

Statement of Accounts 2018/19

Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 258915 or Joanne Coadey, Head of Finance, on 01743 260215.

1 Purpose of Report

This report presents the completed Statement of Accounts to the Committee, for consideration and approval.

2 Recommendations

The Committee is asked to:

- a) Approve the Statement of Accounts 2018/19 (subject to final auditor amendment), and
- b) Delegate final amendments following completion of the audit to the Head of Finance, in consultation with the Chair of the Committee.

3 Background

At its meeting in February 2012, the Fire Authority delegated authority to the Audit and Performance Management Committee to consider and approve the annual Statement of Accounts. The Committee will also receive the Annual Governance Report and the opinion of the Auditor, and will sign the Letter of Representation as those charged with governance.

The Statement for 2018/19 has been prepared in accordance with International Financial Reporting Standards, and is Appendix A to this report. Appendix B to the report details notable movements between financial years 2017/18 and 2018/19.

4 General Fund

The Statement of Accounts has now been audited by external auditors Grant Thornton, and their conclusions are reported at item 8a on this agenda.

In June 2019, the Fire Authority approved use of the General Fund balance, which was subject to audit amendments.

5 Impact of McCloud / Sargeant ruling on pension accounts disclosure

Claims have been made in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015. In December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination.

The Government sought permission to appeal this decision, but this was refused. The Court will subsequently require steps to be taken to compensate employees who were transferred to the new schemes potentially including Firefighters Pension Scheme members. This has led to an increase in Firefighters Pension Scheme liabilities, which has been calculated by the Authority's actuaries using specific assumptions. The increase in scheme liabilities as a result of the judgment has been calculated at approximately 4.4%. This is based on one potential remedy and depending on the actual remedy and its applicability to the Firefighters Pension Scheme, this will need to be revisited in the light of further direction from the courts.

The impact of an increase in scheme liabilities arising from the McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Firefighters Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and authorities will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Firefighters Pension Scheme (England) Order 2006. These require a fire authority to maintain a pension fund into which employee and employer contributions are paid and out of which pension payments to retirees are made. If the pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the fire authority in the form of a central government top-up grant.

6 Financial Implications

There are no direct financial implications other than those within the report.

7 Legal Comment

Under the Accounts and Audit (England) Regulations 2015, the Fire Authority is required formally to approve the Statement of Accounts 2018/19 by the end of July 2019.

8 Initial Impact Assessment

The Statement of Accounts is a set of financial statements, set out in response to the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. An initial Impact Assessment is not, therefore, required.

9 Appendices

Appendix A

Statement of Accounts 2018/19

As the Statement is in excess of 80 pages a hard copy has not been included with the meeting papers but can be accessed on the Fire Authority's website via the following link:

<https://www.shropshirefire.gov.uk/meeting/18-july-2019>

Appendix B

Balance Sheet Movements

10 Background Papers

Shropshire and Wrekin Fire and Rescue Authority

13 February 2012, Report 17

Process for Approval of the Statement of Accounts