

Statement of Accounts 2016/17

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

This report presents the unaudited Statement of Accounts to the Committee, for discussion prior to presentation of the final, audited Statement at the September meeting of the Committee.

2 Recommendations

The Committee is asked to note the draft Statement of Accounts 2016/17.

3 Background

At its meeting in February 2012, the Fire Authority delegated authority to the Audit and Performance Management Committee to consider and approve the annual Statement of Accounts. The Committee also receives the Annual Governance Report and the opinion of the Auditor, and signs the Letter of Representation as 'those charged with governance'.

During 2014/15, members requested that the draft Statement of Accounts was brought to the Committee for discussion, prior to its consideration and approval in September.

The Committee has been informed of a change in the timetable for the completion and approval of the Statement of Accounts.

An extract from the report (December 2016) is shown here:

"The Audit and Accounts Regulations 2015 introduced a fundamental change in the closedown timetable process for local authorities from the financial year 2017/18, which is summarised in the table below.

Activity	Existing	Revised	Change
Accounts signed and certified by S151 Officer	30 June	31 May	1 month earlier
Accounts approved and published	30 September	31 July	2 months earlier

Although these changes will not take effect until 2018, it is important that current plans are updated to ensure that the Authority can comply with the new deadlines. The Finance team in discussion with Grant Thornton, the Authority's external auditors, are intending to pilot an early closedown process for the financial year 2016/17, so that any issues identified can be dealt with before the new deadlines legally take effect."

The Finance team, in collaboration with auditors, officers and other stakeholders, has successfully met the first of these deadlines, and the draft Statement of Accounts for 2016/17 was signed off by the Treasurer and published on the website on 31 May 2017.

The Statement of Accounts will be audited by Grant Thornton in July and approved by this Committee in September.

4 The Statement of Accounts

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires a change in the format and layout of the financial statements. The Comprehensive Income and Expenditure Account (CIES) in previous years has been reported in service areas dictated by the Service Reporting Code of Practice (SERCOP); however from 2016/17 the statement will now be reported to reflect the reporting structure in the individual authority.

Therefore the Fire Authority's CIES reports performance in the following service areas:

- Executive and Resources
- Service Delivery, and
- Corporate Governance

An additional statement called the Expenditure Funding Analysis is now required, to demonstrate how funding available is used to pay for services in each service area.

5 The Financial Statements

The list below details the main points contained within the statements:

- **Comprehensive Income and Expenditure Statement** – this shows spend in the Authority's service areas, defined as Executive and Resources, Service Delivery and Corporate Governance.

As this is reported differently to the service areas in 2015/16, a prior period adjustment has been included, which presents the expenditure for 2015/16 in the new reporting structure.

The large decrease in expenditure for Service Delivery is due to the changes in the pensions liability information provided by the Authority's actuary, Mercer, relating to the costs of retained firefighters being able to access the Modified Pension Scheme, and does not represent a large reduction in regular Service spending.

- **Movement in Reserves Statement** – this statement shows levels of reserves held by the Authority. Those described as 'usable' contain cash available to the Authority, such as the ICT Reserve and the Income Volatility Reserve, and those described as 'unusable' are accounting entries only, they do not contain cash.

The balance on the General Fund at 31 March 2017 was £311,000. The reasons for the balance and the proposals for its use were considered at the Authority meeting in June.

In the period between 31 March 2016 and 31 March 2017, the level of reserves held by the Authority increased by £836,000. A total of £2.786m was added to reserves as a result of budgeted contributions and transfer of balances from 2015/16. However a total of £1.950m was spent on capital schemes and service transformation projects, as well as unanticipated expenditure on pensions and operational equipment.

- **Balance Sheet** – this shows the financial position of the Authority as at 31 March 2017.

Long term pension liabilities have increased in line with actuarial valuations from Mercer, largely due to actuarial gains and losses on each pension scheme. The Unusable Reserves total has changed very little during the year, with the exception of the Pensions Reserves, again relating to actuarial valuations.

A review of the Statement of Accounts will take place prior to the Committee in September, when members will be asked to consider and approve the audited document.

6 Financial Implications

There are no direct financial implications other than those outlined within the report.

7 Legal Comment

Under the Accounts and Audit (England) Regulations 2015, the Treasurer is required to sign the Statement of Accounts by the end of June 2017, to confirm that they represent a true and fair view of the Fire Authority.

8 Initial Impact Assessment

The Statement of Accounts is a set of financial statements, set out in response to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. An initial Impact Assessment is not, therefore, required.

9 Appendix

Statement of Accounts 2016/17

As the Statement is in excess of 80 pages, a hard copy has not been included with the meeting papers but can be accessed on the Fire Authority's website via the following link:

<https://www.shropshirefire.gov.uk/meeting/19-july-2017>

10 Background Papers

Shropshire and Wrekin Fire and Rescue Authority

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Process for Approval of the Statement of Accounts