

Division(s): N/A

Narrative Report 2017-18

Performance Scrutiny Committee, 24 May 2018

Introduction

1. The Accounts & Audit Regulations 2015 s.8(2) require that every local authority's Annual Statement of Accounts must include "comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year." This is usually called the Narrative Report.
2. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 prescribes that "The structure and presentation of the Narrative Report should be determined by the authority in order to best meet the needs of the users and reflect the individual characteristics of the authority and the reporting period under review. The Narrative Report should focus on those elements that are material to an understanding of the financial position and performance of the authority". For 2017/18, CIPFA has also emphasised that the narrative report should address the impact of financial pressures on local authorities.
3. In plain terms, the Narrative Report is intended to make the accounts more accessible to the public through 'telling the story'. It should complement the finance data by explaining how the council was funded during the year, the services that were delivered, service performance and the outcomes achieved.

Draft Narrative Report 2017-18

4. The draft Narrative Report (Annex 1) is being presented to the Director of Finance on 18 May for her to approve for inclusion in OCC's Annual Statement of Accounts. As requested in Performance Scrutiny Committee's March 2018 meeting, the draft is also being presented to the Committee for information.
5. The drafting has been led by OCC's Corporate Performance & Risk Manager, Strategic Finance Manager (Accounting & Reporting), and Strategic Finance Manager (Strategy and Monitoring), with input from all of the council's directorates. It presents the context within which the Council worked in 2017-18, including the existing Corporate Plan and the new Vision, and draws on processes for finance and performance management which were undertaken throughout the year.
6. This has been informed by the latest guidance issued by CIPFA and by an internal review of previous years' reports. In the 2017-18 draft, we have tried to

go further in terms of detail and context, both in line with CIPFA guidance and what we judge the public would wish to know.

7. Once approved by the Director of Finance, the Narrative Report will be included in the signed Annual Statement of Accounts and published on 31 May.

Performance update, Quarter 4 2017-18

8. As in previous years, County Leadership Team decided not to commission a stand-alone Business Management Report for Quarter 4. This was on the basis that the Narrative Report contains an extensive review of the council's performance at year end, i.e. to 31 March, the same as Quarter 4.
9. The section of the Narrative Report titled "Performance Management" therefore reflects on the whole of 2017-18, including progress made during the final quarter of the year (January - March 2018).
10. Additionally, the performance dashboards later in the Narrative Report show the council's performance as at 31 March 2018, as reported against the outcomes and measures used in quarterly Business Management reports throughout the year. This fulfils the Committee's request in March to have sight of how matters stood at the close of the year.

RECOMMENDATIONS

11. **The Committee is RECOMMENDED to note the Narrative Report, and with respect to the information on OCC's performance in Quarter 4 2017-18 to consider any items which members wish to schedule for future scrutiny.**

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Report by: Lorna Baxter, Director of Finance

Contact Officers: Steven Jones, Corporate Performance and Risk Manager
steven.fairhurstjones@oxfordshire.gov.uk 07932 318 890

Hannah Doney, Strategic Finance Manager (Accounting & Reporting) hannah.doney@oxfordshire.gov.uk 07584 174 654