

## Statement of Accounts 2015/16

### Report of the Treasurer

For further information about this report please contact James Walton, Treasurer, on 01743 255011 or Joanne Coadey, Head of Finance, on 01743 260215.

### 1 Purpose of Report

This report presents the unaudited Statement of Accounts to the Committee, for discussion prior to presentation of the final, audited Statement at the September meeting of the Committee.

### 2 Recommendations

The Committee is asked to note the draft Statement of Accounts 2015/16.

### 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 also receives the Annual Governance Statement report and the opinion of the Auditor, and signs the Letter of Representation as 'those charged with governance'.

During 2014/15, Members requested that the draft Statement of Accounts be brought to the Committee for discussion, prior to its consideration and approval in September.

The Statement of Accounts has now been completed by officers and will have been signed by the Treasurer by 30 June, in accordance with the Accounts and Audit Regulations 2015. The external audit will be carried out by Grant Thornton in August, and their findings will be reported to the September meeting of the Committee.

## 4 The Statement of Accounts

The layout of the financial statements is broadly unchanged from the requirements set out by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. However, the Authority is now required to include a Narrative Report, which is designed to provide an explanation of the Authority's financial position, and assist in the interpretation of the financial statements. It should also contain a commentary on the major influences affecting the Authority's expenditure and income, and information about its financial needs and resources. This report can be found on page 3 of the statement.

## 5 The Financial Statements

The list below details the main points contained within the statements:

### **Movement in Reserves Statement**

This statement shows levels of reserves held by the Authority. Those described as 'usable' contain cash available to the Authority, such as the ICT Reserve and the Income Volatility Reserve, and those described as 'unusable' are accounting entries only, they do not contain cash.

The balance on the General Fund at 31 March 2016 was £876,000. The reasons for the balance and the proposals for its use were considered at the Fire Authority meeting in June.

Levels of reserves have increased from £12.2m to 14.0m – this increase represents cash available for capital schemes not yet completed, movement of the General Fund balance from 2014/15 and budgeted movements into the Unearmarked Capital Reserve for major improvements.

### **Comprehensive Income and Expenditure Statement**

This shows spend in the Authority's service areas, defined as Firefighting and Rescue Operations, Community Fire Safety and Emergency Planning and Civil Defence. The large increase in expenditure for Firefighting is due to changes in the pensions liability information provided by the Authority's actuary, Mercer. It relates to the costs of retained firefighters being able to access the Modified Pension Scheme, and does not represent large increases in regular Service spending.

The work carried out on retained stations during the year has not resulted in a corresponding increase in the stations' value, and, therefore, previous gains are released to cover this cost. These are shown as deficits arising on the revaluation of property plant and equipment, and are non-cash movements from unusable reserves.

### **Balance Sheet**

This shows the financial position of the Authority as at 31 March 2016; an increase in cash and cash equivalents can be seen in Current Assets, which reflects the increase in reserve balances on the Movement in Reserves Statement.

Long-term pension liabilities have reduced in line with actuarial valuations from Mercer, largely due to actuarial gains and losses on each pension scheme. The Unusable Reserves total has reduced, as balances from the Revaluation Reserve have been released to cover expenditure on retained stations.

A review of the Statement of Accounts will take place prior to the Committee meeting in September, when Members will be asked to consider and approve the audited document.

## **6 Financial Implications**

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

## **7 Legal Comment**

Under the Accounts and Audit (England) Regulations 2015, the Treasurer is required to sign the Statement of Accounts by the end of June 2016, to confirm that they represent a true and fair view of the Fire Authority.

## **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 Appendix**

Statement of Accounts 2015/16

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/7-july-2016>

## **10 Background Papers**

**Shropshire and Wrekin Fire and Rescue Authority**  
13 February 2012, Report 17  
Process for Approval of the Statement of Accounts