

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE

AUDIT COMMITTEE

13 FEBRUARY 2020

MINUTES

Present: Cllr Linda Maloney (Chair) Councillors Janet Grace,
Andrew Makinson and Lisa Preston

Also Present:

Apologies of absence were received from: Cllr Del Arnall
and Anthony Boyle

5. Chair's Announcement

Prior to the start of the meeting, information regarding general housekeeping was provided by the Chair to all in attendance.

The Chair confirmed to all present that the proceedings of the meeting would not be filmed.

The meeting was declared open.

1. Preliminary Matters

Members considered the identification of declarations of interest, any urgent additional items, and any business that may require the exclusion of the press and public.

Members resolved that:

- a) no declarations of interest were made by individual Members in relation to any item of business on the Agenda
- b) no additional items of business to be considered as matters of urgency were determined by the Chair; and
- c) no items of business required the exclusion of the press and public during consideration thereof, due to the possible disclosure of exempt information.

2. Minutes of the previous meeting

The Minutes of the previous meeting of the Audit Committee held on 26th September 2019, were approved as a correct record and signed accordingly by the Chair.

3. GT Annual Audit Letter 2018-2019 FINAL

Members considered the attached report from the Authority's External Auditors – Grant Thornton, concerning the Annual Audit Letter 2018-19.

Auditor, Michael Green, from Grant Thornton advised Members that following the completion of the audit Members were asked to consider the contents of the Audit letter, however the contents of the Annual Audit Letter were consistent with the contents of the Audit Finding Report that went to Policy & Resources on 12th December 2019. .

The Auditor confirmed his opinion on the Authority's Financial Statements, that they remain unqualified, and that he remains satisfied that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources to achieve value for money.

Members were advised that the final audit fee for 2018/19 was £8,000 higher due to the additional work that was required to ascertain the higher levels of assurance required in the updated audit standards for:

- Pension liabilities under IAS 19 and an assessment of the impact of the McColud ruling
- Property valuations

This fee variation is outlined in more detail in the Audit Letter.

Members resolved that:

- a) the content of the External Audit Letter 2018-19, be noted.

4. FINANCIAL REVIEW 2019/20 - APRIL TO DECEMBER

Members considered report number CFO/004/20 of the Director of Finance, concerning the revenue, capital and reserves financial position for the period April to December 2019.

Members were advised that the Revenue net budget requirement of £60.282m remains consistent with the original budget, with any budget movements in the 3rd quarter being self-balancing adjustments from either the inflation provision or reserves. Budget savings are being delivered as expected.

After reviewing the year-end income and expenditure forecasts officers have identified some revenue savings:

- £200,000 saving from the non-firefighter employee budget, which is a result of staff vacancies arising from staff turnover in the year.
- £50,000 saving from the non-employee budget, which has been identified on the supplies and services budget and is a result of savings on professional fees.
- £50,000 saving on the non-employee inflation provision, as price increases can be contained within the base budget in a small number of areas.
- The total identified saving is £300,000.

The current strategy is to use any additional savings identified in the year to pay debt off earlier in an attempt to free-up future Minimum Revenue Provision (MRP) budget for investment in frontline services. It is recommended that the £300k saving be used to fund an additional MRP payment in the year.

In relation to the Capital position, Members were advised that a number of small new schemes funded by reserves and revenue have been added to the programme during quarter 3 totalling £44,000. Also, £9.470m has been re-phased from 2019/20 into future years to reflect the expected actual yearly spend. The report outlines the reasons for this re-phasing and an analysis of the relevant schemes.

As a result of the re-phasing of the new St Helens fire station the planned £1.8m drawdown from the capital reserve in 2019/20 has been reversed, resulting in an increase of £1.8m in the capital reserve balance for 2019/20. The reserve drawdown will now take place in 2020/2021.

Treasury Management activities are consistent with the approved Treasury Management strategy. Members were advised that no new loans have been taken out so far this year and none are planned to be taken out before 31.03.2020. Investments have been made within the limits set for the various institutions, and stood at £31.8m as at the end of December.

Members questioned the increase in borrowing in quarter 1 outlined in Appendix C, the five-year capital programme, and were informed that this was due to the re-phasing of capital schemes at the end of 2018/19.

It was also asked by Members why the Training and Development Academy refurbishment is not now taking place until next year. Members were informed that this scheme is being delayed while officers look at the option of building a new TDA on a different site.

A further question raised by Members was if Merseyside Fire and Rescue Authority (MFRA) compare its reserves with other Fire and Rescue Authorities (FRA). The Director of Finance advised that the National Fire Chiefs Council do produce an analysis of all FRA reserves but each FRA is responsible for determining the level of reserves it requires to meet specific risks. As part of the Medium Term Financial Plan, the reserves section outlines the Authority's

reserve strategy to support and justify the level and different reserves that the Authority requires.

Members resolved that:

- a) an increase in the Minimum Revenue Provision (MRP) payment of £0.300m funded from the forecast revenue savings identified in this report, be approved.
- b) the proposed revenue and capital budget changes outlined in the report, be approved; and
- c) the Director of Finance be instructed to continue to work with budget managers to maximise savings in 2019/20.

Close

Date of next meeting Wednesday, 19 February 2020

Signed: _____

Dated: _____