

Report of the Treasurer

Draft Statement of Accounts 2020/21

Purpose of report

1. To present the Draft 2020/21 Statement of Accounts for information prior to approval at the next Committee.
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Recommendation

It is recommended that the Draft Statement of Accounts 2020/21 be noted.

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 part of the government's response to the restrictions of Covid-19 working these dates are relaxed for a second year running, but not as far as for the 2019/20 Statements.
3. The dates with which an Authority must comply are shown below, with the normal date shown in brackets for information.
4. An Authority must ensure that the Statements are:
 - a. Approved by the Authority by *(31 July 2021)*: 30 September 2021
 - b. Published by *(31 July 2021)*: 30 September 2021
5. The Fire Authority has delegated responsibility for approval of the Accounts to this Committee.
6. There have been a couple of data issues that have slowed the production of the Accounts this year:
 - a. Confirmation of Council Tax/Business Rate Collection fund information from some Billing Authorities was delayed to 30th June, as government relaxed their submission deadlines.
 - b. Queries over Fixed Asset valuations following the demise of Place Partnership at 1st April 2021, which had to be dealt with retrospectively by our new Property Services provider. *(A shared service with the Police and Crime Commissioner, which has been very helpful in assisting with inherited issues).*

7. As a result of this, and with the cooperation of our External Auditors, the Audit itself did not commence until 14th July. Consequently the Audit Findings Report, which the Committee must consider before approving the Statement of Accounts, is not yet available.
8. However, the pre-audited Statements are provided for information and, given the number of new Members; the Treasurer will take the opportunity to go through them in some detail.
9. As a further consequence of the later audit it may be necessary to bring forward the next date of this Committee from 7th October so that it is prior to the 30th September deadline.

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 large net surplus 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. No changes have yet been made to the Accounts as the result of the Audit, although there will inevitably be some of a minor nature.

Conclusion/Summary

18. The Statement of Accounts are in the process of being audited, but will be ready for approval by the Regulatory deadline (30th September).
19. Subject to there being no matters arising from the public inspection period, the External Auditor will then be able to issue an Audit Opinion as soon as it is ready.
20. On publication, the approved Statements will include the Audit Opinion and the approved Annual Governance Statement (which was approved at the April 2021 meeting of this Committee).

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 2020-21 (separate enclosure)