



MINUTES OF THE MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday 24 June 2015 at Fire Service Headquarters, Winsford on the rise of Policy Committee.

PRESENT:

Councillors J Joyce, M Biggin, P Booher, P Carey, D Flude, B Rudd and J Weatherill

ALSO IN ATTENDANCE:

External Auditors, Grant Thornton representative: Ged Small

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 2015-16, as agreed by the Fire Authority at its Annual Meeting on 17 June 2015 and listed below:

Councillors J Joyce – Chair
 M Biggin
 P Booher
 P Carey
 D Flude
 P Mason
 S Nelson
 S Parker
 B Rudd
 J Weatherill

C APOLOGIES FOR ABSENCE

Apologies were received from Councillors P Mason, S Nelson and S Parker.

D DECLARATION OF MEMBERS' INTERESTS

There were no declarations of Members' interests.

E MINUTES OF THE CLOSURE OF ACCOUNT COMMITTEE

Resolved: That

[1] the minutes of the meeting of the Closure of Accounts Committee held on 25 June 2014, be received for information.

2 2014-15 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, Ged Small from Grant Thornton, who was in attendance at the meeting. He also introduced his colleagues Sue Mantle, Finance Manager and Tom Williamson, 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 explained that Appendix 2 to the report detailed his 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 drew Members' attention to 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 'Explanatory Foreword' would be covered in more detail as he continued with his presentation of the draft 'Statement of Accounts 2014-15'. He advised that an important supporting document to the accounts was the Authority's Annual Governance Statement which explained how the Authority managed its governance and internal control measures. This now formed part of the Annual Statement of Assurance which would be considered at the meeting of the Governance and Constitution Committee on 15 July 2015. 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 re-inforced where the review of savings needed to be focussed.

The Head of Finance and his Finance team gave an overview of a number of areas within the draft accounts, including the outturn against revised budget for each service area with an underspend of £494k. He confirmed that underspends, mainly due to the continuing impact of the VFM reviews, had been reported to the Performance and Overview Committee during the year and subsequently transferred into earmarked reserves to underpin the delivery of Integrated Risk Management Plans (IRMPs) including the planned build and delivery of new stations. He advised that these underspends amounted to around £1.6m and were reflected within the Movement in Reserves Statement along with other reserves.

The Finance Manager referred Members to the Income and Expenditure Statement within the draft accounts which detailed the costs of services and the Authority's

Balance Sheet which showed the value of the Authority's assets and liabilities. The Finance Manager referred Members to the breakdown of income received on investments and payable on debt and finance leases along with grant income from government grants, council tax and business rates. The Accountant explained the movements in the value of assets such as land and building, vehicles and plant and equipment, in particular referring to the recent land purchases in Alsager and Lymm and the agreed purchase of appliances. He explained that the significant reduction in intangible assets was mainly due to the derecognition of control room systems following the move to North West Fire Control (NWFC).

The Finance Manager referred to the short term investments reported on the Balance Sheet and confirmed that the value of stock mainly consisted of Personal Protective Equipment (PPE) being held in stores. She referred Members to the breakdown of short term debtors detailed within the accounts, the majority of which were from Central Government bodies (VAT), others included NHS (co-location and co-responder re-charges) and collection of council and business rates.

The Accountant advised Members that the Firefighters' Pension Fund was administered by Cheshire West and Chester Council and showed contributions made by both employer and employees. He referred to a number of entries within the Firefighters' Pension Fund including the transfers in from other pension schemes by employees and benefits payable (including lump sum retirement benefits paid). He concluded by advising Members that there was a reported deficit of £8.1m currently funded by central government by way of a top-up grant.

Members queried what would happen if the government decided to cut future top-up grants for the pension fund deficit. The Head of Finance confirmed that the Authority was liable for the pensions fund and it was a risk to the Service if the government cut this grant. There were a number of other public bodies in a similar position. The Accountant confirmed that the 2015 Firefighters' Pension Scheme had been designed by the government to reduce the deficit of the pension fund so that it would eventually 'level off' over time but he explained that this would take a considerable number of years, due to the earlier pension schemes still being active.

The Head of Finance concluded by referring Members to further sections within the draft accounts which included reference to events after the balance sheet date (land purchased where new M56 station will be built), officers remuneration and bands, termination benefits (mostly due to the transfer of the control function to NWFC), Members Allowances and contingent liabilities (potential for future insurance claims and pension costs with risk from on call firefighters having been allowed to retrospectively join the Firefighters pension scheme.)

A Member wished to compliment the Head of Finance and his team for all their hard work in the preparation and production of such comprehensive draft accounts in such a short timeframe. He stated that the Authority continued to perform well and the slight delay on capital expenditure would even itself out over the next few years. He said he was satisfied that the higher than usual amounts of reserves were necessary and well managed and he wished to commend officers.

The external auditor confirmed that the detailed audit phase had commenced with no issues to report to date but assured Members that his colleagues would highlight, in a timely manner, any issues that were identified.

RESOLVED That:

- [1] the 2014-15 draft final accounts and going concern document be noted.**