

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 25 September 2019

**REVISIONS TO THE STATEMENT OF ACCOUNTS 2018/19  
(Appendices 1 and 2 refer)**

Contact for further information:

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**Executive Summary**

This report presents the changes made during the audit of the Statement of Accounts of the Combined Fire Authority for the financial year ended 31 March 2019.

**Recommendation**

The Committee is asked note and endorse the revised Statement of Accounts.

**Information**

The Core Financial Statements for the financial year ended 31 March 2019 were presented to Resources Committee in May. The report confirmed that:-

- the unaudited Statement of Accounts would be signed by the Treasurer to certify that it presents a true and fair view of the financial position of the Authority as at 31 March 2019;
- this would be subject to review by the Authority's external auditors, Grant Thornton;
- that a further report would be presented to the Audit Committee in July, following completion of the external audit;
- at that meeting the Chair of the Audit Committee would be asked to sign the final statement of accounts, as well as the Treasurer;
- Following this a final audited set of accounts will be presented to the Resources Committee for information.

In light of this the Committee noted and endorsed the report and core financial statements, based on the various outturn reports presented on the same agenda.

Subsequent to that the full set of accounts were produced and signed by the Treasurer and submitted for audit to Grant Thornton. The External Audit Findings Report is attached as appendix 1.

The main issues within the report were as follows:-

- Audit opinion - the auditor will give an unqualified opinion on the financial statement;
- Value for money – the auditors concluded that the Authority has proper arrangements in all significant respects to ensure it delivers value for money in its use of resources.

The draft accounts have been adjusted to reflect the impact of the McCloud judgement on the pension liabilities. This adjustment, relating to costs associated with both the Fire-

fighter Pensions scheme and the Local Government Pension Scheme, arose following a legal challenge in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015. In December 2018 the Court of Appeal (McCloud / Sargeant ) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes, which would lead to an increase in pension scheme liabilities. Initial accounting advice provided by CIPFA was to treat this as a contingent liability, however following the Supreme Court's refusal to allow an appeal the accounting policy adopted by external auditors required the additional liability to be recognised in the accounts. Hence the accounts have been adjusted for this.

It is worth noting that the actual impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.

This impacted throughout the accounts changing the core financial statements as well as the detailed notes supporting these (as set out on page 9 of the Audit Findings Report in appendix 1). However it is worth noting that excluding this adjustment there were no other changes to the core financial statements.

The Statement of Accounts was updated to reflect the changes identified during the audit and a revised statement of accounts was approved by the Audit Committee in July, and is attached as appendix 2.

### **Financial Implications**

As outlined in the report.

### **Business Risk Implications**

The Statement of Accounts sets out how the Authority has performed financially in the year, and as such is a key means of stakeholders monitoring the Authority and assessing how it is performing.

### **Environmental Impact**

None

### **Equality and Diversity Implications**

None

### **Human Resource Implications**

None

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	<i>Date</i>	Contact
Code and Guidance	February 2019	Keith Mattinson, Director of Corporate Services
Final Account Working Papers	April-July 2019	Keith Mattinson, Director of Corporate Services
Reason for inclusion in Part II, if appropriate:		