
REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: 2016/17 STATEMENT OF ACCOUNTS

For further information
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Background Papers: 2015/16 Statement of Accounts. The Annual Governance Statement presented to the Audit and Standards Committee on 14th June 2017.

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
ORGANISATIONAL RISK		OTHER (please specify)	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To consider the 2016/17 Statement of Accounts, including the Annual Governance Statement, post audit.

RECOMMENDATION:

That:

1. Members consider and approve the current version of the 2016/17 Statement of Accounts and Annual Governance Statement that have now been externally audited.
 2. Members delegate any final amendments to the Treasurer.
 3. Members consider and approve the letter of representation.
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1. Introduction

1.1 The Accounts and Audit Regulations 2015, require the Treasurer to formally approve the Annual Governance Statement (AGS) and Statement of Accounts by the end of June, following the previous financial year. Following external audit, the relevant body of the Authority is required to approve them by the end of September. The relevant body for this Authority is the Audit and Standards Committee (A&SC). From next year for the 2017/18 accounts, the A&SC approval will be moved forward to the end of July and this will be so for each year thereafter.

1.2 The AGS was presented to the Audit and Standards Committee on 14th June 2017. The attached AGS and accounts are presented post external audit by Ernst & Young.

Their report on the external audit review of the accounts is elsewhere on this meeting's agenda.

2. The 2016/17 Statement of Accounts and Annual Governance Statement

2.1 The format of the statement of accounts follows detailed guidance, as prescribed in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. The content and order of the statement can change from year to year to reflect new requirements or changes in best practice. The accounts are in the format required by International Financial Reporting Standards (IFRS).

2.2 In accordance with the public advertisement and the statutory deposit period, the initial draft version of the accounts was put on the website on 12th June 2017. However, due to resourcing issues these were not the final version. This delay led to the planned external audit date moving back to an agreed revised date of 14th August. The full set of draft accounts was made available on the website on 29th July 2017 and the statutory inspection period was extended to the 11th September. There were not any requests for information on the accounts from the public.

The Head of Finance is currently sourcing agency staff for the 2017/18 statement of accounts, with the aim of avoiding the resourcing issues encountered for the 2016/17 accounts. This is with the first year of the early closure in mind too.

2.3 There have been no material items that have changed the bottom line of the Balance Sheet or Comprehensive Income and Expenditure Account in the 2016/17 statement of accounts as a result of the external audit. There have been only presentational updates made to the draft set of accounts.

2.4 The draft 2016/17 AGS was presented to the Audit Committee on 14th June 2017 and then to our external auditor. There were no significant amendments made to the AGS.

2.5 The Statement of Accounts, including the Annual Governance Statement, is attached at Appendix 1.

2.6 The letter of representation is attached at Appendix 2, for Members to consider and approve. This annual letter summarises the Authority's responsibilities regarding the Financial Statements and Financial Records, Fraud, Compliance with Laws and Regulations, the Completeness of Information and Transactions, Liabilities and Contingencies, Subsequent Events, Accounting Estimates and Retirement Benefits.

2.7 Pension Reimbursement

It has previously been reported to Members that the Authority was seeking reimbursement of pension fund payments made to the then Department of Communities and Local Government (DCLG), now the Home Office. These dated back to 2006 and were erroneously charged to the Authority's revenue account rather than the Government funded Pension Fund Account. The £498k has been included as part of the 2016/17 year-end accounts, with a debtor in the accounts for this. This has been allocated to the Collaboration Reserve in accordance with the approved treatments of the year end underspend. This can be reviewed further with Members as part of the 2018/19 budget setting process. This income was received in July 2017, however, the Authority still needs to formally write to the Home Office on this matter advising on the external audit review of the treatment of this correction.

2.8 Revenue Year End outturn

The final outturn position for the 2016/17, excluding the pension reimbursement, was a £874k underspend. The reported forecast year end outturn to Members in March 2017, based on the figures as at 31st December 2016, was an outturn of £692k. The £874k underspend has also been allocated to the Collaboration reserve in accordance with the treatment of the 2015/16 revenue underspend and as approved by Members at the FRA meeting on 9th February 2017.

3 General and Earmarked Reserves

3.1 The General Reserves balance as at 31 March 2017 was £2.6m. This is following work undertaken since 2010/11 to establish specific earmarked reserves, which as at 31 March 2017 totalled £12.249m. This figure includes the Transformational Earmarked Reserve of £4.976m to support future years' budget setting, the Collaboration Reserve of £1.906m and also a capital reserve £2.171m to finance on-going and future capital works. This is in line with the Medium Term Financial Strategy, which takes into account the back loaded Government funding reductions to Fire and Rescue Services. The earmarked reserves are reviewed annually by Members as part of the budget setting process. Further details can be found at note 24 in the Statement of Accounts.

3.2 The capital receipts reserve as at 31 March 2017 was £0.641m.

4. Summary

4.1 Members are invited to:

- Review and approve the current version of the 2016/17 Statement of Accounts, which includes the Annual Governance Statement
- Delegate any final amendments to the Treasurer
- Note the General and Earmarked Reserves balances.

PAUL FULLER
CHIEF FIRE OFFICER

GAVIN CHAMBERS
TREASURER