

# SALISBURY CITY COUNCIL

## Report

Item 12

**Subject** : Explanatory report regarding 2024/25 year-end reporting  
**Committee** : Full Council  
**Date** : 27 May 2025  
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### 1. Report Summary

- 1.1. This report explains the collection of year-end reports being presented to this meeting.

### 2. Statutory reporting requirements from 2009 - 2024

- 2.1 Until last year, Salisbury City Council had been designated a 'smaller authority' as are all other parish councils in the country. Smaller authorities are required by law under the Accounts and Audit Regulations 2015 to prepare simple accounting statements as part of an Annual Governance and Accountability Return (AGAR) in accordance with the Joint Panel on Accountability & Governance (JPAG) Practitioners' Guide.
- 2.2 The AGAR comprises several sections, each covering specific areas of governance and financial probity. The order in which each section is considered and approved by the Council is prescribed by the above Regulations, which are reflected in the ordering of this meeting's agenda.

### 3 Statutory reporting requirements from 2024

- 3.1 Section 6(2) of the 2015 Regulations defines how 'smaller authorities' will be redesignated as 'principal authorities' if their gross income or expenditure exceeds £6.5m for three consecutive years.
- 3.2 The gross income and gross expenditure of Salisbury City Council exceeded this threshold in 2022/23 and 2023/24. When it exceeded the threshold for the third consecutive year in 2024/25, it became a principal authority. Its accounting and audit rules changed with this redesignation.
- 3.3 Instead of AGAR and JPAG, for the financial year 2024/25 the Council is required to comply with the Statement of Recommended Practice (SoRP) 'Code of Practice on Local Authority Accounting' (CoPoLAA) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), as are all other principal authorities such as Wiltshire Council. This gives rise to 'SoRP or full-Code accounts', to differentiate them from 'AGAR accounts'.
- 3.4 Instead of a prescribed AGAR format, the Council is expected to produce a full set of professionally compliant set of accounts, including full balance sheet, income and expenditure account and notes, similar to private sector companies and large councils. This is the current statutory requirement for the Council.

## 4 Transitional uncertainty for 2024/25

- 4.1 The annual accounts and external audit sector for principal authorities is acknowledged to be dysfunctional with hundreds of sets of council accounts unaudited. The Ministry of Housing, Communities and Local Government (MHCLG), CIPFA, Local Government Association and representative bodies for parish councils have been consulting to find solutions.
- 4.2 The 'promotion' of Salisbury City Council (and two local drainage boards) from an efficient AGAR regime to a dysfunctional SoRP regime only adds to the problem. This has been recognised in recent consultations and MHCLG civil servants have indicated an intention to amend the Regulations this summer, to raise the trigger threshold from £6.5m to £15m and implement it retrospectively for the 2024/25 financial year. The effect of such a change would be to restore the Council to the AGAR regime for 2024/25 and for all foreseeable years.
- 4.3 Until and unless the MHCLG make good on this intention, the Council falls under the SoRP regulatory requirements and must approve its 'full-Code' 2024/25 accounts by the end of May 2025. However, if the MHCLG retrospectively increases the trigger threshold to £15m, the Council will fall back under the AGAR regulatory requirements and must approve its 2024/25 AGAR by the end of June 2025.
- 4.4 Given the uncertainty, the Chief Executive Officer and the Responsible Finance Officer have agreed it would be prudent to attempt to meet BOTH sets of regulatory requirements, to avoid being in breach, whether the law remains as is, or is amended as set out. For that reason there are multiple financial reports on this meeting's agenda as set out below.

## 5 Reports being presented on this Full Council meeting agenda

- 5.1 In addition to this explanatory report for information, the following four reports cover different aspects of the Council's 2024/25 financial results:

Agenda item	Report title	Purpose
13	Annual Governance Statement 2024/25	<ul style="list-style-type: none"><li>• Consideration of the Council's governance arrangements</li><li>• Approve Internal Audit report (AGAR p3)</li><li>• Approve Annual Governance Statement (AGAR p4)</li></ul>
14	Accounting statement for 2024/25	Approve accounting statements (AGAR p5)
15	Full Code Accounts 2024/25	Approve SoRP accounts
16	Budget Monitoring Outturn 2024/25	Detailed comparison of budgets and outturn results by department & teams