

APPENDIX 1

ACCOUNTS AND AUDIT (ENGLAND & WALES) REGULATIONS 2015 NOTICE

Publication of accounts

Under section 10 of the Accounts and Audit Regulations 2015, the Council is required to publish its annual Statement of Accounts by 31 July each year.

The Statement of Accounts includes the Council's Annual Governance Statement and Narrative Statement and any audit opinion given by the external auditors at this date.

If the audit has not concluded by 31 July, the Council is required to publish the reasons for this under Section 10.2a of the Regulations.

18/19 Statement of Accounts

Due to circumstances beyond the control of both the Council and external auditors, Grant Thornton, the audit of the accounts for the year ended 31 March 2019 has not concluded in time to meet the 31 July publication date.

The key reasons for this are as follows:

- **A recent court ruling on pension liabilities (McCloud)**

In December 2018, the Court of Appeal ruled that there was age discrimination in the Firefighter unfunded pension schemes and the Judicial pension arrangements – following two linked cases (McCloud and Sargeant, often referred to as the McCloud case).

The Court held that the transitional protections granted to older members, when the reformed schemes were introduced in 2015, constituted unlawful age discrimination – a decision which could have implications for other public sector schemes, including the Local Government Pension Scheme operated for Wirral Council by the Merseyside Pension Fund.

The Government applied to the Supreme Court for permission to appeal but this appeal was rejected on 27 June 2019.

Following this decision, the Council had to request revised actuarial calculations and adjust its accounts to reflect the impact of the court ruling. These adjustments remain subject to audit by Grant Thornton.

- **Minimum Revenue Provision (MRP) accounting**

All Local Authorities are required to set aside a prudent provision (a Minimum Revenue Provision) each year for in respect of their Capital Financing Requirement.

Independent advice received by the Council – based on changes in legislation - indicates a potential overprovision in previous years, which the Council is in agreement with.

However, following discussions with the external auditors, the accounting treatment of this overprovision in the 18/19 Statement of Accounts is no longer considered appropriate. Adjustments made in the accounts – which included creation of a Debt Reprofitting Reserve for the overprovision – have been removed from the latest draft accounts. These changes remain subject to audit by Grant Thornton.

- **Accounting standard changes**

Changes in accounting standards this year - IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' - have impacted on the Statement of Accounts to a greater extent than technical changes experienced in previous years. The combined impact of this and the points raised above has placed greater demand on limited resources in both the Council and Grant Thornton.

Summary

As at 31 July 2019, the Council's external auditor, Grant Thornton, has not yet concluded the audit. The Council is continuing to work closely with the audit team as they complete their work.

In line with the Accounts and Audit Regulations 2015, the Council has published a set of draft accounts. The Council will publish the final Statement of Accounts as soon as the audit is concluded, and the Audit Report issued.