

Statement of Accounts 2015/16

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 sets out the key revenue issues, which have arisen from work on the Statement of Accounts 2015/16, and seeks approval for use of the General Fund balance in 2016/17.

2 Recommendations

The Fire Authority is recommended to:

- a) Approve the addition of £49,000 to 2016/17 revenue budgets, for expenditure that has slipped from 2015/16; and
- b) Approve the proposed use of the General Fund balance in 2015/16.

3 Background

Closedown of the financial year 2015/16 is nearing completion, and the Authority's Statement of Accounts will be audited by Grant Thornton in August. The Statement must be signed by 30 June 2016 by the Treasurer, as responsible finance officer, to certify that the Statement presents a true and fair view of the financial position of the Authority.

The Fire Authority agreed at its February 2012 meeting that the Statement of Accounts would be formally approved in September each year by its Audit and Performance Management Committee.

This report informs the Authority of the outturn of the revenue account in 2015/16, and recommends the possible treatment for the balance on the General Fund. The year-end position could change, following the audit in August.

4 Revenue Budget and Expenditure

In February 2015, the Fire Authority approved a revenue budget of £21.441m for 2015/16. This budget quantified the Service's strategic and operational plans, and the further sub-division into business areas also enabled individual business plans to be quantified, and achievements monitored.

The revenue budget for 2015/16 was funded as follows:

Council tax income	£14.078m
Non-domestic rates from authorities	£1.489m
Business rates top-up grant	£2.143m
Government Grant	£3.731m
	£21.441m

As in previous years, a further, one-off grant was offered to those authorities that froze council tax in 2015/16. After considering the effects on long-term financial planning, the Fire Authority agreed to increase council tax by 1.99%.

During 2015/16 the Fire Authority has approved net transfers to the General Fund balance of £1,063,000. Actual outturn on the revenue budget was £20.674m, a total surplus of £767,000, compared to the original budget, but a net overspend after net transfers to the General Fund balance. The resulting net overspend of £296,000 is detailed below.

The Authority also received government grants during the year that were not anticipated during the budget setting process, resulting in additional income of £123,000.

Therefore, the total balance on the General Fund at the end of the year was £890,000.

Some of this year's savings represent expenditure that has slipped from 2015/16 into 2016/17, and it is proposed that this will be held in the General Fund balance at the end of the year, and transferred back to the revenue account for use in 2016/17.

The Authority is asked to approve this transfer of £49,000 into revenue budgets for 2016/17 for the continuation of projects.

Slipped Expenditure	£'000
Service Transformation Programme - IT projects	45
Equality & Diversity Promotional Material	4
Total	49

The remaining variances from the revenue budget at the end of the year were identified as follows:

Efficiencies and other variances	£'000
Staff – very few staff variances remained at year end, following budget monitoring during the year.	-56
Technical Services – variances include the following: <ul style="list-style-type: none"> • The Authority received a large refund following rates appeals; the cost of the appeal itself was £51,000. • Projected underspends on hydrants and electricity were reported earlier in the year and budgets amended accordingly; further spend has been incurred following this revision (Hydrants £26,000, Electricity £25,000). • Budgets on Fleet Management and Workshops were overspent at the end of the year (£34,000). 	-136
IT and Communications – there is a net overspend on the information technology and communications budgets. For a number of years there has been government grant available to cover some running costs in this area. This ceased in 2014/15, however the ICT Reserve is available to cover any increased or unexpected costs in this area.	-89
Financial Services – variances include: <ul style="list-style-type: none"> • Some year-end adjustments on contributions to and from reserves have resulted in a net deficit in this area. This adjustment related to the transfer of funds from the Service Transformation Programme Staff Reserve (£194,000). The balance of capital schemes to be funded from revenue but not yet completed has been transferred to the Earmarked Capital Reserve for use in 2016/17. • Savings in lease costs of £21,000 were also identified at the end of the year. • A balance of £122,000 remained in the Pay and Prices Contingency at the end of the year. 	-51
Corporate Services – some savings identified in this area, most notably reduced expenditure on legal fees.	32
Other savings identified	4
Total	-296

5 Use of the General Fund Balance

The outturn on the revenue budget is held in the General Fund at the end of the year, and it has been the Authority's policy to allocate funds and reduce the balance to zero. This has been done by transferring part of the balance into current revenue budgets, to continue projects and work streams, which are not completed, and allocating the remainder into Authority reserves.

In September 2014, the Authority's Strategy and Resources Committee recommended that future balances on the General Fund should be allocated to the Unearmarked Capital Reserve, to fund major improvements at the Stafford Park site in Telford. This was approved by the Fire Authority in October 2014.

General Fund Balance 2015/16

The balance on the General Fund at the end of 2015/16 is £890,000, and Members have been asked to approve that a balance of £49,000 is left in the Fund, to cover expenditure that has slipped into 2016/17.

As well as the approved transfer into the Unearmarked Capital Reserve, Members are asked to consider a contribution to the Service Transformation Programme Staff Reserve. This reserve has been extremely effective in allowing the transfer of skills onto the projects within the Programme for the duration that they are required, and officers propose that a contribution of £160,000 is made to ensure the continued use of the reserve over the next year.

6 Annual Governance Statement

The Annual Governance Statement for 2015/16 has been drafted, for consideration by the Treasurer while signing the Statement of Accounts by the end of June. The Statement will be taken to the Audit and Performance Management Committee in July for approval, along with an Improvement Plan for 2016/17, and will subsequently be contained within the Statement of Accounts.

7 Financial Implications

Financial implications are outlined in the main body of the report.

8 Legal Comment

Under the Accounts and Audit Regulations 2015, the Fire Authority or one of its Committees is required to approve the Statement of Accounts 2015/16 by the end of September 2016.

9 Appendices

There are no appendices to this report.

10 Background Papers

There are no background papers associated with this report.