

# Welcome to: How to Tell the Story

Making the Most of  
the Changes in the  
2016/17 Local  
Authority  
Accounting Code

We will start in a few minutes



# Michael Hudson: Director of Finance Wiltshire Council

... and a bit  
about logistics



# How to tell the story, Making the Most of the Changes in the 2016/17 Code

- What is the Expenditure and Funding Analysis? What does it tell your users?
- Changes to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement
- How to tell the story of local authority performance in the Narrative Report
- Innovative ways to make local authority financial statements more accessible to stakeholders and users

## Expenditure and Funding Analysis

- The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation (and rents) and reconciles it to the Comprehensive Income and Expenditure Statement
- Provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports)

# Changes to the Comprehensive Income and Expenditure Statement (CIES)

- The CIES shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation
- Format is more meaningful for both councillors and users as it follows their budget/performance monitoring and other key documents such as their council tax leaflets (so less FOI / queries as Committee??)
- An authority will need to select the presentation most commonly used by them in taking resourcing decisions

# Changes to the Movement in Reserves Statement

- Shows the income and expenditure on the authority's services in the year in accordance with IFRSs as adopted by the Code
- Prescriptions have been reduced to its absolute minimum in the Code. Authorities can provide additional rows

# The Narrative Report

- Admission of guilt

# The Narrative Report – What is it stakeholders want to see (1)?

	<b>Councillor</b>	<b>Chief Officers / staff</b>	<b>Government</b>	<b>Public</b>	<b>Businesses</b>
Narrative / Foreword	Performance to budget	Performance Surplus/deficit	?	Performance	Performance Contracts
Notes	Financial Instruments	Pensions Financial Instruments	Pensions	Chief Officer Pay Head count	Valuations
I&E	Surplus/deficit by service	Surplus/deficit by service	RO forms	Surplus/deficit	Surplus/deficit



# The Narrative Report – What is it stakeholders want to see (2)?

	Councillor	Chief Officers / staff	Government	Public	Businesses
Balance Sheet	Assets for sale Asset valuation movements Debt (council tax)	Assets for sale Asset valuation movements Debt	Reserves Pensions Liquidity	Assets for sale	Debt Reserves
Other statements	Company accounts	Company accounts	Collection Fund HRA	HRA Reserve	NNDR balance Cashflow
Annual Governance Statement	Risks – section 5	Risks – section 5	?	Risks – section 5	Procurement

# Telling the Story

- Understanding Local Authority Financial Statements (used to be How to Tell the Story)
  - CIPFA publication
  - Easy for Cabinet / Portfolio Members and Audit Committees to read
  - Think about what the numbers say and what the objectives and long term plans are – does this add up?

# Innovative ways to make accounts more user friendly

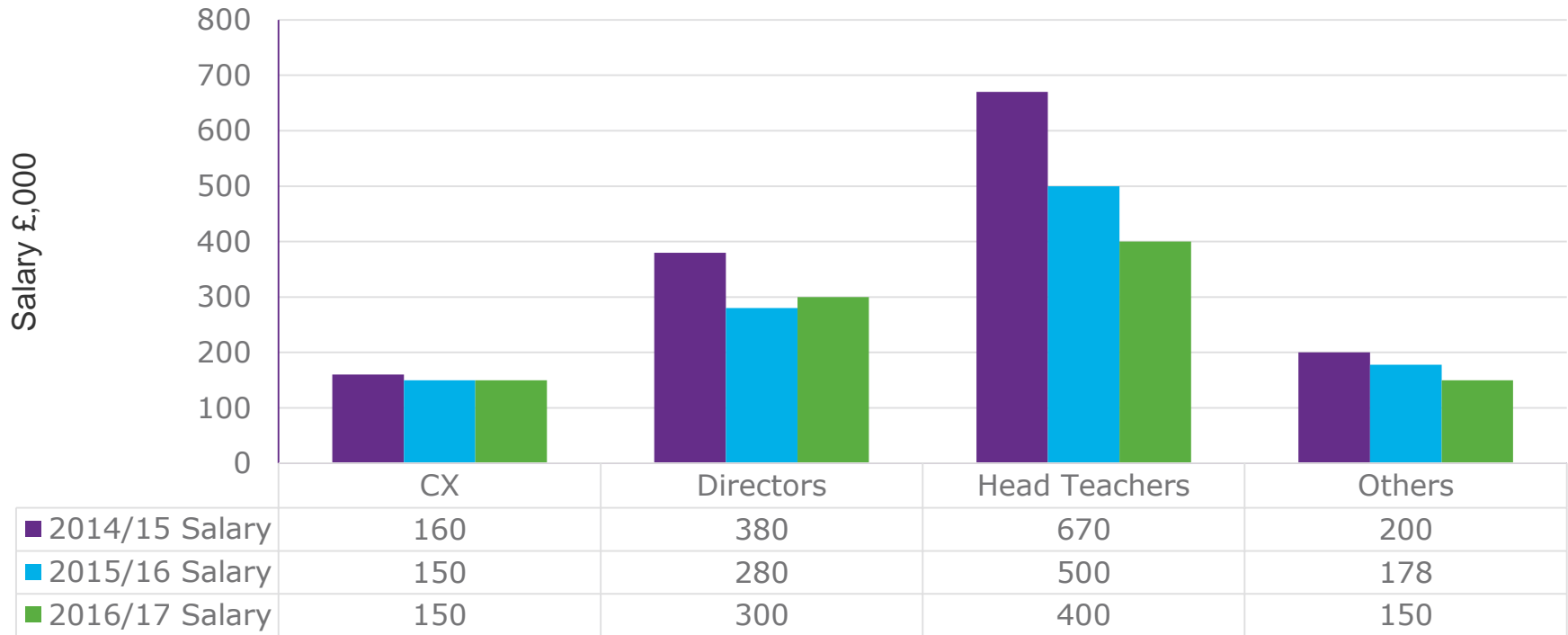
- Why do we produce accounts?
  - Statute, auditor, we like it....
- Why does anyone read a set of accounts?
  - Local matter of interest - inspect records, stop a scheme, etc...
  - Interview
  - Broad overview if the Council is achieving its objectives and its financial direction of travel

# Innovative ways to make accounts more user friendly

- How do we get more interest?
  - Plan: How much time is given to planning presentation? Do you know what you want to convey to which audience? Who will write and own the narrative?
  - Simplicity: Are the accounts number after number? Do they require cross reference from pages to others?
  - Put in market context: Where possible compare figures with other similar authorities, or compare with last years activity
  - Visual: How much is presented in pictures, charts, or graphs?

# Visual Examples – Officers pay

Note on Chief Officers Pay



## Visual Examples

- **Others....**
  - % Pay that is pension contribution
  - Aged debt
  - Cash flow / liquidity / borrowing
  - Split Assets and Liabilities, ratios
  - Financing of assets

# Visual Examples – assets held

- George Ward School and before / after



## Visual Examples – assets held

- Shurnhold





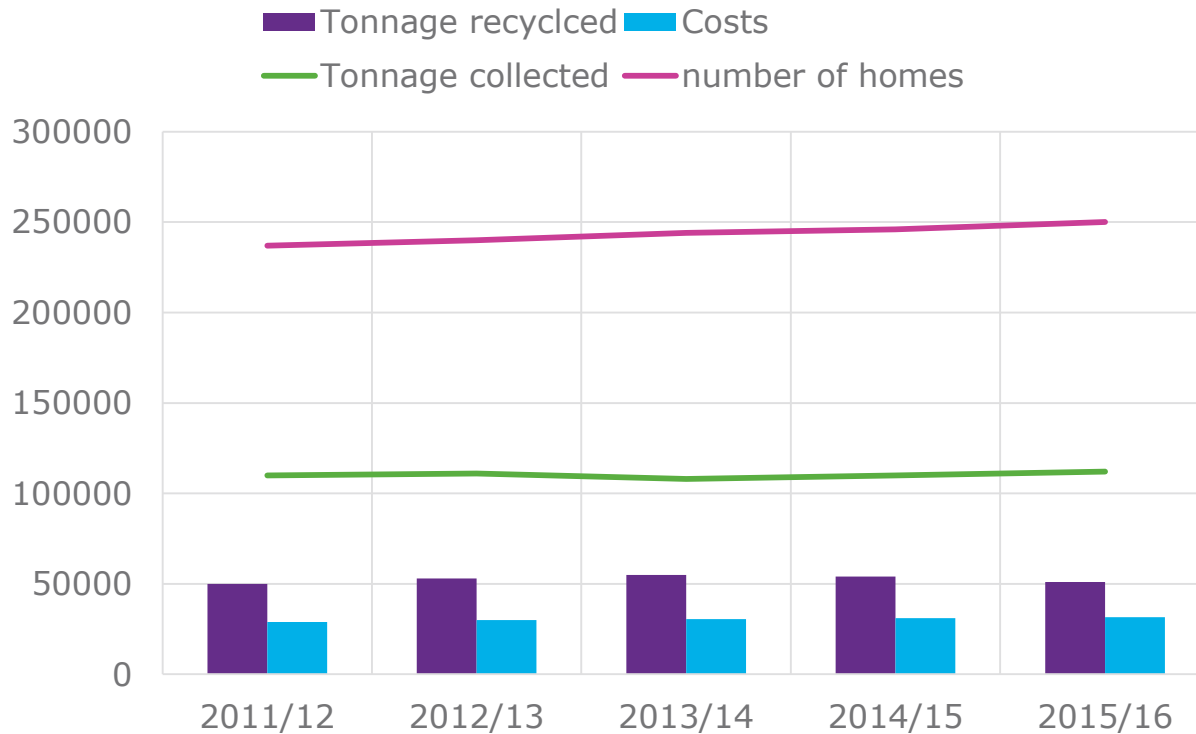
# Innovative ways to make accounts more user friendly

- How do we get more interest?
  - Link to performance: How much of spend is linked to performance?
    - Social Care – average cost of domiciliary care, length of care
    - Safeguarding – number of foster carers, length of placement
    - Waste Collection – tonnage recycled
    - Grass cutting - cost
    - Roads – repairs
    - Employment – numbers of jobs created
  - Speed of closure

# Innovative ways to make accounts more user friendly

How do we get more interest?

- Waste Collection – tonnage recycled - visual



# Innovative ways to make accounts more user friendly

## How do we get more interest?

- Consider rate payers as shareholders
  - Debt Provisions – tell story of doubtful debts
  - Risks – tell story of how managing investments or NNDR Appeals
  - Reserves – tell story of risk, or pressures
  - Pensions – tell story of plan to fully fund and cost of this
  - Future – tell story of plans e.g. land sales, contracts, workforce strategy, apprentices, Brexit

# Innovative ways to make accounts more users friendly

- How will you get your s151 Officer or Chief Executive to write / read?

## Conclusions

- Take 5 minutes to consider why we produce accounts
- Work out who will be target audience
  - Start with Councillors and Executive Leaders and the changes for 2016/17
- Plan, plan, and plan some more
- Make the narrative interesting and engaging
- Let the narrative explain your numbers
- Consider others drafting with you
- Plan to get feedback ready for 2017/18

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