

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 sets out the key revenue issues, which have arisen from work on the Statement of Accounts 2018/19 and seeks approval for use of the General Fund balance in 2019/20.

2 Recommendations

The Fire Authority is recommended to:

- a) Note the final position of the revenue budget and the General Fund balance in 2018/19, and
- b) Approve use of the General Fund balance in 2019/20.

3 Background

In line with the Accounts and Audit Regulations 2015, the Statement of Accounts was approved by the Treasurer and published on the Authority's website on 31 May 2019.

The Statement of Accounts is currently being audited by Grant Thornton and will be presented to the Standards, Audit and Performance Committee for approval in July. The Fire Authority agreed at its February 2012 meeting that the Statement of Accounts would be formally approved each year by its Audit and Performance Management Committee (now renamed as above), as those charged with governance.

This report informs the Authority of the outturn of the revenue account in 2018/19 and recommends the possible treatment for the balance on the General Fund. The year-end position could change following the audit.

4 Revenue Budget and Expenditure

In February 2018, Shropshire and Wrekin Fire Authority approved a revenue budget of £21.641m for 2018/19. This budget quantified the Service's strategic and operational plans, and the further sub-division into business areas also enabled individual business plans to be quantified, and achievements monitored.

The revenue budget for 2018/19 was funded as follows:

Council tax income	£15.750m
Non-domestic rates from authorities	£1.484m
Business rates top-up grant	£2.298m
Government Grant	£2.109m
	£21.641m

In terms of precept strategy, it was announced that fire authorities could increase precept by up to 3% without triggering a referendum. This was considered alongside other precept options, and it was agreed that the precept would be increased by 2.99% on the revenue budget, or 5p per week for a Band D household.

During 2018/19 the Fire Authority received regular updates on financial performance and approved net changes of £280,000 to the revenue budget. Actual outturn on the revenue budget was £21.194m; underspends of £167,000 were identified and are detailed below. This consisted of unspent balances on budgets (£93,000) and also anticipated expenditure that will be slipped into 2019/20 (£74,000). The Authority also received £128,000 in additional grant income; this included higher than anticipated grant for rural services delivery and a balance of the business rates levy account which has been distributed across local authorities.

Efficiencies and other variances	£'000
Pay variances	
• Small overspend on pay for retained duty system	-31
• Balance on wholetime watches	94
• Additional roles in Training and Operations	-76
• Other net variances	39
Facilities	
• Net savings identified in repairs, maintenance and utilities	15
• Savings in service vehicle costs with small overspends in fuel and vehicle maintenance	29
• Unspent balances on uniforms and laundry following stock adjustments	68

ICT	
<ul style="list-style-type: none"> Total spend on IT and communications systems was above budgeted levels 	-135
Corporate and Financial Services and Human Resources	
<ul style="list-style-type: none"> Additional expenditure on occupational health, assessment and pensions costs Recruitment and systems costs Savings in debt charges, legal fees and democratic costs Other variances 	-35 -37 33 -8
Income	
<ul style="list-style-type: none"> Additional income has been generated during the year, which includes increased investment income and contracted in services 	138
Other variances	
<ul style="list-style-type: none"> Training, development and Health & Safety Service Delivery 	-31 30
Total	93

Slipped Expenditure	£'000
<ul style="list-style-type: none"> Legal fees Animal rescue donations Promotional materials 	62 8 4
Total	74

Income	£'000
<ul style="list-style-type: none"> Additional government grant received 	128

5 Use of the General Fund Balance

The outturn on the revenue budget is held in the General Fund at the end of the year, and it has been the Authority's policy to allocate funds and reduce the balance to zero. This has been done by transferring part of the balance into current revenue budgets, to continue projects and work streams, which are not completed, and allocating the remainder into Authority reserves.

In September 2014, the Strategy and Resources Committee recommended that future balances on the General Fund should be allocated to the Unearmarked Capital Reserve (subsequently renamed Major Projects Reserve), to fund major improvements at the Stafford Park site in Telford. This was approved by the Fire Authority in October 2014. However, in previous years, members have also transferred some of the balance to Service Transformation Programme (STP) Staff Reserve, which has been used to transform the Service's IT infrastructure and systems.

General Fund Balance 2018/19

The balance on the General Fund at the end of 2018/19 is £575,000.

At its meeting on 20 May 2018, the Authority agreed the creation of a provision of £70,000, for potential legal costs relating to the challenge of the transfer of governance of the Police and Crime Commissioner. It is proposed that the unspent balance of £62,000 is held in the General Fund, along with other slipped expenditure detailed in the earlier table, and transferred into the 2019/20 revenue budget.

A total of £228,000 will also be used to fund any arrears of firefighter pay award for 2018/19, following final pay negotiations during 2019/20.

It is proposed that the balance of £273,000 is transferred to the Major Projects Capital Reserve for further funding of Telford.

6 Annual Governance Statement

The Annual Governance Statement for 2018/19 was approved by the Treasurer on 31 May 2019 and has been published on the Authority's website. The Statement will be taken to the Standards, Audit and Performance Committee in July for approval, along with an Improvement Plan for 2019/20.

7 Financial Implications

Financial implications are outlined in the main body of the report.

8 Legal Comment

Under the Accounts and Audit Regulations 2015, the Fire Authority or one of its Committees is required to approve the Statement of Accounts 2018/19 by the end of July 2019.

9 Initial Impact Assessment

An Initial Impact Assessment has been completed.

10 Appendix

There are no appendices to this report.

11 Background Papers

There are no background papers associated with this report.