

CHESHIRE FIRE AUTHORITY

MEETING OF : **CLOSURE OF ACCOUNTS COMMITTEE**
DATE : **22nd JUNE 2016**
REPORT OF : **HEAD OF FINANCE**
AUTHOR : **PAUL VAUGHAN**

SUBJECT : **2015-16 DRAFT FINAL ACCOUNTS**

Purpose of Report

1. It is a requirement that the Treasurer approves the draft annual accounts of the Authority by the end of June. At this stage of the annual accounts process, a draft set of accounts is reported to the Closure of Accounts Committee for scrutiny and comment. Once approved by the Treasurer, the draft accounts are subject to External Audit. Members wishing to raise any issue in respect of the accounts may therefore do so during the period of the audit through the summer. When the audit is complete, the accounts are formally considered for approval by the Fire Authority in September. The Auditors have already commenced their work, although the Treasurer will not formally approve the accounts until after the Closure of Accounts Committee has taken place.
2. A copy of the Narrative Report (formerly called the Explanatory Foreword) included in the draft accounts is attached as Appendix 1. This is a context setting introduction to the accounts. The draft accounts themselves form a substantial document and, to avoid waste, hard copies have not been enclosed with this report. A copy of the draft accounts will be placed on the internet in the week before the Closure of Accounts Committee, and hard copies will be made available at the meeting. Should any Member wish to receive a hard copy in advance of the meeting, please contact Joanne Smith in Democratic Services.
3. The Finance Team will provide Members with a detailed presentation of the accounts at the meeting.
4. An important supporting document to the accounts is the Authority's Annual Governance Statement, which explains how the Authority manages its governance and internal control measures. This now forms part of the Annual Statement of Assurance, a draft copy of which will be considered at the meeting of the Governance and Constitution Committee on 6th July 2016. It is therefore no longer considered by the Closure of Accounts Committee.

5. Appendix 2 to this report explains the Treasurer's view as to why the Authority should be considered as a going concern. This is an important consideration in the context of preparation and audit of the annual accounts, and Members are asked to consider whether they agree with the Treasurer's conclusion.

Recommended: That Members

[1] Note the draft accounts and enclosed going concern document.

Background

2015-16 Draft Accounts

6. The draft accounts show that the Authority has underspent by £941k against its revised 2015-16 budget of £42.5m. This is after underspends totalling £1.1m had been identified at the Authority's quarterly reviews. Members will be aware of the significant challenges facing the Authority in delivering future savings. In particular the Authority is funding a capital programme of around £17.5m to fund the building of four new fire stations and a safety centre as part of Emergency Response Programme (ERP), of which around £10.5m has yet to be spent. The purpose of the ERP is to facilitate a more efficient Service Delivery department which remains resilient and able to safely meet demand for our services. Already identified underspends are shown in the draft accounts as transfers to reserves, as agreed at Performance and Overview Committee during the year, and these reserves will be used to fund the capital programme including that relating to the ERP. At the Authority meeting which approves the accounts, Members will be asked to endorse this and to agree that the remaining underspend of £941k also be transferred to the Capital Reserve.
7. The Authority's accounts show a General Reserve of £7.4m, which includes the final underspend of £941K prior to any agreed transfer to the Capital Reserve. The level of this reserve must be set in the context of the significant financial concerns of the next few years, not least the uncertainty of future grant settlements. The General Reserve is risk assessed as part of the annual budget process.
8. The Authority also has other earmarked reserves, which is to say that they are reserved for specific purposes. For example, Members will be aware of the IRMP reserve, which is intended to fund future IRMP proposals, the Community Risk Reduction Reserve which is to fund community safety initiatives and activity, and the UPG (Unitary Performance Group) Reserve for use on local community safety initiatives.

Financial Implications

9. The accounts report the financial performance and position of the Authority, and as such are a key part of ensuring that the finances of the Authority are properly managed.

Legal Implications

10. The approval of the accounts before 30th June by Members is not now a statutory requirement. However, the Treasurer is required to formally approve the accounts before 30th June, and Members are required to approve the audited accounts by 30th September.
11. From 2017- 18 the deadlines for the approval of accounts will change. The accounts will need to be signed off by the Treasurer by 31st May, and will need to be approved by the Authority by 31st July.

Equality and Diversity Implications

12. There are no Equality and Diversity implications arising from the report.

Environmental Implications

13. Copies of the accounts will be made available in electronic format, but the number of hard copies published will be kept to a minimum in recognition of the environmental impact.

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BACKGROUND PAPERS :