

Cheshire Fire Authority as a Going Concern

An underlying assumption to the accounts is that the Authority is a going concern for the foreseeable future.

The Authority delivers services which are essential to the communities it serves. Should the Authority find itself in financial difficulty, those essential services would continue to be delivered by Central Government or another agency.

The Authority has an annually approved Medium Term Financial Plan (MTFP) which models the Authority's estimated financial position in the current year and the next three years, informed by a set of assumptions about factors such as cuts in government support, pay and price inflation, council tax increases etc. This is the key tool by which the Authority measures its future financial viability. The latest version approved by Members shows that the Authority needs to save an estimated £2.4m to £6.5m through to 2022 dependent on Government funding and the level of council tax increase. The MTFP is regularly reviewed by Members and officers, and the latest version will be considered by Members during the summer. Future savings will be addressed by the further changes to the delivery of services (both operational and support).

The Authority has recognised that the savings which it needs to make may lead to a need to temporarily bolster its budget from reserves, as there may be a time lag between the recognition of savings in the budget and their actual delivery. Underspends achieved in recent years have therefore been earmarked to an IRMP reserve in part to enable this, and also to help fund capital costs. This allows the Authority to undertake reviews and deliver savings in a more measured way than might otherwise be possible.

Members approved a Reserves Strategy at its February meeting alongside the 2018/19 budget. This reviews the levels of reserves held; their forecast usage and the risks and rewards of holding such reserves.

The Authority's high level cash flow forecast shows that the Authority maintains a cash surplus for the life of the MTFP, given the assumptions underlying the MTFP.

The Authority maintains a corporate risk register, which is used to report on risk, including that which relates to finance. This is regularly reviewed and the potential impact of finance risks coming to fruition is included in this process.

The Treasurer considers that taking all these matters into account, it is reasonable to conclude that the Authority should be viewed as a going concern and the Authority is able to adopt that basis in preparing its accounts.