



**AS A RESULT OF CONCERNS ABOUT THE RISKS ASSOCIATED WITH MEETING IN PERSON CAUSED BY THE CORONAVIRUS PANDEMIC THIS MEETING TOOK PLACE VIA SKYPE.**

**THE LAW AT THE TIME OF THE MEETING DID NOT RECOGNISE REMOTE MEETINGS (LIKE SKYPE) AS FULFILLING THE REQUIREMENT FOR PUBLIC ACCESS. THEREFORE, THE MEETING WAS INFORMAL WITH NO DECISIONS MADE. ANY DECISIONS THAT NEED TO BE MADE IN RESPECT OF ITEMS ON THE AGENDA WILL BE DEALT WITH AT THE NEXT FORMAL MEETING OF THE COMMITTEE.**

**NOTES OF THE INFORMAL MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday, 20 July 2022 via Skype at 10.00 am.**

**PRESENT:** Councillors Phil Harris (Chair), Razia Daniels, Gina Lewis, Peter Walker, Peter Wheeler, Norman Wright and independent (non-elected member) Derek Barnett.

**1 PROCEDURAL MATTERS**

**A Recording of Meeting**

Members were reminded that this meeting would be audio recorded.

**B Apologies for Absence**

Apologies for absence were received from Councillors James Nicholas and Jonathan Parry. They were unable to join the meeting as they were attending a Cheshire East Full Council meeting. As their substitutes were also Cheshire East members they were not in attendance.

**C Declaration of Members' Interests**

There were no declarations of Members' interests.

**2 DRAFT STATEMENT OF ACCOUNTS 2021-22**

The Treasurer introduced the report and outlined the timescales for the production of the annual accounts. The regulations require the Section 151 Officer to sign off the draft accounts by 31<sup>st</sup> July each year. The accounts were subject to external audit and once completed the Fire Authority would formally consider the accounts for approval on 28<sup>th</sup> September 2022.

The Treasurer drew Members attention to the Financial Performance 2021-22 in the Narrative Report. The Fire Authority received £44.48m funding over the period with the majority of the funding received from Council Tax. The Treasurer referred Members to the Expenditure by Type 2021-22, 54% of the expenditure was employee-related costs, at £32.76m.

The Treasurer outlined the key achievements from 2020-21, including the opening of the Training Centre by HRH The Earl of Wessex, the purchase of the 'The Scorpion', a high reach fire engine and the equipment purchased to fight wildfires.

The Treasurer explained the Authority's Pension Liability within the report, including the implications of the McCloud/Sargeant legal case.

The Head of Finance reminded Members that the accounts were based on the International Financial Reporting Standards. She drew Members attention to the Expenditure and Funding Analysis Note 2021-22 which stated the reported outturn and shows any movement of reserves. The reserves were increased by £1.53m in 2021-22 compared to £0.93m in 20-21.

The detailed Movement in Reserves Statement 2021-22 showed the Transfers to and from earmarked reserves, with the balance on 31<sup>st</sup> March 2022 at £24.01m up from £22.47m in 2021. The majority of the reserves were committed to projects within the approved capital investment programme.

A Member questioned where in the accounts the liability was shown for the McCloud/Sargeant pension ruling. The Head of Finance outlined that it was included in the actuarial movement and included in the overall pension liability.

The Head of Finance drew Members attention to the Balance Sheet which sets out the value of the assets and liabilities recognised by the Authority. The Land and Buildings figure was provided by an external valuer. The Assets Under Construction figure had reduced from £2,06m in 2021 to £0.95m in 2022, this reduction was accounted for when the projects were completed and operational, they move into either the vehicles or buildings asset categories.

The Head of Finance highlighted the Net Pension Liability (IAS 19) and explained the IAS was International Accounting Standard number 19. The accounts had to state the pension liability based on an actuarial valuation of the cost of our pensions if they were to be paid in full, based on a number of assumptions, including when an individual retires, and their final pay. The figure of £604.33m represents the liability of current and future employees and this would not be required to be paid in one lump sum, however, it affects the Total Reserves figure.

The Head of Finance explained the difference between the Firefighter Pension Fund and the Local Government Pension Scheme. The Local Government Pension Scheme was run by Cheshire West and Chester Council and was asset-backed. The Firefighter Pension Fund was covered by two sources of funding, current contributions paid by employees and a Government top-up grant. There was no increase in the Government top-up grant for 2021-2022.

The Head of Finance explained the Accounting Standards that had been issued but had not yet been adopted. The International Financial Regulatory Standard 16, the accounting treatment of leases would come into effect in the accounts from the next financial year.

The Head of Finance drew Members attention to the Assumptions made about the future and other major sources of uncertainty. Debtors were brought to Members attention, Central Government Bodies had decreased from £3.75m in 2021 to £1.73m in 2022, due to the Covid Grants being paid in 2021.

A Member questioned where the cost of insurance for vehicles and people was shown in the accounts. The Head of Finance outlined that the figure was included within the comprehensive income and expenditure statement against the department they were attributed to.

Members indicated that they were satisfied with the report and accompanying information. They were happy to move onto the next item.

### **3 ANNUAL GOVERNANCE STATEMENT 2021-22**

The Annual Governance Statement was introduced by the Treasurer. The framework was described and the structure and scrutiny mechanisms. The External Auditors had recommended that an Audit Committee be established for enhanced governance, it was expected that the first meeting of this committee would take place in November 2022.

The Treasurer outlined to Members the Internal financial controls that were in place to maintain correct financial arrangements and safeguard the Authority. The HMICFRS inspection gave a 'Good' grading and the head of internal audit gave 'Substantial Assurance' on the controls that the Service operated within the organisation.

The Treasurer drew Members attention to the three areas highlighted for further action and the progress to date for Coronavirus, Governance and HMICFRS Inspections. He outlined the areas for action in 2022-23 and gave a summary of how the actions would enhance the governance arrangements.

Members indicated that they were satisfied with the report and accompanying information. They were happy to conclude the informal meeting.