

Cheshire Fire Authority

The 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 make around £5m of savings between now and 2019-20. The MTFP is regularly reviewed by Members and officers, and the latest version will be considered by Members during the summer. The Authority has successfully delivered savings of around £9m in the five years from 2011-12 to 2015-16. Future savings will be addressed by a new review of the delivery of Emergency Response activity and further Value for Money reviews.

The Authority has agreed to build three new fire stations and a safety centre to be completed in the current and next financial year. The Authority has the grant and reserve funding in place to build these without borrowing. It has a relatively low level of debt and has a strategy of continuing to fund its capital programme from revenue or reserves wherever possible. This is especially important if Capital Grant is no longer available to fund core expenditure such as the replacement of vehicles.

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 necessary.

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 are included in this process.

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