

Report of the Treasurer

Statement of Accounts 2021/22

Purpose of report

1. To present the 2021/22 Statement of Accounts for approval.
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Recommendation

It is recommended that the Statement of Accounts 2020/21 is approved.

Introduction and Background

2. The Accounts and Audit Regulations 2015 set out the dates by which an Authority must approve and publish the Statement of Accounts. As a part of the government's response to the restrictions of Covid-19 working these dates are relaxed for this year only.
3. The dates with which an Authority must comply are shown below, with the normal date shown in brackets for information.
4. For the 2021/22 Accounts an Authority must ensure that the Statements are:
 - a. Signed off by the Treasurer by 31 July 2022
 - b. Approved by the Authority by 30 November 2022
 - c. Published by 30 November 2022
5. The Accounts were signed off by the Treasurer on 29 July in line with the Regulations. As the audit was not completed by the 30 November the Accounts were not ready for approval by the statutory deadline, and this was recognized by publication of the relevant statutory notice to notify of the delay.
6. For several reasons, which the External Auditor may reference in relation to the Audit Findings Report, the audit was not completed by the 30th November, but at the time of writing (20 December) the work is virtually complete. The attached Statement takes account of all identified and agreed changes.
7. To put these 6 weeks in to context at the end of November, nationally there were 160 local authorities which had not had sign of their 2020/21 accounts, and some locally that are not expecting their 2021/22 audit to commence until summer 2023.
8. The Fire Authority has delegated responsibility for approval of the Accounts to this Committee.

9. It is theoretically possible that between now and the date of the Committee other issues may emerge that require adjustment. If these are minor they will be identified at the meeting prior to requesting approval. In the unlikely event that they are major an amended set of Accounts will be taken for approval to the Fire Authority meeting in February.

Statement of Accounts

10. As Members will now be well 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 Financial Reporting Standards (IFRS). In a number of fundamental ways these differ from the Statutory Accounting framework used for Council Tax and grant purposes, and under which the Authority is charged with governance.
11. There are charges e.g. depreciation and the liability on pension funds which are required by IFRS but not chargeable on a Statutory basis and others which are required by Statute but not permitted under IFRS (e.g. provision to repay borrowing). Government does not recognise IFRS for grant allocations or the statutory budget setting process.
12. As a consequence of these differences there is a moderate net surplus (large deficit in prior year) on the Comprehensive Income & Expenditure Statement (CIES) and an extremely large negative balance on the Balance Sheet.
13. In the case of the CIES this arises from differences in between IFRS and statutory accounting and these are reconciled in the Movement in Reserves Statement (MiRS).
14. In the case of the Balance Sheet the position arises due to the liability on the Pension schemes, in particular the un-funded Fire-fighter schemes (FFPS).
15. The Authority is not, however, required or empowered to fund these deficits immediately as under the statutory arrangements they will be funded by future employer/employee contributions and, in the case of the FFPS, by direct government grant.
16. None of these accounting differences effect the underlying financial position or impact on the resources available to the Authority to deliver services.

Amendments to the Statements

17. Since the sign off of the Accounts by the Treasurer they have been subject to Audit with the result that a number of changes have been made.
18. Some of these have been of a minor nature, mainly typographical, or updating of the Notes to the Accounts to improve the disclosure. Where relevant this are included in the Audit Findings Report.

19. The one area to which your attention is drawn is in relation to the pensions liability and Place Partnership (PPL)
 - a. As a joint arrangement it is required that a proportion of the PPL liability is brought into the Accounts. But as a balance a proportion of the pension assets are also brought into the accounts.
 - b. As PPL pension valuation was fully funded, the assets and liability match and have no overall impact on the Statements.
 - c. With the withdrawal of Worcester City and Redditch from the PPL arrangements the Fire proportion altered slightly. This alteration was missed and the wrong asset and liability adjustment was made. But, as stated above it had no net impact.
 - d. Technically this was incorrect and as the figure is material the Auditors have quite rightly identified that this should be amended, however it has no practical impact.

Conclusion/Summary

20. The Statement of Accounts is ready for approval, subject to final completion of the Audit
21. As there are no matters arising from the public inspection period, the External Auditor should be able to issue an Audit Opinion as soon as it is ready.
22. On publication, the approved Statements will include 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

Data Protection Impact Assessment (where personal data is processed a DPIA must be completed to ensure compliant handling)	N/A
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Supporting Information

Appendix 1 – Statement of Accounts 2021-22 (separate enclosure)