



**MINUTES OF THE MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday, 28 June 2017 at Lecture Theatre - Fire Service Headquarters, Winsford, Cheshire at 12.00 pm**

**PRESENT:** Councillors D Bailey, M Biggin, A Dirir, P Harris, J Saunders, T Sherlock, and M Simon and independent member A Ruddy.

**1 PROCEDURAL MATTERS**

**A Recording of Meeting**

Members were reminded that the meeting would be audio-recorded.

**B Membership of Committee**

Members of Performance and Overview Committee fulfil the role of the Closure of Accounts Committee.

**C Apologies for Absence**

No apologies for absence were received.

**D Declaration of Members' Interests**

There were no declaration of Members' interests.

**2 2016-17 DRAFT FINAL ACCOUNTS**

The Accountant introduced the report and advised Members that it was a statutory requirement that the Treasurer approved the draft annual accounts of the Authority by the end of June each year. He explained that, as part of the annual accounts process, a draft set of accounts was reported to this Committee for its consideration. He advised that the accounts were subject to external audit and that this process had already commenced. Once the audit was completed the accounts would be formally considered for approval by the Fire Authority at its meeting in September.

The Accountant highlighted that from 2017-18 the deadlines for the approval of accounts would change. The accounts would need to be approved by the Treasurer by 31<sup>st</sup> May 2018, and would need to be approved by the Authority by 31<sup>st</sup> July 2018. Plans were in place to deliver the accounts within the new deadlines and the relevant Member meetings would be timetabled accordingly.

The Accountant provided initial context to the report by referring Members to the Statement of Responsibilities within the report, which included the responsibilities of the Authority and the responsibilities of the Treasurer to the Authority. He drew Members' attention to the Narrative Report, attached as Appendix 1 to the report,

which provided an introduction to the accounts. He highlighted that an important supporting document to the accounts was the Authority's annual Governance Statement, which explained how the Authority managed its governance and internal control measures. Appendix 2 to the report explained the Treasurer's view as to why the Authority should be considered as a going concern.

The Accountant referred Members to the financial statements within the accounts. For 2016-17 the accounts included a new statement called 'The Expenditure and Funding Analysis'. It showed how annual expenditure was used and funded from Government grants and council tax by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also showed how this expenditure was allocated for decision making purposes between the Authority's services and departments.

He drew Members' attention to the Comprehensive Income and Expenditure Statement which captured the inflow and outflow of resources for the financial year up to 31 March, which were received or incurred as part of the ordinary activities of the Authority. He highlighted that the net expenditure for the cost of services for 2016-17 was £40.2m, with gross income at £2.1m and gross expenditure at £42.3m. The figure concerning the (Surplus)/Deficit on Provision of Services for 2016/17 showed a deficit of £14.3m compared to £6.2m in 2015-16. The Accountant informed Members that this had increased by £8.1m compared to 2015-16 due mainly to higher IAS 19 pension costs, higher depreciation costs and lower grant income.

The Accountant also referred Members to the Movement in Reserves Statement 2016/17 which indicated the movement from the start of the year to the end on the different reserves held by the Authority, divided into 'usable' reserves and other 'unusable' reserves. He drew Members' attention to the general fund balance which changed from £7.4m to £7.9m over the financial year. He informed Members that the Authority started 2016-17 with £36.7m of usable reserves and by the end of the financial year these had reduced to £28.1m, reflecting the investment made through the Emergency Response Programme in new fire stations and the Safety Centre at Lymm together with the annual vehicle replacement programme.

A Member queried whether the IRMP reserves were used for both capital and revenue expenditure and whether the Service allocated a specific amount to either. He also queried how the Services' levels of reserves compared nationally. The Accountant informed the Committee that no specific percentage of IRMP reserves were designated for capital or revenue expenditure and that there were currently no national statistics available to compare the Service's reserves against.

The Accountant referred Members to the Balance Sheet which detailed the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Authority. He drew Members' attention to short-term investments, short-term debtors and creditors, long-term assets and net pension liability (IAS 19). He also drew Members' attention to the Cash Flow Statement and Firefighter Pension Fund.

A Member asked for further information concerning the Authority's short-term debtors. The Accountant informed Members that further detail was contained within

Note 15 to the accounts which broke down the £4.7m owed to the Authority into categories. A Member requested a breakdown of the figures behind the 'unusable' reserves. The Accountant informed Members that further detail on the 'unusable' reserves was contained in Note 20 and the increase reflected the growth in the value of assets.

The Accountant concluded by referring Members to page 18 of the draft accounts which contained a list of the notes to the accounts that provided further detail on all areas within the main body of the report.

**RESOLVED: That**

- [1] the draft Statement of Accounts 2016-17 and going concern document (Appendix 2) be noted.**