.1 The timely publication of local government accounts has faced significant delays in recent years, a trend that has raised concerns about transparency, accountability, and financial oversight within the public sector.

3.2 These delays are multifaceted, stemming from a combination of internal and external factors that have created a backlog in the auditing process. Factors include, but are not limited to:

- The increased complexity of financial reporting requirements. New accounting standards and regulations, often introduced to enhance financial integrity and comparability, demand more detailed data collection and sophisticated analysis.
- A considerable strain on the external audit market. A reduction in the number of audit firms willing or able to undertake local government audits, coupled with an increase in the complexity of the audits themselves, has created a bottleneck.
- A lack of sufficient qualified financial staff within the local government sector has been identified as a contributing factor.

4 Back-stop Dates

4.1 To tackle the backlog of outstanding local government external audits, Central Government implemented a series of back-stop dates after which auditors would no longer examine accounts for overdue periods.

4.2 In response to mounting delays and pressures in the external audit market, the Government announced measures to tackle a worsening backlog in local audit and restore transparency and accountability over how public money is spent across England. Backstop dates cover the historic backlog and future audits through to 2027/28. The backstop dates are:

- Financial year 2024/25: 27 February 2026
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028.

- 4.3 If audits cannot be completed by these backstop dates the auditors typically will issue a 'Disclaimer' on the accounts. The Council was among the significant number of authorities whose previous years accounts including the 2023/24 accounts were affected. The disclaimers were reported to the Audit Committee at its meetings in January and February 2025.
- 4.4 Unfortunately, due to the lack of assurance over previous year accounts opening balances resulting from disclaimed opinions, Grant Thornton (GT) are due to issue a disclaimed audit opinion for financial year 2024/25 and will continue to give a disclaimed opinion in 2025/26.
- 4.5 The following table gives the best case scenario impact over the next two years created by the backlog position, although we will be working with the Council's external auditor Grant Thornton to develop a realistic and achievable recovery plan as part of the ongoing 2024/25 audit.

Audit Year	Opinion
2024/25	Disclaimer - The auditor does not have assurance over brought forward balances on the 2023/24 audit. This means they do not have assurance over all in-year movements. They also do not have assurance over the comparative prior year movements.
2025/26	Modified opinion or Disclaimer - The auditor does not have assurance over brought forward balances used for the 2023/24 audit. This means they do not have assurance over opening balances for 2024/25, and therefore in year movements in 2024/25
2026/27	Modified Opinion
2027/28	Unmodified

- *A modified opinion in a local government Statement of Accounts means the external auditor has concluded that the accounts are not fully accurate or reliable in all material respects, or that they were unable to obtain enough evidence to confirm part of them. It indicates that there is a significant issue affecting the financial statements, serious enough to prevent a clean (unqualified) opinion, though the rest of the accounts may still be fairly presented.*
- *An unmodified opinion in a local government Statement of Accounts means the external auditor has concluded that the financial statements present a true and fair view and are free from material misstatement. In other words, the auditor is satisfied that the accounts have been properly prepared in line with the relevant accounting and legislative requirements, and there are no significant issues that would affect their reliability, this is often referred to as a "clean" audit opinion.*
- *A disclaimer of opinion in a local government Statement of Accounts is issued when the external auditor is unable to obtain sufficient and appropriate evidence to form an audit opinion, and the potential impact of this lack of evidence is both material and pervasive. In this situation, the auditor cannot say whether the accounts are accurate or inaccurate, so they formally decline to express any opinion at all.*

5 Draft Statement of Accounts 2024/25

- 5.1 The draft (unaudited) Statement of Accounts for the financial year 2024/25 were published on 16 September 2025, in accordance with statutory requirements, and the public inspection period commenced on 16 September 2025.
- 5.2 The Council achieved an underspend of £162k on its revenue budget, which will be transferred in the General Fund Reserve following the completion of the 2024/25 Statement of Account external audit. This 2024/25 original budget was formally approved by Full Council on 22 February 2024. A reconciliation between the budgeted outturn and the net expenditure reported in the CIES is provided in Note 7 – Expenditure and Funding Analysis, located on page 54 of the accounts.
- 5.3 The Balance Sheet shows the Council's assets, liabilities, and reserves. The reserves are split into usable and unusable reserves. The unusable reserves are not available to the Council but are part of their technical accounting requirements. These reserves are not available to use for service delivery at the reporting date. These reserves arise from either:
- Statutory adjustments required to reconcile to the amounts chargeable to Council Tax in order to comply with legislation, or
 - Accounting gains or losses recognised in other comprehensive income and expenditure in accordance with accounting standards adopted by the Code, rather than in the surplus or deficit on the provision of services.
- 5.4 The Council has a negative Balance Sheet as at 31 March 2025, which means that the Council's assets are £303.2m less than its liabilities. This reflects an upward movement of £50.2m from 2023/24 due to various movements within the Council's assets and liabilities. The refinancing exercise in November 2025 will significantly improve this position.
- 5.5 The main movements on the Balance Sheet between 31 March 2024 and 31 March 2025 are summarised below:
- 5.5.1 Non-current Assets**
- Property, Plant and Equipment has reduced by £24m primarily due to the combination of both asset revaluation and the acquisition of new assets through the capital programme. Further details are provided in Note 13 of the Statement of Accounts.
 - Investment Property has reduced by £42m due to valuation movements. Further details can be found in Note 15 to the Statement of Accounts.
- 5.5.2 Current Assets**
- Short Term Debtors have reduced by £9m due increase trade debtors and reduced provision for bad debts. Further information is available in Note 20.
 - Cash and Cash Equivalents have slightly reduced by £708k to £9.1m to reflect an increase in the short-term cash investments held and reduction in bank current account due timing difference at year end. Further notes on Cash and Cash Equivalents and Financial Instruments can be found in Note 18 and 21 of the Statement of Accounts, respectively.

5.5.3 Current Liabilities

- Short Term Borrowing has reduced by £7m. Other resources has been used rather than borrowing to finance the Capital Programme in accordance with the 2024/25 approved budget and Treasury Management Strategy, and to provide liquidity to manage short-term working capital variations. Further detail can be found in Note 19 to the Statement of Accounts.
- Grants Received in Advance have increased by £2m. Further details are provided in Note 23 to the Statement of Accounts.

5.5.4 Long Term Liabilities

- Long Term Borrowing has decreased by £12m, further details can be found in Note 19 to the Statement of Accounts.
- Long-term pension liabilities have increased by £4m because of an accounting adjustment related to the application of the asset ceiling, as determined by the Scheme's actuaries, Barnett Waddingham. Further details are provided in Note 37 - Pensions, located on page 109 of the Statement of Accounts.

5.5.5 Reserves

- Usable reserves are showing a net reduction of £5m, some of which reflect the release of additional resource to address concerns raised by External Auditors in their 2023-24 report and by the Best Value Inspection report, the Council in 2024-25 is refreshing its Minimum Revenue Provision (MRP) Policy. The MRP change which takes effect in 2024-25 is with respect to the housing sites purchased by the Council, these are now treated as surplus assets and the MRP is being written down over a short period of time (in most cases 5 years). This has resulted in an additional MRP charge that impacts the Revenue outturn and has been offset by appropriation from Earmarked Reserves resulting in a reduction in reserves balances.
- Further details on the movement in earmarked reserves can be found in Note 9 to the Statement of Accounts.
- Unusable reserves have increased by £46m. The unusable reserves are not available for revenue purposes to the Council but are part of the technical accounting requirements. The unusable reserves include, for example, the pension reserve, the capital adjustment account, and the revaluation reserve. Further information on the unusable reserves is available in Note 26 to the Statement of Accounts.

6 Audit and Approval of the Accounts

- 6.1 The Statement of Accounts appended (Appendix A) to this report are draft at this stage. Following completion of the external audit procedures by Grant Thornton, the Audit Committee will be presented with, and asked to approve, the audited Statement of Accounts 2024/25 at their meeting in January 2026, in advance of the backstop date of 27 February 2026.

- 6.2 In accordance with the amended Accounts and Audit Regulations, the External Auditor is required to formally sign off the 2024/25 Accounts by 27 February 2026. The audit of the Draft 2024/25 Accounts is currently in progress and is expected to be completed by the end of December 2025. If completed within this timeframe, the final approval of the Accounts could be considered at the January or February meeting of the Audit Committee.
- 6.3 Following completion of the audit, the Chief Finance Officer will re-certify the Final version of the Accounts prior to their approval by the Audit Committee. Any significant changes between the Draft and Final Accounts arising from the audit process will be reported to Members.
- 6.4 Once the external audit is concluded, the Auditor (GT) will submit a report to this Committee. After reviewing the Auditor's report, the Committee will be asked to consider and approve the Statement of Accounts, with the Chair signing and dating the document before it is formally signed off by the External Auditors. The Auditor's findings and conclusions will also be presented through the Annual Audit Letter.

7 Implementation of 2023/24 Audit Recommendations – Summary

- 7.1 The recommendations arising from the 2023/24 Final Audit Report have now been implemented. The management actions agreed in response to those recommendations have been completed within the agreed timescales, and the improvements introduced have strengthened the overall control, governance, and financial reporting framework of the Council's year-end accounting process.
- 7.2 The implementation of these actions demonstrates the Council's continued commitment to maintaining robust financial reporting arrangements, effective internal controls, and high standards of governance.
- 7.3 The impact of these implemented recommendations will be evidenced and reflected in the 2024/25 Final Audit Findings Report, which is scheduled to be presented to the Audit Committee in January/February 2026. This forthcoming report will provide independent assurance of the positive outcomes achieved through these actions.
- 7.4 The Finance Service Team has also taken proactive steps to embed these improvements into routine financial reporting processes. These include enhanced working paper quality, strengthened review controls, and closer collaboration with external auditors, ensuring continuous improvement and sustainability of good practice.
- 7.5 The Committee can therefore take some assurance that the 2023/24 audit recommendations have been effectively addressed and that ongoing improvements continue to be monitored and refined through the 2024/25 audit cycle. Fuller reassurance should be obtained when the external audit report in early 2026 on their Audit Findings.

8 Options appraisal and proposal

- 8.1 All significant amendments made to the first draft of the published unaudited statement of accounts, will be notified to the Audit Committee via the Audit Findings report, once the external auditors have completed their work and formed their audit opinion, as part of the statutory audit process.
- 8.2 The Government announced measures to tackle a worsening backlog in local audit and restore transparency and accountability over how public money is spent across England. Backstop dates cover the historic backlog and future audits through to 2027/28. The backstop date for the 2024/25 Statement of account is 27 February 2026.

9 Risk implications

- 9.1 Whilst there are no financial risks involved with missing the statutory deadlines, for publishing the draft unaudited statement of accounts, the Finance Team working closely with the Chief Finance Officer were keen to ensure that the Council comply with this and all our statutory deadlines and ensure that stakeholders are provided with robust information on a timely basis.

10 Financial implications

- 10.1 Addressed in the report above.
- 10.2 The Statement of Accounts provide a key summary of the financial position of the Council at a point in time.

11 Legal comments

- 11.1 Local authorities are required by the Local Audit and Accountability Act 2014 to prepare a Statement of Accounts in accordance with provisions of the Accounts and Audit (England) Regulations 2015 (as amended), the Local Government Act 2023 and the Code.
- 11.2 This report assists with Council in discharging this obligation.
- 11.3 In the event that the deadline of 27 February 2026 approval is not met, the Council will be required to publish an explanatory notice and send a copy of that notice to the Secretary of State.

Corporate implications

12 S151 Officer comments.

- 12.1 The S151 Officer have the responsibility for signing of the off the accounts. For 2024-25 additional time has been taken by the Finance team, bringing in additional external expertise, to ensure that the Team worked through the Audit Findings, including MRP, raised in 2024-25. The Budget for the Finance team was increased in 2025-26 in anticipation of the additional workload.

13 Monitoring Officer comments.

- 13.1 The Monitoring Officer confirms that the relevant legal implications have been taken into account.

14 Procurement comments

- 14.1 There are no procurement considerations.

15 Equality and Diversity

- 15.1 Equality, diversity, and inclusion (EDI) are central to everything that we do and are woven throughout our Strategic Plans.

16 Sustainability/Climate Change Implications

- 16.1 There are no climate change implications arising directly from this report. However, prudent financial reporting contributes indirectly by enabling future investment in sustainability initiatives.

17 Other considerations

- 17.1 Officers has significantly improved the format of the 2024/25 statement of Accounts to include a five-column table in the Statement of Expenditure & Funding Analysis that will enable stakeholders to see the movement for the Council approved Revenue Outturn Report to the final balances in the statement of Accounts.
- 17.2 Officers will continue to work with the Financial Reporting Working Party to prepare a summary one-page report of the Statement of Accounts.
- 17.3 Officers will provide a briefing for members of the Committee immediately before this Committee, talking through the main elements of local authority accounts and drawing out key aspects of the 2024-25 Statement of Accounts.

18 Timetable for implementation.

- 18.1 The Audited final Statement must be approved by 27 February 2026. This is in line with the revised backstop regulations published by central government in August 2024.
- 18.2 Draft 2024/25 Statement of Accounts have been provided to the Council's External Auditor (Grant Thornton - GT) for them to complete their final audit.
- 18.3 GT is expected to complete the 2024/25 audit by mid December 2025. Once the final audit has been finalised and adjustments agreed, the Statements will require approval by the Audit Committee.

19 Contact

- 19.1 Ola Owolabi, Deputy Chief Finance Officer (Interim) - O.Owolabi@spelthorne.gov.uk.

20 Background papers:

- Annual Audit Report 2023-24
- Audit Findings Report 2023-24

21 Appendix:

- Appendix A – 2024/25 Unaudited Statement of Accounts