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MINUTES OF THE MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday, 29 May 2019 at Lecture Theatre - Sadler Road, Winsford, Cheshire at 10.00 am

PRESENT: Councillors P Harris (Chair), M Biggin, K Mundry and R Polhill

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

There were no apologies for absence received.

D Declaration of Members' Interests

There were no declarations of Members' interests.

2 2018-19 DRAFT STATEMENT OF ACCOUNTS

The Treasurer introduced the report and advised Members that it was a statutory requirement that he approve the draft annual accounts of the Authority by the end of May 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.

It was reported that the accounts were subject to external audit and that once the audit was completed the Authority would formally consider the accounts for approval at the meeting on 24th July 2019. The Treasurer thanked the Head of Finance and finance staff for their hard work in preparing the accounts by the required deadline.

The Treasurer referred Members to the Comprehensive Income and Expenditure Statement (CI&E Statement) within the draft accounts (Appendix 1 to the report) and highlighted the "Total Comprehensive Income & Expenditure" figure and how this had changed from the previous year. Notes included within the accounts provided further information on the CI&E Statement.

He drew Members' attention to the Balance Sheet within the draft accounts, which detailed the value, as at 31st March 2019, of the assets and liabilities recognised by the Authority. It indicated that the Authority had a negative net worth of £468m which was an improvement over the previous years' figure of £476m. The Treasurer explained that the "Net Pension Liability" of £565m was the main factor affecting net

worth. In order to make the Balance Sheet balance, a contra entry was included as an “Unusable Reserve”. This was a technical accounting adjustment and did not represent money that was available for use.

The funding amounts for Cheshire Fire Authority for 2018/19 were detailed at paragraph 3.1.3. of the report. Members were reminded that the Authority received over half of its revenue funding from its share of council tax ‘precept’ that was collected from the four local authorities. The precept approved by the Authority for 2018/19 was increased by 2.99% that was £75.48 (compared to £73.29 in 2017/18) for a Band D property. In addition to the precept, the Authority received its share of a surplus or deficits on the council tax collection funds which amounted to a surplus allocation of £0.03m for 2018/19 compared to £0.41m for 2017/18.

The majority of the balance of revenue funding was received from Central Government and the four local authorities in the form of the Settlement Funding Agreement that was broken down into two elements – Revenue Support Grant and Baseline Funding Level. This was detailed further at paragraph 3.1.2. of the report.

The Head of Finance advised that a detailed assessment for Group Accounting requirements had taken place again during 2018/19 in respect of North West Fire Control. For the 2018/19 accounts on the basis of materiality of the 25% share against the balances of the Authority it had been determined that Group Accounts were required for this financial year and had meant restating the accounts for 2017/18 as well. 2018/19 transactions between the Authority and NW Fire Control Ltd include invoices raised by NW Fire Control Ltd to the Authority for the control room service £829k (£810k 2017/18); and use of facilities in the building £2k (£3k 2017/18). 2018/19 invoices raised by the Authority to NW Fire Control Ltd include reimbursement of £7k costs (£11k 2017/18) relating to the network link. The Company's 2017/18 Financial Statements could be obtained from Companies House, and the 2018/19 Financial Statements would be available by the 31 December 2019 (standard deadline for submission for the final audited 2018/19 accounts).

The Head of Finance also advised that due to the uncertainty surrounding the outcome of the McCloud/Sargeant judgement (relating to alleged unlawful age discrimination arising from the transitional pension provisions in the Fire Pension and LGPS Regulations), with the Government awaiting ruling on its right to an appeal, it is too early to know what the likely impact may be on members’ benefits. In view of this, no allowance has been made for any potential resulting increase in liabilities in these disclosures. It was recognised that this was an ongoing concern and the external auditors, Grant Thornton would be monitoring the situation closely.

Members thanked the Treasurer and Head of Finance for their work on the accounts.

RESOLVED: That

[1] the draft Statement of Accounts 2018-19 be noted and be submitted to the Fire Authority on 24th July 2019 for final consideration and approval.

3 ANNUAL GOVERNANCE STATEMENT 2018-19

The Director of Governance and Commissioning introduced the Cheshire Fire and Rescue Authority Annual Governance Statement (AGS) 2018-19, required to accompany the draft Statement of Accounts. The production of the Annual Governance Statement was a requirement under the Accounts and Audit Regulations (England) 2015 and helped to ensure that a reliable system of internal controls could be demonstrated.

In previous years the Statement of Assurance and the Annual Governance Statement had been a combined document. However, this year a decision had been taken to separate the two subject areas to improve governance arrangements and transparency.

The Annual Governance Statement 2019-20 would be submitted to the meeting of the Fire Authority on 24th July 2019 for consideration and approval accompanying the Final Accounts 2018-19.

RESOLVED: That

[1] the Annual Governance Statement 2018-19 be noted and be submitted to the Fire Authority on 24th July 2019.

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