



**Hampshire
& Isle of Wight**
FIRE & RESCUE SERVICE

Standards and Governance Committee

Purpose: Approval

Date : **29 September 2021**

Title: **Statement of Accounts 2020/21**

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SUMMARY

1. The Accounts and Audit (Amendment) Regulations 2021 require the Authority's Statement of Accounts to be approved and published by 30 September 2021. The Authority has delegated responsibility for the approval of the Statement of Accounts to the Standards and Governance Committee.
2. The unaudited draft accounts were reviewed and signed by the Chief Financial Officer on 30 July 2021 as a true and fair view of the financial position at 31 March 2021. The draft accounts were published on the Authority's website in line with the amended deadlines and enabled the commencement of the period for the exercise of public rights on or before the first working day of August 2021.
3. The external audit of the Statements is due to be completed by 30 September 2021 and the conclusions of the audit are contained within the external auditor's report, which is also on this agenda.
4. The end of year outturn report for 2020/21 was considered by HIWFRA Full Authority on 27 July 2021 and the Statement of Accounts is consistent with that report. The Annual Governance Statement, which forms part of the Statement of Accounts, was approved by Standards and Governance Committee in July 2021.

5. This report presents the Statement of Accounts for 2020/21 for the Committee's approval and recommends that the Chief Financial Officer be given delegated authority to make any amendments if required prior to the issue of the audit opinion.
6. The report also includes in Appendix 2 letters to the auditor containing representations by the Chief Financial Officer and Chairman of the Standards and Governance Committee regarding information and systems of internal control to support the confirmation that the accounts present a true and fair view of the Authority's financial position.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

7. The attached Statement of Accounts has been drawn up in the form prescribed by the 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom, which constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. In addition, the Accounts and Audit Regulations 2015 contain certain requirements for disclosure in the Statement of Accounts.
8. The 2020/21 Code of Practice on Local Authority Accounting made changes to some accounting standards but none of them have had a material impact upon the Authority's accounts.

STATEMENT OF ACCOUNTS

9. The extended nature of the coronavirus pandemic meant that the Accounts and Audit Regulations were amended for the 2020/21 financial year to allow the later publication of draft and audited accounts than usual.
10. The unaudited draft accounts were reviewed and signed by the Chief Financial Officer on 30 July 2021 as a true and fair view of the financial position at 31 March 2021. The draft accounts were published on the Authority's website in line with the amended deadlines and enabled the commencement of the period for the exercise of public rights on or before the first working day of August 2021.
11. The Authority's accounts are externally audited by EY. At the time of publication of this report, the audit was nearing completion and the accounts remain draft until the conclusion of the audit, although it is anticipated that an unqualified audit opinion will be issued. The conclusions of the audit are contained within the external auditor's report, which is presented elsewhere on this agenda.

12. The Authority has delegated responsibility for the approval of the Statement of Accounts to the Standards and Governance Committee and this report therefore presents the Statement of Accounts for 20/21 for approval for publication by the Committee prior to the deadline of 30 September 2021. As the external audit had not been concluded at the time of publication of this report, the Committee is asked to delegate authority to the Chief Financial Officer to make any minor amendments considered appropriate to the version of the Statement of Accounts included within the papers for this meeting. If any other amendments are required, these will be referred to the Committee or Authority for consideration.
13. Due to the timing of the publication of papers for this meeting prior to the conclusion of the audit, any noteworthy changes to the accounts to be made between draft and final versions that have been agreed with EY will be summarised in presenting this report to the Committee.
14. There are no major changes to the format of the statement of accounts and they continue to follow the requirements of the Code of Practice for Local Authority Accounting (the Code) as set by the Chartered Institute of Public Finance and Accounting (CIPFA). The narrative report within the Statement of Accounts includes an explanation of how the required accounting presentation relates to the financial performance of the Authority as set out in the end of year financial report, which was presented to HIWFRA Full Authority on 27 July 2021.
15. Paragraphs 16 to 26 provide a summary of each section of the Statement of Accounts.

Narrative report

16. The narrative report provides information about the key issues affecting the Authority and reports on the Authority's financial and non-financial performance, risks and future prospects.
17. The narrative report is designed to help readers understand the Authority and its operating environment and to assist in the understanding and interpretation of the Statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

18. This statement records the responsibility:
 - of the local authority to appoint an officer with the responsibility for the proper administration of its financial affairs. Within the Authority, this is the Chief Financial Officer

- of the Chief Financial Officer to prepare the accounts in accordance with proper practices as set out in the Code of Practice, and to certify that the accounts present a true and fair value of the Authority
- of the Chairman of this Committee to confirm that the accounts have been considered and approved by the Committee.

Movement in Reserves Statement

19. This sets out the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (those which can be applied to fund expenditure or reduce council tax) and 'unusable reserves' which are mainly used for accounting adjustments.

Balance sheet

20. This shows the value of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by reserves, either usable or unusable.

Cash Flow Statement

21. The cash flow statement is designed to demonstrate the changes that have taken place in the Authority's cash position over the year and to highlight the causes of that change.

Comprehensive Income and Expenditure Statement

22. This statement shows the accounting cost of providing services rather than the amount funded from taxation, and is presented using financial reporting headings. The taxation position is shown in the Movement in Reserves Statement.

Notes to the Accounts

23. These comprehensive notes incorporate information to give the reader information to support the accounts. The accounting policies are incorporated within the notes.

Pension Fund Account

24. All Fire Authorities are required by legislation to operate a Pension Fund Account and the amounts paid into and out of it are specified by regulation. Members will be aware that the Authority pays an employer's pension contribution based on a percentage of pay into the pension fund account.

25. The Account is balanced to nil each year by receiving cash in the form of a pension top-up grant from the Government equal to the amount by which the amount payable from the Account exceeded the amount receivable. Should the position arise where the amounts receivable ever exceed those payable then the surplus would be paid over to the Government.

Annual Governance Statement

26. In accordance with legislation, the Annual Governance Statement must accompany the Statement of Accounts. The Authority's Annual Governance Statement was approved by Standards and Governance Committee in July.

LETTER OF REPRESENTATIONS

27. As part of the production and audit of the final accounts, the external auditors also require the Chief Financial Officer and Chairman of Standards and Governance Committee to provide a Letter of Representations.
28. The letter provides additional assurance that all matters have been disclosed to the auditors and that no undue influence has been applied in producing the accounts that would prevent them giving a true and fair view of the Authority's financial position.
29. The detailed letter (draft) is attached at Appendix 2.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

30. Ensuring that funding is appropriately accounted for is vital for all public sector organisations and the annual accounts also provide information to gauge the financial health of an organisation, which underpins the achievement of the Safety Plan.

CONSULTATION

31. No consultation is required for this report as it is based on historic information and is a purely factual document.

RESOURCE IMPLICATIONS

32. This report reflects the financial position for the previous financial year and does not contain any requests which would affect the future financial position.

IMPACT ASSESSMENTS

33. This is a factual report presenting the Authority's Statement of Accounts for the last financial year. Any financial decisions taken during that year or future financial decisions will be subject to separate impact assessments.

LEGAL IMPLICATIONS

34. This report is part of the final accounts process. There is a legal requirement under the Accounts and Audit (Amendment) Regulations 2021 that the Statement of Accounts be approved and published by 30 September 2021.

OPTIONS

35. This report deals with the approval of the annual accounts that have been prepared in line with the Code of Practice for Local Authority Accounting and there are therefore no options for consideration in this report.

RISK ANALYSIS

36. The Statement of Accounts is an important element of the Authority's corporate governance arrangements. It has been prepared in accordance with the appropriate statutory code. Together with the Budget Book and the outturn report for 2020/21 it provides evidence to the public that the Authority's financial affairs are being properly managed and in accordance with proper accounting practice.

EVALUATION

37. The Statement of Accounts is prepared by the Authority on an annual basis at the conclusion of the financial year in line with the Code of Practice for Local Authority Accounting and the requirements of the Accounts and Audit Regulations. Following the sign off and publication of the accounts a review is undertaken to identify any opportunities to further enhance the way in which the accounts are produced. In addition, relevant changes to accounting standards or other reporting requirements will be analysed by the Chief Financial Officer and their officers and implemented as necessary.

CONCLUSION

38. The presentation and approval of the annual accounts is an important part of the overall governance framework for the Authority and the Committee is therefore requested to consider and approve the accounts alongside the report of the external auditors.

RECOMMENDATION

39. That the Statement of Accounts for 2020/21 (draft) attached at Appendix 1 be approved subject to any final amendments reported at the meeting.
40. That the Chief Financial Officer be given delegated authority to approve any minor amendments to the Statement of Accounts prior to publication.
41. That the Letter of Representations (draft) attached at Appendix 2 be considered and signed by the Chairman on behalf of the Committee.

APPENDICES ATTACHED

42. Appendix 1 – Statement of Accounts (draft) and Annual Governance Statement 2020/21
43. Appendix 2 – Letter of Representations (draft)

BACKGROUND PAPERS

44. Outturn Report for the financial year 2020/21 to Hampshire and Isle of Wight Fire and Rescue Authority on 27 July 2021.