



MINUTES OF THE MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday, 22 June 2016 at Fire Service Headquarters, Winsford, Cheshire on the rise of Policy Committee.

PRESENT: Councillors D Flude, D Mahon, G Merry, K Mundry, S Nelson, S Parker, B Rudd, T Sherlock, J Weatherill and S Wright

ALSO IN ATTENDANCE: External Auditor, Grant Thornton representative: Perminder Sethi, Internal Auditor, MIAA representative: Kevin Lloyd

1. Procedural Matters

A Recording of Meeting

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

B Membership of Committee

Members were asked to note the membership of the Committee for 2016-17, as agreed by the Fire Authority at its Annual Meeting on 15 June 2016 and listed below:

Councillors B Rudd – Chair
 S Nelson – Deputy Chair
 D Flude
 D Mahon
 G Merry
 K Mundry
 S Parker
 T Sherlock
 J Weatherill
 S Wright

C Apologies for Absence

No apologies were received for this meeting.

D Declaration of Members' Interests

There were no declarations of Members' interests.

2 2015-16 DRAFT FINAL ACCOUNTS

The Head of Finance 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 Head of Finance introduced the External Auditor, Perminder Sethi from Grant Thornton, and Internal Auditor Kevin Lloyd from MIAA, who were in attendance at the meeting. He also introduced his colleagues Sue Mantle, Finance Manager, and Jerry Faulkner, Accountant, who would be assisting him in presenting the draft final accounts to Members. Members were provided with a copy of the draft accounts for review and reference at the meeting.

The Head of Finance drew Members' attention to the Narrative Report (formerly called the Explanatory Foreword), attached as Appendix 1 to the report, which was a context setting introduction to the accounts. He explained that each of the sections within the Narrative Report would be covered in more detail as he continued with his presentation of the draft 'Statement of Accounts 2015-16'. He advised that within the Explanatory Foreword there was a breakdown of expenditure by type and function, which confirmed that the majority of the Authority's actual expenditure was employee related and reinforced where the review of savings needed to be focused.

The Head of Finance explained that Appendix 2 to the report detailed the Treasurer's view as to why the Authority should be considered as a going concern. The Appendix considered a number of factors which he had taken into account in determining his view. He confirmed that, taking all these factors into consideration, it was a reasonable conclusion that the Authority should be viewed as a going concern when preparing the annual accounts.

The Head of Finance and his team provided an overview of a number of areas within the draft accounts, including the outturn against revised budget for each service area and showed an underspend of £941k against its revised 2015-16 budget of £42,456k. He confirmed that this was after underspends totalling £1.1m had been identified at the Authority's quarterly review. He explained that the underspends were mainly due to the lower than budgeted costs for On Call activity, savings on ICT software and hardware and savings on fuel and utility costs. He also informed Members that these underspends had been reported to the Performance and Overview Committee during the year. It was the intention to transfer the underspend into earmarked reserves to underpin the delivery of Integrated Risk Management Plans (IRMPs) and the Authority's capital programme.

Members enquired about the cost of Blue Light Collaboration and relocating CFRS Headquarters to Clemonds Hey. The Head of Finance confirmed that the current figures were subject to change due to proposals to retain the Fire Headquarters site and develop it into a Training Centre. He explained that further information would be given concerning the Training Centre options at the Members Planning Day on 8 July 2016.

The Finance Manager explained the overall position on the Comprehensive Income and Expenditure Statement (CI&E). The Accountant referred Members to the impact of the revaluation of assets as shown in the CI&E. Members queried the figure for other comprehensive income and expenditure, totalling £68.7m. The Accountant confirmed that the majority of this was to safeguard against potential future liabilities

in the pension schemes.

The Head of Finance explained the Movement in Reserves Statement to Members. He highlighted usable and unusable reserves, and explained that the level of the earmarked revenue reserves was programmed to fall as it would fund the new station build, other capital activity, the revenue implications of delivering IRMPs and other activity, such as the purchase of uniforms and equipment.

The Finance Manager 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. The Finance Manager also referred Members to short-term investments and short-term debtors and creditors. She further explained that the net assets of the Authority were matched by the reserves held by the Authority and expanded on the nature of the Usable and Unusable Reserves. It was confirmed that long-term borrowing was reducing as debt becomes due for repayment.

The Accountant referred Members to the Firefighter Pension Fund. He informed Members of the contributions receivable, benefits payable, and current assets and liabilities. The Accountant confirmed that there was an £11.7m deficit in 2015-16 but that a top-up grant from the government funded the deficit. This was confirmed as a significant increase in comparison to the deficit of the previous financial year (£8m). Members were informed that this was due to the volume of retirements that had occurred leading to an increase in the payment of lump sums.

The Head of Finance concluded by referring Members to further sections within the draft accounts, which included Officers' remuneration and remuneration bands, termination benefits, and Members' Allowances. He also referred Members to the note on NW Fire Control Limited (NWFC) and explained that it had been determined that the Group Accounts were not required for the financial year 2015-16 after considering both the qualitative and quantitative factors. The need for group accounts would be kept under review.

Members wished to thank the Head of Finance and his team for all their hard work in the preparation and production of the draft accounts. They stated that the Authority was performing well and were satisfied with the current position.

RESOLVED That:

[1] the 2015-16 draft final accounts and going concern document be noted.