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Shropshire and Wrekin Fire and Rescue Authority
20 June 2018

Statement of Accounts 2017/18

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 2017/18, and seeks approval for use of the General Fund balance in 2018/19.

2 Recommendations

The Fire Authority is recommended to:

- a) Note the final position of the revenue budget and the General Fund balance in 2017/18, and
- b) Approve use of the General Fund balance in 2018/19.

3 Background

At its meeting in December 2016, the Audit and Performance Management Committee were informed of a change in the timetable for the completion and approval of the Statement of Accounts.

An extract from the report is shown here:

“The Audit and Accounts Regulations 2015 introduced a fundamental change in the closedown timetable process for local authorities from the financial year 2017/18, which is summarised in the table below.

Activity	Existing	Revised	Change
Accounts signed and certified by S151 Officer	30 June	31 May	1 month earlier
Accounts approved and published	30 September	31 July	2 months earlier

At the end of the financial year 2016/17, a pilot of the early closedown process was undertaken, and the Finance team, in collaboration with auditors, officers and other stakeholders, successfully met the first of the deadlines. The Statement was approved in September in line with Committee dates set previously.

This year's closedown process must comply with the new deadlines, and the Statement of Accounts was approved by the Treasurer and published on the Authority's website on 31 May 2018.

The Statement of Accounts is currently being audited by Grant Thornton and will be presented to the Audit and Performance Management 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, as those charged with governance.

This report informs the Authority of the outturn of the revenue account in 2017/18, 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 2017, Shropshire and Wrekin Fire Authority approved a revenue budget of £21.313m for 2017/18. 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 2017/18 was funded as follows:

Council tax income	£15.013 m
Non-domestic rates from authorities	£1.595m
Business rates top-up grant	£2.230m
Government Grant	£2.475m
	£21.313m

In terms of precept strategy, the Fire Authority considered the effects of a number of options on the revenue budget, and agreed to increase council tax by 0.49% or 1p per week for a Band D household.

During 2017/18 the Fire Authority received regular updates on financial performance and approved net changes of £357,000 to the revenue budget. Actual outturn on the revenue budget was £20.832m; underspends of £124,000 were identified and are detailed below.

Efficiencies and other variances	£'000
Pay variances	
<ul style="list-style-type: none"> • Small overspend on pay for retained duty system • Costs of staff working on service transformation projects were above the level of funding available in the STP Staff Reserve • Other variances 	-35 -25 -7
Facilities and hydrants	
<ul style="list-style-type: none"> • Savings identified in building repairs and maintenance, with an overspend in utilities • A reduction in the number of repairs necessary to fire hydrants has resulted in an underspend, this could reduce the revenue budget in future years • Slower completion of work by contractors has also meant a lower spend this year, however instructions are now being issued earlier to address this. 	20 50 50
ICT and Transformation	
<ul style="list-style-type: none"> • Spend on communications systems was above budgeted levels • Unspent balances on transformation projects 	-31 30
Corporate and financial services	
<ul style="list-style-type: none"> • Savings on democratic and legal services and debt charges 	29
Income	
<ul style="list-style-type: none"> • Additional income has been generated during the year, which includes proceeds from small items of equipment 	46
Other variances	-3
Total	124

Income	£'000
Additional government grant received	47

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 & Resources Committee recommended that future balances on the General Fund should be allocated to the Unearmarked Capital 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.

Review of Reserves Balances

Officers undertook a review of the reserves held by the Authority and the amounts within each reserve. Members approved the proposed changes, which included transfers of funds to support service transformation (£250k) and the major improvements project at Telford (£1.05m).

General Fund Balance 2017/18

The balance on the General Fund at the end of 2017/18 is £528,000. At its meeting on 20 May, 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 this is held in the General Fund and slipped into the 2018/19 revenue budget.

The following uses are proposed, for consideration and approval by the Authority:

- Transfer to the 2018/19 revenue budget of £80,000 for initial set up costs of the HR/Payroll and Finance systems, which are being moved to Telford & Wrekin Council. Ongoing costs following implementation are contained within the budget.
- The balance of £378,000 to be transferred to the Major Projects Capital Reserve for further funding of Telford.

6 Annual Governance Statement

The Annual Governance Statement for 2017/18 was approved by the Treasurer on 31 May 2018 and has been published on the Authority's website. The Statement will be taken to the Audit and Performance Management Committee in July for approval, along with an Improvement Plan for 2018/19.

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 2017/18 by the end of July 2018.

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.