

Report of the Treasurer

Statement of Accounts 2017/18

Purpose of report

1. To present the 2017/18 Statement of Accounts for approval.
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Recommendation

The Treasurer recommends that the Statement of Accounts 2017/18 be approved.

Introduction

2. In respect of the 2017/18 Statement of Accounts, the Account and Audit Regulations 2015 require that:
 - the Statements are signed off by the Treasurer by 31 May 2018
 - the Statements are approved by the Authority by 31 July 2018
 - the Statements must be published by 31 July 2018
3. The Fire Authority has delegated the approval responsibility to the Audit and Standards Committee.
4. The Accounts were signed off by the Treasurer on 30 May 2018, a whole month ahead of the deadline.
5. The Audit will be completed shortly (prior to the Committee meeting), but to date no major issues have arisen and the External Audit Findings Report is included elsewhere on the agenda.

Statement of Accounts

6. As Members will be aware, the Code of Practice on Local Authority Accounting - Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Finance Reporting Standards (IFRS). This differs significantly from the statutory framework used for Council Tax and Grant purposes. This is explained further below.
7. The principal effect of this is that the Comprehensive Income and Expenditure Statement (CIES) now shows a small net surplus, because the Statutory Accounting arrangements which are used by the FRA in council tax setting have precedence over IFRS.

8. There are charges, e.g. depreciation, and the liability on pension schemes which are not chargeable in the statutory accounts. The Government does not recognise IFRS for grant allocations or as part of the statutory budget setting arrangements.
9. The differences between IFRS and Statutory Accounting are reconciled in the Movement in Reserves Statement and do not affect the underlying financial position.
10. The Balance Sheet shows a negative balance which arises from the identified liabilities in the Pension Schemes.
11. The FRA is, however, not required or empowered to fund these deficits immediately. The Local Government Pension Scheme (LGPS) is covered by future payments of the employer's contribution and the Firefighters' Schemes are covered by the new financing arrangements commencing from 1 April 2006 which effectively means that the liability will be met by direct government grant, as it arises.

Audit Amendments

12. Following the audit there are a small number of minor changes that have been agreed to the draft accounts:
 - a) It has been identified that the disclosures in respect of the gross liability and gross assets of the LGPS had not been adjusted for the Authority's share of Place Partnership Ltd. The net liability as used in the core statements was correct; it was only the disclosure that required amendment.
 - b) Within the note on 2016/17 comparative data for Senior Officers pay, the explanation regarding the seconded status of the Chief Fire Officer for the first part of 2016/17 had been omitted in error. This has been re-instated.
 - c) The note disclosing the Fair Value of the Public Works Loans Board (PWLb) debt was based on a calculation provided by PWLB. The methodology used is no longer compliant with the Code and a revised calculation has now been made. This has amended the fair value from £14.074m to £13.998m.
 - d) An additional Contingent Liability note has been added in respect of the Pensions Tribunal, in an agreed format that does not commit the Authority to acknowledging there is a liability.
 - e) A requirement to provide more details on the disclosure on "Accounting Standards issued but not yet adopted", where the Standard is not relevant to the Authority or has no material impact.

Conclusion

13. The Statement of Accounts is ready for approval.

14. As there are no matters arising from the public inspection period (1 June 2018 to 12 July 2018), the External Auditor will be able to issue the audit opinion, as soon as he is ready.
15. On publication, the Statement of Accounts will contain the Audit Opinion and the approved Annual Governance Statement,

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	N/A
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	N/A
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Statement of Accounts 2017/18

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