

OFFICIAL

Agenda item: 06

Annual Governance Statement 2023/24

Audit Committee

Date:	26 th July 2024
Submitted by:	Director of Finance and Procurement
Purpose:	To present the Annual Governance Statement 2023/24
Recommendations:	That members approve the Annual Governance Statement
Summary:	This report presents the Annual Governance Statement of the Authority for approval and inclusion in the 2023/24 Statement of Accounts

Local Government (Access to information) Act 1972

Exemption Category:	Nil
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Background papers open to inspection: Nil

Annexes: Annual Governance Statement 2023/24

1. Introduction

- 1.1 The Authority is required to include its Annual Governance Statement within its Statement of Accounts.
- 1.2 The purpose of the Annual Governance Statement is to set out the formal procedures for governance within the Authority, and to report upon their effectiveness and to identify any significant issues. Although it forms part of the statement of accounts document it relates to the overall governance of the Authority rather than just the financial systems. The statement is prepared by the Chief Executive and his Management Board and is signed by the Chief Executive, the Chair of the Authority, and the Director of Finance & Procurement.
- 1.3 The Annual Governance Statement remains a live document which can be changed prior to final approval as part of the Statement of Accounts.

2. Information

The statement is split into five sections which explain how the system of governance work and what procedures and policies are in place to ensure that the systems remain effective. Detailed below is a brief explanation of each of the sections.

- i) **Scope of responsibility and Code of Corporate Governance**
Provides a definition of corporate governance which is the requirement the Authority has to conduct its business lawfully and in accordance with proper standards linked to the Nolan principles of Standards in Public Life.
- ii) **The Purpose of the Governance Framework**– provides a brief explanation of the purpose of the Governance Framework along with an assurance that the framework has been in place for the whole of the financial year 2023/24.
- iii) **The Governance Framework** – provides a detailed explanation of the core elements that make up the governance framework within West Yorkshire Fire & Rescue Authority and how they contribute to it achieving its ambition of ‘Making West Yorkshire Safer’.
- iv) **Review of Effectiveness** - The Authority has a responsibility to review the effectiveness of the systems of governance annually. Included within this section is a self-assessment of the effectiveness of the governance structure and how it is measured. It concludes with an assurance from the Management Board that it considers the current systems to be effective.
- v) **Significant Governance Issues**
The final section identifies the key areas of challenge to the systems of governance that the review of the governance has identified. The most significant is the expected reforms to the Fire and Rescue Service following the release of the White Paper on Fire Service Reform.

New governance issues identified for 2024/25 are:

1. Minimum Services Level Bill for Fire and Rescue Services

2. Implementation of the recommendations from the HMICFRS report on the handling of misconduct.
3. National Fire Framework consultation
4. Outstanding audit of the 2022/23 Statement of Accounts.

In addition, the following governance issues remain from 2022/23.

1. Central Government Funding uncertainty.
2. Implications Matzak Court of Justice Ruling (albeit the risk has reduced following the decision of the Supreme Court in the case of Tomlinson-Blake v Royal Mencap).
3. Policing and Crime Act 2017.
4. Reforms to Fire and Rescue Services, including the HMICFRS State of Fire Report
5. Changes to European legislation.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

- 5.1 There are no human resource and diversity implications associated with this report.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no health, safety and wellbeing implications associated with this report.

8. Environmental Implications

- 8.1 There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

- 9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

10. Conclusions

10.1 Overall, the Authority and its Management Board conclude that the systems and procedures provide effective systems of management control enabling the Authority to provide and an efficient, effective, and economic service to the public of West Yorkshire

Annual Governance Statement

Scope of Responsibility and code of Corporate Governance

Corporate governance is a phrase used to describe the systems and procedures that are in place to ensure that business is conducted in accordance with the law and proper standards, and that public money is properly accounted for and used economically, efficiently, and effectively.

The Authority has a duty to achieve best value in the way it functions and to ensure that arrangements are in place to secure continuous improvement in all areas of service provision.

The Authority has set out its arrangements for the governance of its affairs in its Constitution (a copy of this can be found at www.westyorksfire.gov.uk which includes the Authority's Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government (2016)).

These core principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing West Yorkshire Fire and Rescue capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In publishing this statement, the Authority fulfils the requirement under regulation 4(2) of the Accounts and Audit Regulations 2015 that accompanies the 2023/24 Statement of Accounts.

It is a requirement to produce this statement under regulation 6(1) b of the Accounts and Audit (England) Regulations and that it is approved by Audit Committee in advance of them agreeing the Statement of Accounts.

By applying the principles within the Authority's own Code of Corporate Governance and applying the Nolan Principles of Standards in Public Life, the Authority commits to deliver its services with integrity, accountability, transparency, effectiveness, and inclusivity.

The Purpose of the Governance Framework

The governance framework comprises systems and processes, and culture and values, by which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Authority acknowledges that it can never eliminate risk entirely from its operations and this statement explains the systems used to manage this risk to a reasonable level, a key element of which is the system of internal control.

The governance framework has been in place at West Yorkshire Fire and Rescue Authority for the year ending 31st March 2024 and will remain in place up to the date of the approval of the statement of accounts.

The Governance Framework

Summarised below are some of the key elements of the governance framework:

Strategic Objectives and the Service Planning Process

The Authority's ambition and priorities are set out in "Your Fire and Rescue Service 2022-2025". This document is the Authority's Community Risk Management Plan (CRMP), previously known as the Integrated Risk Management Plan (IRMP) and is supported by the Workforce Plan and the Medium-Term Financial Plan, all of which are reviewed and approved annually by the Authority. These plans are published on the website at www.westyorkshire.gov.uk

The Authority's ambition and strategic priorities are:

Ambition: 'Making West Yorkshire Safer'

Strategic Priorities:

We will:

- Plan and deploy our resources against risk to provide an efficient and effective operational response.
- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and well-being of all our staff in the workplace.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.

- Collaborate with partners to improve efficiency and effectiveness of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.

These objectives form part of district plans, departmental plans, and station plans. There is an on-going system of monitoring and reporting achievement of the service against its corporate aims with regular reports on progress monitored by senior management and the Authority through its committee structure. Copies of the plan are distributed to all fire stations and departments of the Authority.

The Internal Control Environment

Internal Control describes the systems and processes that ensure the Authority can achieve its objectives with integrity and in compliance with laws, regulations, and its own policies. They define the decision-making processes and the controls that are in place to monitor these processes. The fundamentals include making sure that decisions are taken at the correct level and that there are clear separations of duty within the decision-making processes.

It covers the reliability of Financial Reporting and Performance Management against the achievement of the Authority's strategic goals.

The Authority's systems of internal control conform to the standards of financial governance set out in the CIPFA statement of the role of the Chief Financial Officer in Local Government.

The Constitution

The Authority has a written constitution which is reviewed annually by the Management Board and is formally approved by the Authority at its Annual General Meeting. Changes to the constitution required during the year are submitted to meetings of the Full Authority. The constitution is published on the website at www.westyorksfire.gov.uk and is included within the body of evidence which supports this statement. This document forms the basis of the Governance Framework and sets out the way the Authority is governed and is made up of the following documents:

- Authority Committee standing orders and procedures
- The roles and responsibilities of the executive officers
- Access to information rules
- Contract procedure rules
- Financial procedure rules

- Anti-fraud and corruption strategy
- Code of corporate governance
- Members' code of conduct
- Officers' code of conduct
- Member v officer relations protocol
- Officers' employment rules
- Protocol regarding the use of Authority resources by Members
- Members' allowances
- Management structures
- Officer delegation scheme
- Complaints procedure
- Whistle blowing policy

The Committee Structure

The constitution sets out the Framework under which the Authority is governed. It sets out in detail the composition of the Authority, the role and functions of the elected members, the roles and responsibilities of designated office holders and the roles, functions, and terms of reference of the Authority and its Committees.

The Authority has four standing committees each of which, along with the Authority, meet four times per year and an Executive Committee which deals with urgent business.

Human Resources Committee (11 Members)

This committee deals with all issues relating to the employment of staff including conditions of service, industrial relations, corporate diversity, equal opportunities, and training.

Finance and Resources Committee (11 Members)

This committee is responsible for all issues relating to the Assets of the Authority. This includes Finance (including recommendation to the Authority in relation to the revenue budget, capital planning and precepts), Insurance, Treasury Management, buildings, land and property, and ICT. This committee receives regular reports on the financial performance of the Authority along with detailed updates on Treasury Management activity.

Audit Committee (6 Members)

This committee is established in accordance with CIPFA guidance 'Audit Committees – Practical Guidance for Local Authorities'. In addition to all matters relating to both internal and external audit, the committee is responsible for performance review, risk management and business continuity.

Community Safety Committee (11 Members)

This committee is responsible for the oversight of all aspects of service delivery, which includes the key areas of Emergency Response, Fire Protection and Fire Prevention. This covers responsibility for Community Risk Management Planning, national resilience support arrangements and shared services.

Executive Committee (6 Members)

The Executive Committee deals with any urgent matters and the appointment of Management Board members.

The terms of reference of all the Authority's committees are available on the Authority's website. All meetings are open to the public and wherever possible items are considered within the public sessions of the meetings, (except for items under section 100A of the Local Government Act which are exempt from the public).

Copies of reports and minutes of all meetings are published on the Authority's website.

Local Pension Board

The Authority's Local Pension Board was established on the 1st of April 2015 in accordance with statutory requirements set out in the Public Service Pensions Act 2013. The Board is responsible for ensuring that good standards of governance are achieved and maintained in the implementation and application of the Firefighters' Pension Schemes. The Board comprises six members: 3 scheme managers (employer) and 3 scheme members (2 current/retired/deferred employees and 1 representative of the Fire Brigades Union).

Management Structure

The Corporate Management Board is made up of the following Executive Officers who meet weekly:

- Chief Executive / Chief Fire Officer
- Deputy Chief Fire Officer / Director of Service Delivery
- Assistant Chief Fire Officer / Director of Service Support
- Director of Finance and Procurement

- Director of People and Culture
- Director of Corporate Services

The Corporate Management Board is supported by a Management Team which, in addition to the Board members, includes senior officers from all areas of the organisation.

There is a close interaction between management and elected members based around a formal briefing process prior to each committee. Management also provides training and briefings for the elected members prior to their consideration of key issues such as the Medium-Term Financial Plan and the Community Risk Management Plan. Elected members newly appointed to the Fire Authority are provided with an induction on finance and governance and their roles and responsibilities.

There are several working groups which meet on a quarterly basis which include representatives from departments across the service, these groups are: Environmental Working, Establishment Planning, Information Governance, Capital and Revenue Budget Management, Risk Management and Diversity and Inclusion.

Established Policies, Procedures and Regulations

The Authority has compliance with established policies, procedures, laws and regulations, information regarding policies and procedures is held on the intranet and these are reviewed on a periodic basis. A staff survey is normally carried out once a year, (the last survey was February 2024) and an action plan is put in place to address any issues that are identified. The Authority publishes on the web site, the Pay Policy Statement, Gender Pay Gap Results, procurement processes, contracts register and transparency information in relation to expenditure over £500 and all expenditure on procurement cards.

Customer surveys are routinely carried out after attendance at incidents, safe and well visits, and school visits to ascertain customer feedback on the service provided. Every year the Authority has an external assessment of its Customer Service Excellence standard, the latest assessment was carried out on the 11th of December 2023. This resulted in the Authority maintaining full compliance against all 57 elements of the standard of which 33 achieved compliance plus, demonstrating excellent performance and continuous improvement in relation to customer-focused service delivery.

Tri-service Collaboration Board

The Tri-Service Collaboration Board (TSCB) was established in 2017 and is supported by leading representatives of each blue-light service. The aim and purpose of the TSCB is to act as an enabling forum to bring about closer working arrangements across all three emergency services in West Yorkshire. This formal agreement regulates the relationship between the three parties and provides opportunities for increased efficiency, effectiveness, and improved service delivery.

The Board consists of the key political leaders of the organisations, including the Chair of the Fire Authority, Yorkshire Ambulance Service and the Police and Crime Commissioner supported by members of senior management.

Supporting the board is a Tri-Service Steering Group (TSSG) which is currently led and administered by West Yorkshire Fire and Rescue Service.

The TSSG focuses on collating collaboration examples that exist through day-to-day operations between the three services. Larger collaboration workstreams will be only progressed if there is tri-service appetite matched with the allocation of designated resources and business need.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements. The review process is on-going and is informed by the work of the Management Board, the Chief Finance and Procurement Officer, Internal Audit, External Audit, and other external assessors. In addition, the Authority is subject to an independent inspection by His Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS).

A self-assessment of our effectiveness:

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:

Community Risk Management Planning (CRMP)

The Authority is systematically reviewing the service it provides throughout the county through the CRMP process. This process aims to improve community safety and wellbeing and reduce the risk of fires and other emergencies. The Authority maintains a Community Risk Management model which bands the county into groups from very low to very high based on underlying risk. This information allows the Authority to proportionately allocate resources and evaluate service delivery performance against the level of risk. This is a revised methodology which builds on the Risk Management process which has transformed service delivery over the last 13 years.

Through this process, the Authority can continue to achieve its aim of making West Yorkshire safer.

Before the CRMP is approved by the Authority a process of public consultation on each proposal is carried out within the communities of West Yorkshire. This includes community meetings, drop-in sessions, information on the website, virtual meetings online and social media posts.

Effective Performance Management

It is important that the Authority can measure its performance against its aims and objectives. The Authority has a well-established Performance Management structure which is focused on outcomes. The system is embedded throughout the organisation from individual Fire Station level through District Command to Authority wide achievement.

Each year the Community Safety Committee approves a set of district priority plans which set service delivery priorities for the coming year. Districts are also set a series of performance indicator targets for a variety of incident types that we attend. The methodology for setting the service delivery performance targets was approved by the Fire and Rescue Authority and further work is referenced below. In 2023/24 local Station Action Plans were also produced and this allows local activity to be planned to support the priorities set within the district plans. The Performance Management framework was reviewed in 2020/21 to ensure that our data and intelligence can allow us to target the Authority's resources towards reducing risk across where the risk exists within the five districts.

Performance against the district priorities is monitored within each district and reports are produced for consideration at the Safer Communities Programme Board before being presented to the Community Safety Committee which meets on a quarterly basis. Members of the Community Safety Committee are also encouraged to meet with their respective District Commander to discuss priorities, objectives within the local district priorities plan and performance targets. Service performance is also reported on a quarterly basis to the Full Authority.

This system of monitoring has proved successful in measuring performance and provides the vital evidence needed to support the CRMP.

Serious Violence Duty

As of the 31st January 2023 the Fire and Rescue Authority has been specified as a duty holder of the 'Serious Violence Duty' under new legislation created further to the Police, Crime, Sentencing and Courts Act 2022. The duty requires relevant services (of which the Fire and Rescue Authority is one) to work together to share information and allow them to target their interventions, where possible through existing partnership structures, collaborate and plan to prevent and reduce serious violence within their local communities.

In the main the Fire and Rescue Authority will discharge its duties by virtue of its membership of the five, district based, Community Safety Partnerships. There are also new opportunities to work with young people at risk of undertaking, or already involved, in this type of behaviour with an ambition to support them in making positive choices that lead them away from violence in its many guises. Having been established for over twelve months the service is engaged in a number of local initiatives designed to support our role in delivering the duty.

Effective Financial Planning and Management

The Government's austerity measures have seen the Fire Authority lose £26m in government grant from the start of the spending review in 2011/12 to the end of the spending review in 2019/20. The Authority has from the start taken a strategic approach to this grant loss matching changes to service delivery through the CRMP to the reducing resources. This planning coupled with significant capital investment has seen the construction of seven new fire stations to replace eleven old fire stations delivering over £31m in ongoing revenue savings.

The Director of Finance and Procurement presents an update on the financial position of the Authority covering both revenue and capital expenditure to the Finance and Resources Committee. Training on finance is also delivered to new members in June and prior to the approval of the annual budget in February.

The Head of Procurement provides training for managers on procurement processes and contract management and the finance team provide training to managers on budget management.

The finance team have developed a comprehensive expenditure monitoring system delivering financial information and forecasts from individual cost centre level through the organisation to Senior Management and the Fire Authority. A red, amber, green (RAG) rating system has been introduced both for revenue and capital budget monitoring whereby budget holders must provide written explanation to the Director of Finance and Procurement if they are projected to be 5% over or under budget at the end of the financial year.

There is a documented bidding process for both revenue and capital expenditure which is managed within a timetable that matches the budget setting period and the receipt of the financial settlement from central government. Each bid is supported by a business case and is subject to scrutiny at both Management Board and Star Chamber before the bid is included within the revenue budget and capital plan for the forthcoming year.

The Authority maintains a strong record of financial management which is evidenced by its track record of maintaining expenditure within the approved budget.

On the 1st of August 2021, the responsibility for Treasury Management which was previously provided by Kirklees Council via a Service Level Agreement, transferred to the Fire Authority. The Authority has commissioned the use of independent treasury management advisors who send daily, weekly, and monthly updates on the economy, and borrowing and investment rates.

The Authority joined the Fire and Rescue Indemnity Company (FRIC) on the 1st of April 2023 for the provision of liability, fleet, and property insurance. FRIC is effectively an insurance pool that is owned and controlled by its members which are fourteen fire and rescue authorities. Cover is provided via a mutual arrangement; the structure of this arrangement means contributions are paid in to a 'pot' based on the individual risks and

historic claims profile. Directors of the company are appointed by the participating authorities; no single authority would have the right to appoint a director. The company is run by a professional management company, Thomas Miller, who are required to meet all the necessary professional requirements of the Financial Conduct Authority. The structure of the pool consists of a company limited by guarantee with members and not shareholders. Each member has one vote at an AGM and the membership will elect a Board from amongst their number. Returns of surpluses, if any, will be made pro rata to each member's proportion of contributions. The Board is non-executive, and it contracts with a professional mutual management company to outsource the day-to-day operation of the mutual. The Board will make all the policy decisions and the managers' job is to carry out those decisions and bring all the necessary insurance and management skills into the equation to make sure the mutual runs well.

The Financial Management Code, a Chartered Institute for Public Finance and Accountancy (CIPFA) document, sets out the standards of financial management for Local Authorities which is designed to support good practice and to help Local Authorities demonstrate their financial sustainability. Assessment against the code became mandatory from the 1st of April 2022. The code is split into six overarching principles: leadership, accountability, transparency, standards, assurance, and sustainability which is then broken down into seventeen separate standards. An initial self-assessment against the code was reported to Finance and Resources Committee in October 2021, which identified three areas of minor improvement. Compliance to the code is reviewed annually and was subject to an internal audit in August 2023, which was awarded substantial assurance.

The Authority has an established risk management system whereby the Authority's risks are recorded on a corporate risk matrix whereby each risk is ranked in order of priority, based severity and likelihood. This is reported at the quarterly Risk Management Strategy Group (RMSG) which is chaired by the Deputy Chief Fire Officer, attended by senior managers, the internal audit manager and has a dedicated member champion. Each risk is formally reviewed annually by the responsible officer and new risks are added to the matrix if identified during the year. The corporate risk matrix and risk management strategy is approved annually at Audit Committee and the methodology of ranking each risk was reviewed in August 2022. The RMSG is one element that supports the Authority's code of corporate governance in terms of risk management and control.

Performance Management Framework

The Performance Management framework system describes how the service will report performance externally and within the service. It ensures that our staff and key stakeholders will have access to appropriate performance information to fulfil their duties, support sound evidence-led decision making which will lead to smarter working and improved evaluation. It operates a tiered approach which allows performance to be managed at organisational, functional, team and individual level.

A separate Performance Management Visits system exists for fire stations within West Yorkshire, the recorded outcomes of which contribute to the self-assessment process. The Service Improvement and Assurance Team (SIAT) quality sample Performance Management Visits ensuring resources are utilised safely, effectively, efficiently, and economically.

An annual strategic review workshop takes place every year where the planning cycle provides an indication of when activities should ideally happen as well as key milestone points.

The approved change activities that fall out of the planning process become programmes or projects of varying scale, some of which are managed formally under the West Yorkshire Fire and Rescue Service Project Portfolio Management (PPM) Framework, with lower change often being managed within departments and/or districts. Those managed through the framework are subject to scrutiny at the Change Management Board where reports are presented on progress. The Programme of Change report is then summarised and reported for consideration to members at Full Authority Committee.

OneView, the organisation's new performance management system provides live reporting data for a variety of operational incidents, prevention and protection activities and the Authority's sickness data. Data extracted from One View is presented to members at the Community Safety, Full Authority Committees, and reports by exception at the Human Resources Committee.

Effective Arrangements for Accountability

The Authority can demonstrate robust systems of accountability both to elected members and the public. The district command structure, which mirrors the five Local Authorities' / District boundaries in West Yorkshire, provide for close interaction with the Local District Councils on service delivery and joint working.

The Authority conducts a precept survey annually in January whereby questions are asked on the raising of the precept, this is promoted on our website and via other social media platforms. Budget proposals are sent to representatives of the business community with the opportunity to comment on them prior to the setting of the budget in February.

The Authority has a Service Improvement and Assurance Team (SIAT). SIAT applies the Service Assurance Framework to provide high level assurance to Management Board and the Fire Authority through implementation of the service assurance process. Each team and department making up WYFRS are required to complete a self-assessment which involves answering and providing evidence to a range of questions that include performance indicators, policy compliance, financial controls, elements contributing to operational effectiveness, internal and external audit review. This is then independently reviewed by the SIAT and reported to Management Team and Audit Committee to enable them to make an informed judgement regarding the overall performance of WYFRS. This judgement is then summarised in the Annual Statement of Assurance which is published

on the WYFRS website in accordance with the requirements of the National Fire and Rescue Framework.

Reality Testing is an in-depth analysis of an incident. It has been introduced to improve organisational learning as a holistic assurance process for all departments, operational and non-operational. It targets incidents attended by up to four fire appliances, where incident themes are selected with support from contributing stakeholders. Once an incident has been selected, test data is gathered remotely and by speaking to those stations/watches/control staff involved. The information gathered is collated, learning identified and reported to Area Managers, who then decide how learning will be shared. These learning actions are added to the HMICFRS Action Plan and monitored via the quarterly workshops. Governance of the process sits within the two groups, the Operations and Training Interface Group and the HMICFRS Action Plan Workshops. An annual Reality Testing report is presented to Management Team for review.

Smarter Working promotes a Corporate Lean philosophy to drive and support continuous improvement and embed Smarter Working principles into organisational culture and practice. A lean methodology also known as the 7E's is used to assist transformation and change within service assurance and project framework processes and protocols, managing the development of key deliverables using the SMART approach. Smarter Working supports the CRMP process to identify organisational efficiencies and where possible, encourages the use of WYFRS data to innovate and work smarter. The Smarter Working Manager works collaboratively and engages with key stakeholders to coach and facilitate individuals and teams to identify and implement improvement opportunities by reducing inefficiencies within a process. Processes are mapped out in detail from end to end to include all steps from initiation to completion. The steps are assessed for their value to the end customer of the process, and this enables the identification of which steps do not add value and/or are unnecessary.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

Following the release of the State of Fire and Rescue report 2022, West Yorkshire Fire and Rescue Service has evaluated how we are responding to national recommendations and trends, these include those arising from Grenfell and the Manchester Arena attack. The report has been shared with the wider organisation and considered by our Fire Authority to keep them informed of the national picture within the fire and rescue sector. The next State of Fire and Rescue Report is due in June 2024.

The Service uses the feedback from our HMICFRS inspections positively. All thirteen areas of improvement that were identified in our round 2 inspection have been captured on a central action plan which is monitored, reviewed, and updated on a quarterly basis with the action owners. To date, four actions are showing as completed and the rest are showing as on track.

The Authority completed its third HMICFRS inspection in March 2023. In the third round of inspections, the HMICFRS has implemented a revised grading methodology which has introduced a new grading of adequate.

Internal Audit

The Authority procures its internal audit service from Kirklees Council which complies with Public Sector Internal Audit Standards (PSIAS). This not only provides better value for money but also gives the Authority access to specialist auditors and gives an added element of independence.

The work of internal audit extends well beyond the normal probity audits and includes examination of the key financial systems as well as verification work on the Authority's risk management and governance frameworks.

The internal audit plan is approved initially by Management Board and then at Audit Committee in April. All internal audit reports include an assessment of the internal controls and a prioritised action plan to address any areas needing improvement. If an internal audit receives a limited assurance opinion, a follow up audit is carried out within the next twelve months to ensure that actions have been implemented. During 2023/24, twelve audits were completed, and one will be completed shortly after year end. The Internal Audit Annual Report is presented to Audit Committee which gives an overview on the effectiveness of internal audit and provides an opinion on governance, risk management, and the management of the internal control environment during the last financial year.

The Audit Mission, Mandate Charter and Strategy was re-approved at Audit Committee in April 2024, and members confirmed a refocus on the internal control environment and governance. Management Board and members are satisfied that the consistent positive assurance of audits on the management of risks in the Corporate Risk Matrix means that the previous strategy of a rolling three-year cycle of the audit of corporate risks is no longer appropriate to obtain most value from the internal audit SLA.

In September 2022, the Fire Authority approved the appointment of a non-voting independent member of the Audit Committee. This new member attended their first Audit Committee in January 2023 and due to their experience in the banking sector has brought specialist knowledge and additional scrutiny to the committee.

In addition, SIAT monitors and reviews the actions from each internal audit report in liaison with the responsible departmental manager to ensure that recommendations are implemented. Progress is reported quarterly to the Risk Management Strategy Group.

Information Management Framework

Information Governance is a framework to bring together all the requirements, standards and best practice that apply to the handling of information.

The Authority is required to comply with legislation including the Data Protection Act 2018 and the General Data Protection Regulation which regulate information data processing, storage, and access rights. The Authority has appointed a Management Board Member (the Director of Corporate Services), as the statutory Data Protection Officer who in conjunction with other officers and working groups oversees the development of best practice policies and procedures aimed at ensuring compliance with the legislative requirements.

The Information Governance and Security Group which is chaired by the Director of Corporate Services and supported by the Corporate Information Management Group meets quarterly and is attended by Senior Managers within the organisation. This group is responsible for setting and reviewing policies, standards, procedures, best practices, controls, risk management and ensure compliance with them.

There were no data breaches that were required to be reported to the Information Commissioner during 2023/24.

Statement of Assurance

The Authority is required to produce an annual Statement of Assurance as part of the Fire and Rescue National Framework for England. The purpose of the statement is to provide independent assurance to communities and the Government that the service is being delivered efficiently and effectively. Whilst the Fire and Rescue National Framework sets out the Government's priorities and objectives for fire and rescue authorities in England, it does not prescribe operational matters as these are determined locally by fire and rescue authorities.

This Statement of Assurance provides assurance that WYFRA is providing an efficient, effective and value for money service to the community of West Yorkshire in its financial, governance and operational matters. The Statement of Assurance is published on the Authority's website which includes links to the key documents.

Conclusion

Overall, the Authority and its Management Board conclude that the systems and procedures provide effective systems of management control enabling the Authority to provide an efficient, effective, and economic service to the public of West Yorkshire.

External Review

Following the Public Sector Audit Appointments tender process, Grant Thornton have been the Authority's external auditors since the 1st of April 2023.

Grant Thornton will provide an external review of systems and procedures as part of their role as the appointed external auditors to the Authority which will include:

- The audit of the financial statements 2023/24

- Reach a conclusion on the economy, efficiency, and effectiveness in the use of resources, the value for money (VFM) conclusion.
- Review the Whole of Government Accounts return.

A new Code of Audit Practice came into force on the 1st of April 2020 which has introduced new extended reporting arrangements for Value for Money for financial statements from 2020/21. The new requirement requires auditors to structure their commentary on Value for Money arrangements under three specified reporting criteria: financial sustainability, governance and improving economy, efficiency, and effectiveness.

Compliance

The systems and reviews detailed in the annual governance statement demonstrate that the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). They also demonstrate the systems that are in place to enable the Monitoring Officer and Director of Finance and Procurement to discharge their functions in relation to the governance of the Authority.

Significant Governance Issues

The CIPFA guidance suggests that the following criteria should be applied when judging what may constitute a significant control issue:

- The issue has seriously prejudiced or prevented achievement of a principal objective.
- The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
- The issue has led to a material impact on the accounts.
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.
- The issue has resulted in formal action being taken by the Director of Finance and Procurement and/or the Monitoring Officer

Review of Governance Issues Identified in the previous Annual Governance Statement

Financial Uncertainty

There remains uncertainty regarding Central Government funding especially the around receipt of grants that are not included in the Authority's core funding. These grants are subject to variation, thus making financial planning challenging. Due to the impending General Election in 2024, it is unlikely there will be a full comprehensive spending review

in the Summer, making a one-year settlement likely. This hampers the ability to make long term spending plans as funding is only known for the year ahead.

Ruling on working hours

A judgement relating to the working hours and related payments of a Belgium on-call firefighter (Matzak) could have implications for the Fire Authority. The ruling has the potential to impact adversely on current arrangements for the effective provision and affordable cost of on call services. The Authority along with every other fire and rescue service is working with the Local Government Association in seeking advice from Leading Council and reviewing potential options for changing current arrangements to mitigate against the impact of the ruling. However, due to the current uncertainty it is considered appropriate to flag up the risk of potential extra costs which have yet to be fully identified.

Following the Supreme Court decision in the landmark case of Tomlinson-Blake v Royal Mencap on the minimum entitlement to minimum wage for sleep-in-shifts, the risk posed by the Matzak ruling is somewhat reduced. The Supreme Court made a clear distinction between “actual work” and “availability for work”, this ruling determined that the time that the care worker (Tomlinson-Blake) was asleep whilst at work could not be counted as working time in line with the National Minimum Wage Regulations 2015, regulation 32. The working arrangements for on-call firefighters is similar to that of care support workers, in that although they are required to be in close proximity to their workplace, there will be times when they are not undertaking “actual work” whilst they are providing on-call duties.

The Police and Crime Act 2017

The Police and Crime Act 2017 imposes a statutory requirement on emergency services to collaborate to improve public safety and deliver better efficiency. The emergency services in West Yorkshire have established a joint body to review areas of collaboration this is yet to deliver any significant change. This process is dependent on the services agreeing joint priorities and delivering change with willing partners and thus continues to remain a significant governance issue.

Reforms to Fire and Rescue Services

The HMICRFS State of Fire and Rescue Reports have previously made six national recommendations for reform to the fire and rescue service, which may have an impact on governance, these are:

1. Fire and rescue services should establish a common set of definitions and standards to cover key priority areas.
2. The sector should review and determine the role of the fire and rescue service and the role of its employees.
3. The sector should review how effectively pay and conditions are determined.
4. The Home Office should provide Chief Fire Officers with operational independence.
5. Introduction of a code of ethics.

6. The Home Office should address the deficit in the fire sector's national capacity and capability to support change.

Although some of the above recommendations have been implemented, for example, the introduction of Fire Standards and a code of ethics, the next HMICFRS State of Fire Report which is due to be published in June 2024, will include an up-to-date assessment of the recommendations.

Changes to European Legislation

Retained EU law (REUL) was established by The European Union (Withdrawal) Act 2018 to ensure legal certainty and continuity immediately after Brexit, by preserving all EU and EU-derived law as it stood immediately before the UK's departure. However, retained EU law was never intended to sit on the statute book indefinitely.

On the 29th of June 2023, The Retained EU Law (Revocation and Reform) Bill received Royal Assent, paving the way for significant regulatory reform, and enabling the removal of RUELE from the UK statute book. Under the RUELE Act, RUELE which had not been revoked by the end of 2023 then became "assimilated law". These are laws that the UK saved to ensure legislative continuity immediately after Brexit. The catalogue of RUELE can be accessed electronically via a dashboard which contains 6,757 individual pieces of REUL, concentrated over 400 unique policy areas.

The effect on WYFRS of these changes is currently unknown, those persons responsible for areas covered by EU legislation will conduct an impact assessment and implement any required changes.

The above governance issues are still outstanding in the Annual Governance Statement for 2023/24.

Significant Governance Issues 2023/24

Whilst no significant weaknesses have been identified as per the CIPFA guidance list, the following have been identified as potential issues for the forthcoming year:

Minimum Service Levels for Fire and Rescue Services

On the 20th of July 2023, the Minimum Service Level Act 2023 received Royal Assent, the Bill includes powers for the Secretary of State to set Minimum Service Levels (MSL) for service within specified six key sectors of which fire is one of them. However, MSL will not take effect until the regulations that detail the sector specific MSL come into force. Currently the MSL for fire and rescue is currently out to consultation, which closes on the 11th of May 2024.

The aim of MSL is to limit the impacts of strike action on the lives and livelihoods of the public and to find a balance between the ability of trade unions and their members to strike with the need for the wider public to be able to access key services during strikes.

The Home Office has set a 73% minimum level of the number of fire appliances that are deployable on a non-strike day and that control rooms will operate normally.

The impact on the Fire Authority is unknown until the government responds to the consultation.

HMICFRS Report on Handling of Misconduct

On the 13th of July 2023, the Home Secretary commissioned HMICFRS to undertake a thematic inspection of the handling of misconduct in fire and rescue services in England. This report is expected to be published in June 2024, the impact of the findings on West Yorkshire is at this moment unknown.

National Fire Framework Consultation

The National Fire Framework sets out the government's priorities and objectives for fire and rescue services. This was last updated in 2018 and it is expected that a revised National Fire Framework will be published in Summer 2024. Management will consider its implications as regards the authority's governance procedures and response.

Outstanding Audit of the Statement of Accounts 2022/23

The audit of the 2022/23 Statement of Accounts has not commenced, this is the responsibility of the Authority's previous external auditors, Deloitte LLP. This is likely to increase the complexity of the 2023/24 audit by Grant Thornton.

The outstanding audit is not a unique problem for West Yorkshire Fire and Rescue as there are a significant number of external audits across the local government sector that are outstanding for 2022/23, with some uncompleted audits relating to 2021/22 and previous years. To address this backlog, the Department for Levelling Up, Housing and Communities (DLHUC) are proposing a solution that covers three phases:

Phase One – A reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by the 30th of September 2024.

Phase Two – Recovery from phase one in way that does not cause a recurrence of the backlogs by introducing backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase Three – Reform involving addressing challenges in the local audit sector which have contributed to this backlog.

Summary

The Fire Authority continues to operate in a difficult environment, and we accept that the above issues present the Authority and its Management Board with a major challenge. However, previous performance demonstrates the ability of the Authority and its management to manage in challenging times. We are therefore confident that we can

continue to deliver a high-quality service whilst driving through major changes to the organisation, and that the systems are in place to further enhance our governance arrangements.

OFFICIAL

Agenda item: 07

Financial Outturn 2023/24

Audit Committee

Date: 26th July 2024

Submitted by: Director of Finance and Procurement

Purpose: To report on the financial outturn for 2023/24
To report on the payment of Members' allowances in 2023/24
To present the draft Statement of Accounts 2023/24

Recommendations: That members note the report

Summary: The report presents details of the Authority's financial outturn for 2023/24 and Members' allowances payments in 2023/24. The report presents the Authority's Draft Statement of Accounts for 2023/24 which are subject to external audit.

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Alison Wood, Director of Finance and Procurement
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Background papers open to inspection: Nil

Annexes: Appendix A – Members Allowances 2023/24
Appendix B – Draft Statement of Accounts 2023/24
Appendix C – Core Statements explanation

1. Introduction

The purpose of this report is to present a review of the financial activity of the Authority for the financial year 2023/24 looking at the following areas.

1.1 Revenue Expenditure

This section compares the actual expenditure for the year with the revenue budget, enabling the Authority to measure financial performance. The report is in a similar format to the revenue monitoring reports presented to each meeting of the Finance and Resources Committee providing an explanation of the major variations.

1.2 Capital Expenditure Outturn

This section reports on actual capital expenditure for the year, compares this performance with the approved Capital Plan, and describes the more significant variations. It also provides details of the major capital schemes completed within the year.

1.3 Members' Allowances Outturn

Finally, the report includes details of the sums paid to individual members in respect of their various allowances. This is a statutory requirement under Regulation 26A of the Local Authorities (Member Allowances) Regulations 1991, as amended. Members allowances are detailed in Appendix A.

1.4 Draft Statement of Accounts

The revenue outturn and Statement of Accounts are subject to change due to external factors outside the influence of West Yorkshire Fire and Rescue. The final investment position for the Local Government Pension Scheme (LGPS) will not be available until July, as a result the IAS19 figures for the LGPS has been included based on provisional results.

2. Information

2.1 Revenue Expenditure

Throughout the year the Finance and Resources Committee received regular financial review reports which provides members with financial information on income and expenditure on both revenue and capital.

During the financial year, three budget reviews were undertaken which identified areas of savings and growth, the net effect of these resulted in a net transfer of £0.204m to contingencies during the year. These were approved at Finance and Resources Committee in July and October 2023 and February 2024.

In addition, £21.132m of capital schemes were slipped into 2023/24, £0.413m was removed and £3.908m was added to/from the capital plan at the same committees. In addition, £6.702m was slipped from 2023/24 into the current financial year which were predominantly due to unforeseen problems with the length of the tender process and supply chain issues on the delivery of the capital plan.

Details of net expenditure outturn for 2023/24 are shown in the table below:

Description	Revised Revenue Budget £000	Outturn £000	Planned Transfer to/from reserves £000	Variance £000
<u>Employees</u>				
Operational Staff	61,736	61,593	-	-143
Support Staff	12,811	12,888	-	77
Pensions	1,600	1,594	-	-6
Training	1,189	1202	-	13
Other Employee expenses	811	714	-	-97
Premises	5,538	5,507	-	-31
Transport	2,786	2,748	-	-38
Supplies and Services	6,319	6,007	174	-138
Contingency	6,152	-	6,152	-
Support Services	327	328	-	1
Capital Charges	8,055	8,055	-	-
Expenditure	107,324	100,636	6,326	-362
Income	-3,024	-3,208	-	-184
Net Cost of Service	104,300	97,428	6,326	-546
Additional Contribution to capital financing		2,000		
Increased in Earmarked Reserves		4,813		
Overall Financial Position		104,241		
Funding		104,241		
Net Financial Position		-		

A brief explanation of the variances more than £0.100m against budget are as follows:

2.2 Operational Staff (£0.143m)

The Authority has experienced a higher number of leavers and smaller number of recruits in 2023/24 than budgeted for. The underspend on operational staff was partly offset by a small overspend on the overtime budget which was utilised to maintain staffing levels within the operational establishment.

2.3 Supplies and Services (£0.138m)

The continued low levels of unemployment and high level of demand for skilled professionals have impacted the Authority's ability to fill vacancies and deliver on planned projects within the ICT department. This has resulted in underspends against WAN provision (£0.055m) and Power Apps (£0.018m). Expenditure on ICT consumables has also reduced in 2023/24 by £0.015m.

The capital scheme to refresh PPE has resulted in an underspend against the clothing budget of £0.150m of which £0.100m was transferred to the Service Support reserve for the planned refresh of undress uniform.

2.4 Contingency (£6.152m)

Both the employee and the general contingency budgets are held to manage any changes in expenditure and budget requirements during the year. Transfers from underspending revenue budgets were also made to the contingency budget in year following the budget reviews. The underspend on this budget has been transferred to the capital financing reserve to support the Authority's capital programme.

In order to keep the capital financing requirement at an affordable level, the Authority has used the underspend on the revenue budget to make additional direct revenue contributions.

The Authority has an ambitious capital plan over the next four years and by making additional contributions this will reduce the impact on the revenue budget over the longer term by reducing the capital financing requirement and underlying need to borrow. In addition, the £0.546m revenue underspend has been transferred to the capital finance earmarked reserve to support the capital programme.

2.5 Capital Financing Requirement

In order to keep the capital financing requirement at an affordable level, the Authority has used the underspend on the capital financing charges budget to make additional voluntary minimum revenue payments. The Authority has an ambitious capital plan over the next four years and by making these additional voluntary capital payments, the charge to the revenue budget of financing the capital plan in the future is reduced, thus easing the financial pressure on the medium-term financial plan.

2.6 Usable Reserves

The Authority has a General Fund Reserve and a number of Earmarked Reserves. The General Fund Reserve is used to fund any day-to-day cash flow requirements or cover any unexpected expenditure that is not included within the revenue budget. Earmarked Reserves are funds that are set aside for specific purposes for which a liability may incur at some point in the future.

The Authority's reserve strategy was approved at Finance and Resources Committee on the 20th of October 2023 and is also reviewed as part of the budget approval process in February 2024. The reserves strategy is published on the Authority's website.

The table below gives a summary of the Authority's reserve position as at the 31 March 2024:

31 March 2023 £000		31 March 2024 £000
5,000	General Fund	5,700
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,301	Business Rate Appeals	1,301
25,052	Capital Finance Reserve	15,080
84	Control Room	84
27	Council Tax Reform	27
45	COVID19	-
69	Data Transparency	77
191	Enhanced Logistics	188
258	ESMCP	247
393	Insurance Claims	440
2,000	Medium-Term Funding Impact	2,000
1,569	Pay and Prices	1,069
4,195	Pensions Equalisation	3,437
50	Service Support	641
302	Tax Income Guarantee	-
142	Pensions Admin Remedy	134
610	Industrial Action	610
5	Serious Violence Duty	5
-	Recruitment	640
36,333	Total Earmarked Reserves	26,020
85	Capital Receipts Reserve	85
-	Capital Grants Unapplied Account	5
41,418	Total Usable Reserves	31,810

2.7 General Fund Balances

The General Fund Balance was increased to £5.7m in October 2023, this reserve is used to fund any day-to-day cash flow requirements and can be used as a contingency in the event of any unexpected events or emergencies.

2.8 Earmarked Reserves

The Authority has used its earmarked reserves to fund the following expenditure in 2023/24:

- the development of the FSHQ site,
- supporting the ICT Data and Digital Strategy
- the use of consultants on the One View project
- the outstanding payments for our existing command and control system

The movements in earmarked reserves have resulted in a net decrease of the level of usable reserves of £9.608m from 2022/23 to 2023/24.

Increases to Reserves

As of the 1st of April 2023 the Authority had £5.00m of general fund reserves and £36.33m in earmarked reserves.

The minimum level of balances required is calculated using the Authority's corporate risk register. This document identifies all the major risks to business continuity the Authority may face, evaluates the potential cost, and looks at measures to control or limit the risk. The risk register is maintained by the Risk Management Strategy Group, which is chaired by the Deputy Chief Fire Officer and reports quarterly to the Audit Committee.

Following a review of the risk register during the budget setting process, Finance and Resources Committee in February 2024 approved an increase to the General Fund Reserve to £5.700m which represents 5% of the revenue budget, which is in line with the National Framework guidance on balances. This increase was funded by a transfer of £0.700m from the pension equalisation earmarked reserve which had a balance of £3.822m on the 1st of April 2023.

New Reserve

A new reserve called the Recruitment Reserve has been created which will be used to fund initiatives that will be used to accelerate the recruitment to meet establishment of 937. This was funded by the transfer of underspending on FF whole-time salaries during 2023/24.

Capital Receipts Reserve

The private number plate WY1 was sold during 2020/21 following approval at Executive Committee and it was agreed that the proceeds would be used to fund a new firefighter memorial to be erected outside the new FSHQ building. This money will be kept separate in the capital receipts reserve until this is expended.

2.9 Capital Expenditure Outturn

Each year the Authority produces a capital programme to manage major capital schemes. Owing to the nature of capital expenditure, a large number of schemes span more than one financial year, therefore the programme is a rolling programme covering four financial years.

The Authority spent £34.384m on capital during 2023/24 against an approved capital plan of £49.779m, details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2023/24 £000	Slippage 2022/23 £000	Approved Virements and Additions 2023/24 £000	Revised Capital Plan 2023/24 £000	Outturn 2023/24 £000	Variance £000
Property	1,902	837	-840	1,899	1,286	-613
CRMP	18,132	10,991	-2,570	26,553	17,762	-8,791
Information						
Communications and Technology	526	792	-784	534	337	-197
Procurement	100	-	-100	-	-	-
Employment Services	-	145	-18	127	128	1
Transport	7,695	6,244	1,398	15,337	11,010	-4,327
Operations	3,099	2,123	-193	5,029	3,454	-1,575
Fire Safety	400		-100	300	407	107
TOTAL	31,854	21,132	-3,207	49,779	34,384	-15,395

Due to the nature of capital expenditure a number of schemes are slipped between financial years', this is due to the length of time taken to identify and procure equipment of a high value or to undertake the required planning before major property refurbishments can commence. Also, during the year, new priorities are identified which requires either additions to the current capital plan or transfers between existing capital schemes.

The capital expenditure incurred has been funded wholly by internal funds. The Authority has not taken out any long-term external borrowing since December 2011 which has saved the Authority an estimated £10.08m in interest charges over the period. The Authority uses its own internal cash to fund expenditure rather than taking out loans, cash flow is boosted in July each year following the receipt of Pension Top Up Grant from Central Government which totalled £35.372m in 2023/24.

During 2023/24, capital expenditure of note, was spent on:

- Redevelopment of the FSHQ site totalling £16.344m.
- The rebuild of Keighley Fire Station costing £1.418m.
- The refurbishment of Cookridge Fire Station costing £0.473m.
- The installation of Ludo charging points across the estate costing £0.182m.
- The vehicle replacement program costing £11.010m.
- The replacement of the Command-and-Control mobilising system costing £1.533m.
- The installation of a second thermal imaging camera on appliances costing £0.248m.
- The replacement of operational PPE – Breathing Apparatus Cylinders costing £0.433m and uniform costing £0.224m.

2.10 Treasury Management

The Authority's borrowing is undertaken in accordance with the Prudential Code which provides the regulatory framework to ensure that all borrowing is prudent, affordable, and sustainable. This framework is laid out in the Treasury Management Strategy.

The Authority's Treasury Management Strategy is reviewed annually as part of the budget approval process. The strategy sets out the Authority's policies and parameters to provide an approved framework within which officers undertake the day-to-day treasury activities.

The Authority's total long-term debt outstanding as of the 31st of March 2024 was £41.937m of which £39.937m was owed to the Public Works Loans Board and £2m in the form of a LOBO with Dexia.

The Authority earned £1.903m in income from its investments during 2023/24 (£0.834m 2022/23). The significant increase in investment income is due to the rise in interest rates over recent years. The final balance of short-term investments as of the 31st of March 2024 was £0 (£15.00m 2022/23).

Explanation of the Financial Statements

2.11 Statement of Responsibilities

The Statement of Responsibilities for the statement of accounts sets out the respective responsibilities of the Authority and the Director of Finance and Procurement.

This is followed by the auditors' report which gives the external auditor's opinion on the financial statements and the Authority's arrangements for securing economy, efficiency, and effectiveness in the use of resources.

2.12 Core Financial Statements

To aid understanding of how the core financial statements are interlinked, Appendix B shows how the numbers in the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and the Cash Flow Statement correspond to each other.

2.13 Movement in Reserves Statement

This shows the movement in the year of the different reserves held by the Authority. These are broken down between Usable Reserves which are those which can be used to fund expenditure or reduce local taxation and Unusable Reserves which cannot. Examples of Usable Reserves are the general fund and the pension fund equalisation reserve; these are usable because they have been created by setting aside funds. Examples of Unusable Reserves include the pension reserve and the capital adjustment account, these are unusable because they are created by accounting adjustments and not backed by funds. The total value of Usable Reserves has reduced by £9.608m to £31.810m whilst the deficit of Unusable Reserves has increased by

£120.0m principally because of adjustments to the IAS19 Pensions Reserve and movements within the capital adjustment account.

2.14 Comprehensive Income and Expenditure Account

This shows the cost of providing the service in the year in accordance with International Financial Reporting Standards; however, this is different to the actual expenditure that is funded through Government Grants and Council Tax. This is because this statement includes several adjustments made in accordance with regulations, the largest relating to the long-term cost of unfunded pension schemes.

2.15 Balance Sheet

This statement shows the value of the Fire Authority's assets and liabilities on 31st March 2024 and includes the figures on 31st March 2023 for comparison. It then shows how the net assets are matched by the Authority's reserves (both usable and unusable). On examination, the Balance Sheet shows the Authority having net liabilities of £1,027.438m, however this includes the liabilities under the unfunded firefighters pension schemes totalling £1,135.114m which the Authority is required to include. These represent the total future lifetime cost of pension liabilities for all existing employees and pensioners.

However, these liabilities are met through contributions from the employer and the employees with the balance met through government grant. Consequently, the Authority will not be required to meet all this liability in future years. If these are excluded from the balance sheet it shows net assets of £107.676m

2.16 Cash Flow Statement

This statement shows the changes in cash and cash equivalents during the financial year. It is prepared by removing all the non-cash transactions from the income and expenditure account. It includes the income raised through Government Grants, Council Tax, Business rates, borrowing and fees and charges.

The statement is broken down into three sections the first showing day to day running of the service (operating activities) the second showing expenditure on capital schemes (investment activities) and finally changes in the level of borrowing and investment (financing activities). The closing balance of cash and cash equivalents was £18.961m.

2.17 Pension Fund Statement

This statement provides details of income and expenditure on firefighter pensions. There are currently four different pension schemes none of which are supported by an investment fund. Details of these schemes and the Local Government Pension Scheme (LGPS) can be found on pages 118-133.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

5.1 There are no human resource and diversity implications associated with this report.

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

7.1 There are no health, safety and wellbeing implications associated with this report.

8. Environmental Implications

8.1 There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

10. Conclusions

10.1 This report has provided a summary of revenue outturn, reserves, and capital expenditure for 2023/24. The report also includes details of members allowances.

Appendix A

	Basic Allowance	Special Responsibility Allowance	Expenses
Cll Adam Zaman	£1,160.33		
Cllr Andrew Hutchison	£3,665.74		
Cllr Caroline Anderson	£4,470.54		
Cllr Charles Keith	£4,470.54	£845.47	
Cllr Darren O'Donovan	£4,470.54	£22,185.85	£28.40
Cllr David Hall	£4,470.54	£3,384.13	£97.63
Cllr David Kirton	£4,470.54		
Cllr Fozia Shaheen	£4,470.54	£4,438.14	£64.00
Cllr Gohar Almas	£4,470.54	£4,438.14	£139.90
Cllr Habiban Zaman	£2,624.52		£17.10
Cllr John Garvani	£3,665.74		£101.00
Cllr John Illingworth	£745.47	£159.29	
Cllr Jordan Bowden	£3,665.74		
Cllr Karen Renshaw	£4,470.54	£4,438.14	
Cllr Michael Pollard	£4,470.54		
Cllr Mirelle Midgley	£745.47	£159.29	
Cllr Mohammad Fazal	£4,470.54	£845.47	
Cllr Mussarat Pervaiz	£1,720.72	£422.83	
Cllr Nicholas Farmer	£4,470.54		
Cllr Nussrat Mohammed	£4,470.54	£1,108.82	£127.50
Cllr Paul Burnham	£500.00		
Cllr Peter Harrand	£709.00	£637.50	£16.90
Cllr Riaz Ahmed	£742.34		£13.00
Cllr Ruth Wood	£4,470.54		£30.45
Cllr Ryk Downes	£4,470.54	£1,108.82	£230.00
Cllr Stephen Tulley	£4,470.54	£11,092.93	£415.10
Cllr Tyler Hawkins	£3,310.21		
Cllr Ursulla Sutcliffe	£3,665.74		
Cllr Sarfraz Nazir	£4,470.54		£34.20
Cllr Ishaq Mahmood	£500.00		£101.34

2023/24 Annual Statement of Accounts (DRAFT)



West Yorkshire Fire & Rescue Service

Oakroyd Hall, Bradford Road, Birkenshaw, West
Yorkshire, BD11 2DY

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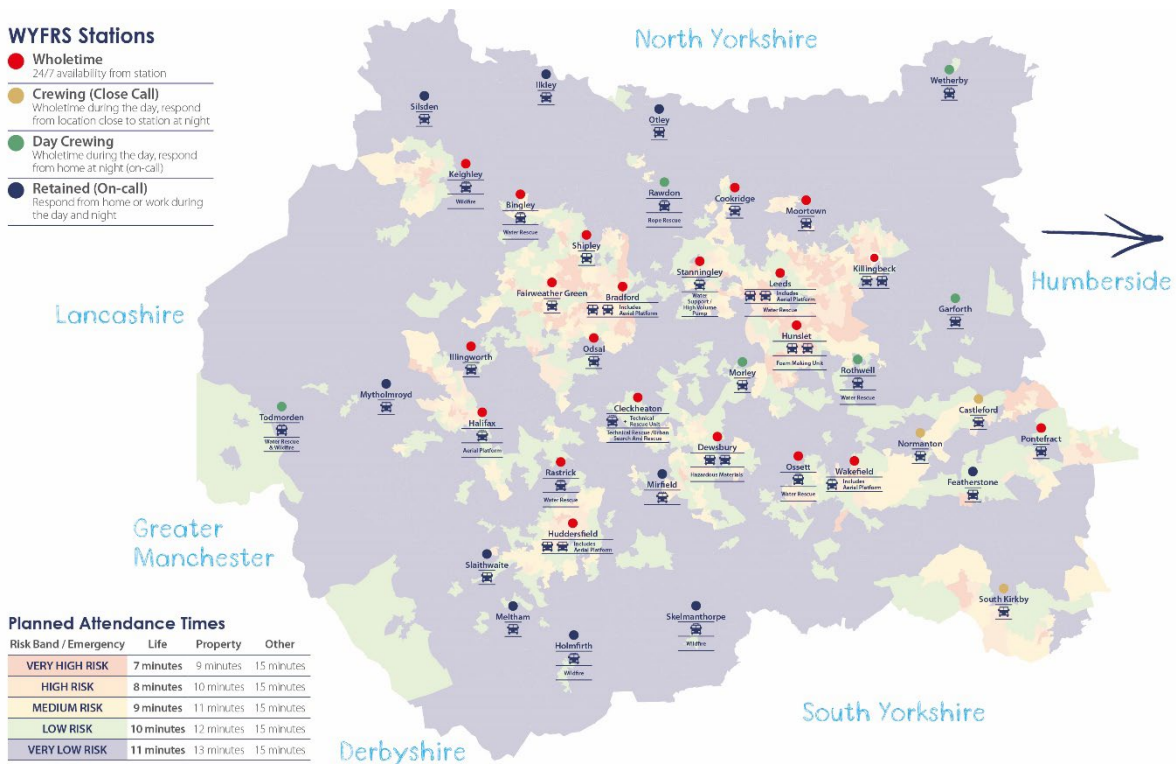
Narrative Report

Purpose

The purpose of this statement is to present a picture of the performance of West Yorkshire Fire and Rescue Authority for 2023/24. The statement fulfils two main purposes; firstly, it demonstrates how the Authority continues to provide value for money by comparing its operational performance with its financial performance through performance management and secondly it provides an explanation of the key financial statements with a view to making them easier to understand.

Background

West Yorkshire Fire and Rescue Authority is the 4th largest Metropolitan Fire and Rescue Authority in the country serving a population of over 2.4m residents covering an area of 800 square miles, made up of the metropolitan areas of Bradford, Calderdale, Kirklees, Leeds, and Wakefield. The area is diverse both in terms of topography and culture providing fire cover for the major cities of Leeds and Bradford as well as the ribbon valleys in the Holme and Calder Valley each providing differing challenges. The Authority has 40 fire stations, and these are operated by a combination of four separate crewing models; whole-time, close call, day crewing and on-call. The distribution of these fire stations is shown in the map below.



The Authority employed 905 full time equivalent (FTE) wholtime firefighters, 152 on-call firefighters, 45 (FTE) control staff and 301 (FTE) support staff on the 31st of March 2024.

The Fire Authority is governed by 22 local councillors who are nominated by the five District Councils with the Labour Party currently being the largest group. It is traditionally a low-cost organisation having the fourth lowest precept at Band D of all stand-alone fire and rescue authorities in England and Wales and is proud of its record as a high performing service.

The fire services activities are governed by the Home Office and our legislative responsibilities are set out in the Fire and Rescue Services Act 2004, The Civil Contingencies Act 2004, the Fire Safety Order 2005 and the Fire and Rescue Framework for England (2018). The Authority as such has a number of statutory responsibilities, the most important being, promoting fire safety, emergency response and rescue and fire, petroleum, and explosives regulatory enforcement.

The ambition of the Authority is to 'Make West Yorkshire Safer' which is to improve community safety and wellbeing and reduce the risk to life, property and the environment from fire and other emergencies. The Authority will do this by delivering:

- A proactive community safety programme.
- A professional and resilient emergency response service.
- Provide a skilled workforce that serves the needs of a diverse community.
- Provide effective and ethical governance and achieve value for money.

To achieve our ambition, the service has set out its strategic priorities in the Community Risk Management Plan (CRMP) for the period 2022 to 2025.



Our strategic priorities are:

- Plan and deploy our resources against risk to provide an efficient and effective operational response.
- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and well-being of all our staff in the workplace.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve efficiency and effectiveness of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.

So that we can deliver our strategic priorities, each year key areas of focus are identified which influences the programmes of change and support continuous improvement. In 2023/24 the Authority areas of focus were:

- Invest in our estate in Birkenshaw to provide a state-of-the-art, energy efficient, headquarters, training centre and new fire station.
- Deliver efficiencies and increase productivity against national targets set for the 2021/22 – 2024/25 spending review period.
- Prepare and respond effectively to incidents caused by extreme weather which arise as a consequence of climate change.
- Implement learning from the Manchester Arena Inquiry to improve how we respond to mass casualty incidents.
- Implement the new, approved Fire Standards to ensure the Service is demonstrating its commitment to continuous improvement.
- Ensure the recommendations from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Values and Culture report are actioned to ensure a positive culture and expected behaviours are promoted across all areas of the Service.
- Engage with the community to inform our firefighter recruitment campaign to improve the diversity of our workforce.
- Maximise the health, safety and wellbeing of all our staff by investing in personal protective equipment, and innovative fire station and fire engine design to minimise exposure to contaminants.
- Continue to engage with owners of high-rise residential buildings to ensure they are aware of the duties placed on them through new regulations which aim to make buildings safer for residents.
- Target our prevention activity on the most vulnerable in society by using intelligence and partnerships to inform our prevention strategy.

Culture and Values

At WYFRS we put the core code of ethics at the centre of our organisational values. Our values and behaviours are focused on enabling the organisation and its people to work towards achieving our ambition of Making West Yorkshire Safer. Our people must demonstrate the following values:

- Teamwork: We recognise everyone's strengths and contributions, working effectively as one team.
- Integrity: We are trustworthy, act ethically, treating each other with dignity and respect.
- Learning: We learn all the time; we share knowledge and experiences, celebrating success.
- Responsibility: We are responsible, work positively and take ownership of the work we do.
- Communication: We share clear information, in ways everyone understands, having open discussions.

Our values complement the new National Fire Chiefs Council (NFCC) Core Code of Ethics:



- Putting our Communities First: We put the interests of the public, the community, and services users first.
- Integrity: We behave with integrity including being open, honest, and consistent in everything that we do.
- Dignity and Respect: We treat people with dignity and respect, making decision objectively, based on evidence without discrimination or bias.

- Leadership: We are all accountable for everything we do and challenge all behaviour that falls short of the highest standards.
- Equality, Diversity, and Inclusion: We continually recognise and promote the importance of Equality, Diversity, and Inclusion both within the Fire Service and the wider communities that we serve. We stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations, and celebrate differences.

We are not complacent and with the spotlight on the culture within fire and rescue services we are shining a light on our own. Where we see poor behaviours, we tackle them robustly and continue to do so. Leaders and managers of this service are committed to driving positive change, working collectively with all colleagues, uniting to make a stand against behaviours which fall short of our values, including any form of bullying, discrimination, and harassment.

Values and behaviours are a core element of recruitment, they are integrated within our selection process. They are discussed as part of personal development and improving job performance, through our Annual Review and talent assessment (Appraisal). Our values and behaviours are central to how we identify and nurture talent. Our values and behaviours are considered, embedded, and developed across each level of our promotions process. Our focus on values ensures we do things right and do the right things. Our values are important to us; they define our behaviours and expectations, which in turn drives performance.

Staff Survey

In March 2024, we conducted the first of a series of engagements with our workforce around culture. 644 people replied to the online culture survey, which is 45% of our total workforce. The results are currently being analysed. We are in the process of establishing a series of focus groups to explore the current culture data and what actions we will take. It is reassuring to see that the individual values our colleagues say are important to them and the future organisation they want to work in are closely aligned, though there are challenges within our current culture the focus groups will help us to address.

Our last employee engagement survey was conducted in 2022, where employees rated us good across the six engagement themes (66%). Our people are proud to work for us (72%), believe we take their wellbeing seriously (64%), feel empowered to make decisions (71%), with confidence in the management of the organisation (69%) and have good levels of job satisfaction too (69%).

During 2023/24 the Authority has continued to develop our leaders within the organisation, this has been enabled by the rolling out of leadership masterclass training for middle managers.

Performance and Activity

In 2023/24, the service responded to 25,444 incidents, a reduction of 4.6% when compared to 2022/23, the following table details the type of incidents attended:

Incident Type	2022/23	2023/24	% Variance
Arson	6,593	5,088	-22.83
Actual Rescues	1,203	1,203	0.00
Dwelling Fires	1,080	971	-10.09
Non-Domestic Building Fires	360	384	6.67
Prevalence of False Alarms	11,303	11,918	5.44
Fire Related Injuries	153	174	13.73
Road Traffic Collisions	593	630	6.24
Malicious Fire Alarms	345	285	-17.39
Other incidents not formally reported	5,031	4,791	-4.77
Total incidents	26,661	25,444	-4.56

In 2023/24, we have seen a significant reduction in incidents recorded as arson. This is mainly attributed to a reduction in deliberate refuse and grass fires. This is because of a wetter summer period and due to the proactive work undertaken with partners to target Anti-Social Behaviour (ASB) and deliberate fire setting across the county.

There has been a slight increase in Non-Domestic Building Fires, this is mainly attributed to an increase in incidents in secure accommodation and prisons. We have established relationships with the prison service and other fire and rescue services to develop solutions to the problems we are seeing.

The Authority provides a Safe and Well programme to improve the safety and wellbeing of people in their homes. It has been identified that over 50% of fires in domestic properties started in the kitchen. We have responded to this trend by supplementing our advice with the installation of heat detectors in kitchens. This will provide early warning and reduce the likelihood of injury should a fire start.

During 2023/24, service delivery teams undertook the following:

Visit Type	2022/23	2023/24	% Variance
Safe & Well Visits	12,336	12,071	-2.15
Operational Risk Visits	1,270	3,076	142.20
Total Visits	13,606	15147	11.33

In 2023/24 we started to see an increase in fires and road related injuries connected to electric vehicles. We have invested in specialist equipment which will enable the service to manage incidents involving electric vehicles. We have also developed and delivered training packages to powered two wheeled vehicles users and refreshed the Li-Ion safe use advice we provide during safe and well visits.

Following a review of Automatic Fire Alarms in 2023/24 we have rationalised our predetermined attendance to this incident type. The amended mobilising policy went live in March 2023, this is expected to result in a significant decrease in this incident type in 2024/25.

Through 2023/24 the Youth Intervention Team continued to deliver the Prince's Trust 'Get Started' Programmes, Educational Interventions, Targeted Days, and specialist support to known fire setters. During the bonfire periods these interventions were delivered to over 1000 young people in areas at higher risk from antisocial behaviour.

Key risk reduction campaigns have focussed on water safety, wildfire, road safety and antisocial behaviour. In 2024/25 we will build upon these and identify opportunities to deliver the responsibilities placed upon us by the Serious Violence Duty.

Tragically, despite the work of the service, there were fifteen fire related deaths in the year, this is an increase of eight when compared to the previous year. Nine of these deaths are considered preventable dwelling fires.

Detailed performance management reports can be found at <https://www.westyorksfire.gov.uk/fire-Authority/committees/full-Authority/>

Our Fire Protection Team continue to deliver our statutory duties by setting a Risk Based Inspection Programme (RBIP) which ensures our resources are directed to the highest risk premises. We utilise specialist inspectors who carry out audits and inspections, with circa 83,000 buildings within the county where fire safety legislation applies, our RBIP applies methodology to enable us to target those buildings which present the highest risk to our communities.

The team works with building owners to ensure premises are safe for those who use them. This work also includes delivering additional statutory duties by responding to all Building Regulation consultations, providing specific advice to those responsible for fire safety and supporting the reduction of persistent false alarms. As a Metropolitan Fire & Rescue Service we also have statutory duties in relation to the licensing of petrol filling stations and fireworks/explosives stores.

With the introduction of the new building Safety Act 2022 and the newly created Building Safety Regulator (BSR), it has been necessary for us, together with the regional Fire and Rescue Services (FRS) of Yorkshire and Humber, to develop a regional BSR team. This new team will support the BSR in their role as lead regulator in new and existing residential buildings above eleven metres by working in multi-disciplinary teams reviewing new designs or existing strategies. Government have set aside funding to support FRS with their BSR teams, this funding covers all staff costs, training and accreditation and will continue to be available until 2025 following which the scheme will continue on a charge back basis.

Staffing numbers in our Fire Protection team have increased, however our projected recruitment has been impacted by additional leavers, this is a picture which is mirrored across the country and is more prevalent in the larger metropolitan services. To address this, we have been working with a training provider to develop a new way of delivering inspector apprenticeships. As a result, we will be delivering a large recruitment plan during Spring 2024 to fill all our current vacancies in one intake through the new apprenticeship scheme. This is an excellent opportunity for us to fill our existing vacancies whilst at the same time utilising the apprenticeship levy and save a significant amount of money in training costs.

As we progress in to 2024/25 our team continue to work with the NFCC and support the development of national policy on matters such as building design, enforcement, and

guidance on legislation. We are developing new relationships with government departments such as the Department for Levelling Up, Housing and Communities (DLUHC) on remediation of high-rise residential buildings. The work we have delivered with Leeds City Council recently has not only enabled us to utilise government funding to focus our inspections on premises requiring remediation but has also been adopted by DLUHC as a means of demonstrating best practice.

Key Achievements in 2023/24

Although the Authority has moved to back to business as usual following the effects of the pandemic, supply chain and inflation pressures caused by economic instability and the continuing war in Ukraine has continued to have an impact on the Authority in 2023/24. This has predominately affected our fleet replacement programme; the Authority had planned to replace the entire fleet of 58 operational appliances in 2023/24. However 8 appliances were delivered in 2023/24 and the rest are due to be delivered during the course of 2024/25. This delay is primarily attributable to the late delivery of chassis from Scania whose lead time had increased from 20 weeks to 12 months. This delay then impacted upon the availability of our contracted bodybuilder to build the fire appliances on our behalf.

Although inflation has gradually fallen through the year, the Authority has seen no reduction in costs. The highest inflation in forty years in the previous financial year caused pressures on utilities and vehicle fuel budgets, resulting in the need to increase these two budgets by some £0.771m in 2023/24. The development of the Headquarters site and the rebuild of Keighley Fire Station where building work commenced in August 2022 and January 2023 respectively, saw an increase of 40% in cost from initial estimates. It is anticipated that the cost of future station rebuilds will remain at this high level which may impact on the planned replacement of both Huddersfield and Halifax Fire Stations.

The Authority successfully delivered a number of key capital schemes in 2023/24:

- Completion of the refurbishment of Cookridge Fire Station.
- Installation of Ludo Charging Points on fire stations which will enable the charging of the new fire appliances.
- Continuation of the development of FSHQ at Birkenshaw. The redevelopment of the Fire Service Head Quarters (FSHQ) site commenced in August 2022 and is the largest capital project the fire service has ever undertaken. This project will see the re-location of Cleckheaton Fire Station and the Control Room to Birkenshaw from Cleckheaton and Bramley respectively, the development of a new state of the art indoor training arena and the building of a new administrative building. The project is progressing well, and the site is expected to be handed over to the Authority in Winter 2024.
- Continuation of the rebuild of Keighley Fire Station, at 60 years old it was one of the Authority's oldest fire stations, the project is due to complete in October 2025.
- Replacement of the Wide Area Network and printers across the organisation.
- Replacement of Breathing Apparatus (BA) cylinders and the installation of a second thermal image camera on fire appliances.

- Commencement of the replacement of the command-and-control mobilising system which will become operational in January 2025 to coincide with the transfer of the control room to FSHQ at Birkenshaw.

During 2023/24, there were 44 whole-time firefighter retirements and 38 whole-time recruits which resulted in a whole-time strength of 905 on the 1st of April 2024. In addition, the Authority recruited 18 on-call firefighters to improve resilience at on-call fire stations within West Yorkshire.

In line with one of our strategic priorities, to achieve a more inclusive workplace, we employ a Positive Action Officer who works within the communities of West Yorkshire to target under-represented groups to apply for our firefighter recruitment vacancies. This action has been successful in recruiting women, we have recruited 17 female firefighters in 2023/24 however, there is still more positive action work to do in order to recruit more ethnic minority firefighters.

The Authority had its third inspection by His Majesty's Inspection of Constabulary and Fire and Rescue Service (HMICFRS) in January 2024. The previous two inspections have resulted in the Authority being rated as good across three inspection pillars: efficiency, effectiveness, and people, these are then broken down into eleven areas of focus. There has been a change in the assessment methodology for round 3 inspections with each area of focus being rated individually and a new rating of adequate has been introduced. The Authority will receive the results of the inspection in June 2024.

OneView, the organisation's new performance management system provides live reporting data for a variety of data sets which includes information on operational incidents, prevention and protection activities and the Authorities sickness data. The purpose of One View is to have better information, which is in one place, and which is accessible by all. To support employees with the use of One View, the Authority embarked on a programme of improving data literacy across the organisation. This was through a series of five data literacy videos which were produced on a weekly basis and are available to all employees online. The themes of the videos were:

- Week One – Introduction to data and data visualisation
- Week Two – What is Data?
- Week Three – Why do people collect data?
- Week Four – Why are data visualisations so powerful?
- Week Five – How data visualisations are created?

The primary goal of these videos was to demystify the often-complex subject of data and make it more approachable and enjoyable.

These videos were supported by posters which were distributed throughout the organisation which highlighted the key message of data in a visual format.



Organisational Strategy

The Authority’s priorities are managed and delivered by a series of individual projects which is called the programme of change. This underpins our ambition to Make West Yorkshire Safer and focuses on improving our efficiency and effectiveness without compromising public safety. It involves changing how we work and improving our organisational culture.

The Programme of Change is monitored and managed during the year via the Change Management Board and is updated annually. The progress of each project is reported to Full Authority Committee on a quarterly basis. The projects are initiated and developed in line with the organisational planning cycle, which is a framework which departments use to plan and build business cases which is linked to the key financial milestones during the year.

The costs associated with the Programme of Change and its implementation is funded by both revenue and capital resources which are included within the revenue budget and capital plan for 2023/24. For those projects that span a number of financial years, these are included within the Medium-Term Financial Plan.

Details of each project in the 2023/24 Programme of Change is detailed below:

Birkenshaw Site Redevelopment

The development of a modern, energy-efficient Headquarters, and Training Centre and the relocation of Cleckheaton Fire Station constructed on the existing site.

New Fire Engine Fleet

Introduction of a new fleet of modern fire appliances with provision to reduce firefighter exposure to contamination, this is also known as clean cab technology.

Keighley Fire Station New Build

The construction of a new fire station on the existing site to replace an oversized and outdated fire station.

Halifax Fire Station New Build

The construction of a new fire station on the existing site to replace an oversized and outdated fire station.

Huddersfield Fire Station New Build

The construction of a new fire station on the existing site to replace an oversized and outdated fire station.

OneView

Performance management programme to provide a transparent, timely and flexible method of sharing performance data with our colleagues, partners, and the communities.

Fire Standards Programme

Implementation of nationally agreed fire standards across Fire & Rescue Service core functions.

Accessible Content Toolkit Project

Ensuring that digital content, including websites, mobile apps and documents that are shared electronically are accessible to all audiences.

Grenfell Project

Review and implement the recommendations from the Grenfell Tower Inquiry: Phase 1 Report.

Command Support Software

WYFRS currently do not have dedicated command support software. The project will scope the basic requirement of a deployable command support systems (hardware and software).

Special Projects Implementation

Following the conclusion of the Special Projects research phase on Aerial Appliances, Fire Appliances and Fire Station Design, the project has moved onto the implementation phase.

Office 365

Technical requirement to keep Microsoft office products up to date with the latest features and security.

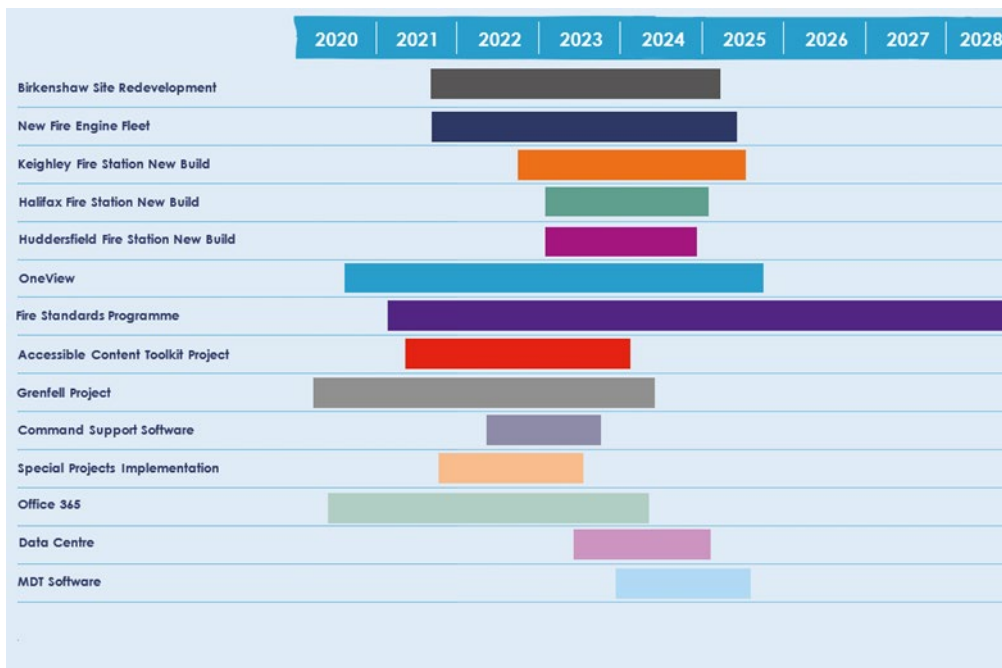
Data Centre

The relocation of our backup data centre which is required for disaster recovery and business continuity purposes.

MDT software

Replacement of Lego MDT software to coincide with the go live of the replacement mobilising system.

The diagram below shows the current progress of each project within the programme of change for 2023/24:



A brief narrative is provided below to detail the current progress of each scheme:

Birkenshaw Site Redevelopment – this project is the largest project the Authority has ever undertaken and is currently on track in terms of completion and budget. The project has encountered several challenges in respect of planning and grounds conditions, but none have blocked the overall scheme delivery.

New Fire Engine Fleet – this is on track to be completed within its project timeline of early 2025.

Keighley Fire Station Rebuild – this project is 25% complete and is currently behind its original project completion date. This is a complex project as it has involved the building of a temporary fire station to house the crews whilst the station is being rebuilt. In addition, there

have been asbestos and underground water pipe issues that were not envisaged when the project commenced.

Halifax Fire Station Rebuild – this project is on hold.

Huddersfield Fire Station Rebuild – this project was to commission an external feasibility study to assess the best option for the rebuild of the fire station. The status of this project is on track.

One View – One View is a live performance management system which provides live reporting data for a variety of data sets. This project is on track with a number of key milestones being completed during 2023/24 which include new Fire Authority reporting, data literacy training and a response app.

Fire Standards Programme – there has been sixteen Fire Standards introduced since the formation of the Fire Standards Board in 2019, with further standards to be launched in 2024. This project is on track.

Accessible Content Toolkit Project – This project is currently in the evaluation phase with all objectives being completed.

Grenfell Project – This project is only 80% complete and as such is currently behind schedule. Due to a lack of resources, out of the seven open objectives associated with this project, currently six are either overdue or behind schedule.

Command Support Software – This project is currently on hold and is dependent on the implementation of the new command and control system which is due to go live in January 2025.

Specials Project Implementation – This project is on track with 45% of the objective being complete.

Office 365 – This project is on track with 70% of the objective being completed.

Data Centre – This project is in the evaluation stage following the completion of the feasibility study for the transfer of the data centre from the Service Delivery Centre at Bramley to Ossett Fire Station.

MDT Software – This project is behind schedule and is dependent on the implementation of the new command and control system which is due to go live in January 2025.

During 2023/24 the following projects that were included within the 2022/23 Programme of Change have been completed and are now classed as business as usual and no longer report to the Change Management Board:

- Corporate Identity Refresh
- Leadership Strategy
- Talent Management Strategy deployment
- Estates Review

- Access HR – Talent (PDR module) implementation

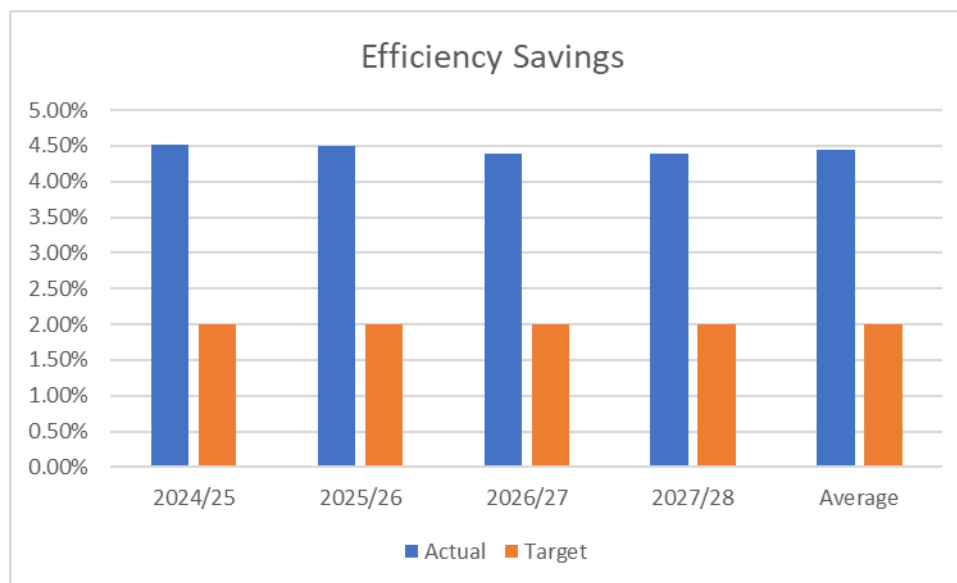
The Emergency Services Mobile Communications Programme has been put on hold by the Home Office.

Efficiency and Productivity Plan 2023/24

As part of the 2021/22 Spending Review, the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) proposed that across Fire and Rescue Services (FRSs) in England, the fire and rescue sector could create 2% of non-pay efficiencies and increase productivity by 3% by 2024/25.

It is a requirement that all FRS publish their Efficiency and Productivity Plan on the Authority’s website, this can be found at www.westyorksfire.gov.uk.

The graph below shows the planned efficiencies for the next 4 years compared against the 2% efficiencies target against non-pay related budgets. The Authority has comfortably exceeded the target with the average savings amounting to 5.23%.



The Authority continuously looks to seeks efficiencies when we buy goods and services and renew existing contracts. To support organisational efficiency, our smarter working team works with key stakeholders to identify areas of improvement in our existing ways of working by looking at opportunities to reduce inefficiencies within a process.

Financial Performance

The Authority has seen significant reductions in its funding over the last 12 years which has resulted in a major restructure of service provision. The Authority has focused on aligning fire cover to risk and demand. This has involved the moving of fire station locations, reducing the number of fire engines, changing duty systems and support services. Since 2010 the number of fire stations has reduced by 8, fire engines by 16 and the number of whole-time and on-call

firefighters by nearly 500. The Fire Authority in 2023/24 had 40 fire stations, 46 fire engines and employed 905 whole-time operational firefighters.

West Yorkshire Fire and Rescue Authority remains proud of its record as a high performing, low-cost organisation and has continued to demonstrate these qualities in 2023/24 despite facing a number of major challenges.

Local Government Finance Settlement

In Spring 2020, the Authority, along with all the other fire and rescue services funded the formation of a central spending review team, which was a collaborative team comprising the Local Government Association (LGA), National Fire Chiefs Council (NFCC) and the Home Office. The remit of the team was to work with the Home Office to produce a collective business case highlighting the challenges facing the sector and the potential new burdens resulting from the Hackett and Grenfell inquiries and the HMICFRS State of Fire Report to support bids for increased fire funding to the Treasury. This business case report, named the Fire Spending Proposal, was submitted to the Treasury in late Summer 2020.

This plan was updated in September 2022 to reflect the inflationary pressures that were affecting Fire and Rescue Authorities (FRA) and was submitted to the Treasury to support an increase in funding for the sector.

This was supported by a letter that was sent by the Chairs of all FRAs to their respective local MPs to lobby the Department for Levelling Up, Housing and Communities (DLUHC) minister for increased funding to the sector and a precept flexibility of £5 for all FRAs not just those in the lowest quartile.

This lobbying was successful, resulting in an increase to the settlement funding assessment (government funding) and precept flexibility of an increase of £5 for a Band D property for all FRAs.

The core funding settlement for 2023/24 was calculated by taking the prior year's settlement and uplifting it by the September 2022 CPI which was 10.1%. This resulted in an additional £2.350m of central government funding from that received in 2022/23.

Although the Authority increased the precept by £5, West Yorkshire Fire and Rescue remains the fourth lowest precepting fire service in England.

The revenue budget included areas of growth, provision for foreseen cost pressures and efficiency savings, totalling £7.875m. The Authority set a balanced budget for 2023/24 meaning that planned expenditure was matched by funding without the need to use reserves.

Our funding in 2023/24 from Central and Local Government came from the following sources:

Funding source	£000
Business Rates Top Up	17,737
Local Business Rates	7,589
Section 31 Grant	6,492
Services Grant	1,001
Revenue Support Grant	15,472
Pension Grant	4,286
Council Tax Precept	52,111
Business Rates Deficit	-110
Collection Fund Deficit	-337
Total	104,241

Business Rates Deficit – This is the Authority’s share of the estimated deficit in the collection of local business rate income.

Collection Fund Deficit – This is the Authority’s share of the estimated deficit in the collection of council tax precept.

Revenue Outturn

Throughout the year the Authority received regular financial review reports which provides members with financial information on income and expenditure on both revenue and capital.

During the financial year, three budget reviews were undertaken which identified areas of savings and growth, the net effect of these resulted in a net transfer of £0.204m to contingencies during the year. These were approved at Finance and Resources Committee in July and October 2023 and February 2024. In addition, £21.132m of capital schemes were slipped into 2023/24, £0.413m was removed and £3.908m was added to/from the capital plan at the same committees. £6.702m was slipped from 2023/24 into 2024/25, predominantly due to unforeseen problems with the length of the tender process and supply chain issues on the delivery of the capital plan.

Details of net expenditure outturn for 2023/24 are shown in the table below:

Description	Revised Revenue Budget £000	Outturn £000	Planned Transfer to/from reserves £000	Variance £000
<u>Employees</u>				
Operational Staff	61,736	61,593	-	-143
Support Staff	12,811	12,888	-	77
Pensions	1,600	1,594	-	-6
Training	1,189	1,202	-	13
Other Employee expenses	811	714	-	-97
Premises	5,538	5,507	-	-31
Transport	2,786	2,748	-	-38
Supplies and Services	6,319	6,007	174	-138
Contingency	6,152	-	6,152	-
Support Services	327	328	-	1
Capital Charges	8,055	8,055	-	-
Expenditure	107,324	100,636	6,326	-362
Income	-3,024	-3,208	-	-184
Net Cost of Service	104,300	97,428	6,326	-546
Additional Contribution to capital financing		2,000		
Increased in Earmarked Reserves		4,813		
Overall Financial Position		104,241		
Funding		104,241		
Net Financial Position		-		

A brief explanation of the variances more than £0.100m against budget are as follows:

Operational Staff (£0.143m)

The Authority has experienced a higher number of leavers and smaller number of recruits in 2023/24 than budgeted for. The underspend on operational staff was partly offset by a small overspend on the overtime budget which was utilised to maintain staffing levels within the operational establishment.

Supplies and Services (£0.138m)

The continued low levels of unemployment and high level of demand for skilled professionals have impacted the Authority's ability to fill vacancies and deliver on planned projects within the ICT department. This has resulted in underspends against WAN provision (£0.055m) and Power Apps (£0.018m). Expenditure on ICT consumables has also reduced in 2023/24 by £0.015m.

The capital scheme to refresh PPE has resulted in an underspend against the clothing budget of £0.150m of which £0.100m was transferred to the Service Support reserve for the planned refresh of undress uniform.

Contingency (£6.152m)

Both the employee and the general contingency budgets are held to manage any changes in expenditure and budget requirements during the year. Transfers from underspending revenue budgets were also made to the contingency budget in year following the budget reviews. The underspend on this budget has been transferred to the capital financing reserve to support the Authority's capital plan.

In order to keep the capital financing requirement at an affordable level, the Authority has used the underspend on the revenue budget to make additional direct revenue contributions.

The Authority has an ambitious capital plan over the next four years and by making additional contributions this will reduce the impact on the revenue budget over the longer term by reducing the capital financing requirement and underlying need to borrow. In addition, the £0.546m revenue underspend has been transferred to the capital finance earmarked reserve to support the capital plan.

Movement to Reserves

Whilst the general fund shows a neutral position for the year after the movement to reserves at the end of the year, the Comprehensive Income and Expenditure Statement (CIES) indicates a cost of services of £52.543m. The CIES is prepared on a different basis to the general revenue fund, the CIES shows the accounting cost in the year in accordance with generally accepted accounting practices rather the amount funded from taxation. The CIES includes such expenses as depreciation and amounts to reflect pension costs which are not charged to Council Tax and are excluded from the general fund financial position.

The table below reconciles the revenue outturn to the CIES;

	£000
Total Net Expenditure in Outturn Report	103,754
Accumulated Absences	-52
Capital items	-1,910
Grant Funded Activities	-7
Transfer to reserve	-6,300
Pension Costs	-42,942
Cost of Services CIES	52,543

General Fund Balances

The Authority's opening general fund balance on the 1st of April 2023 was £5.000m. This increased by £0.700m due to a transfer from the Pensions Equalisation Reserve resulting in a closing balance of £5.700m at 31st of March 2024.

Description	Opening Balance 01/04/2023 £000	Movements 2023/24 £000	Closing Balance 31/03/2024 £000
General Fund	5,000	700	5,700
Earmarked Reserves	36,333	-10,313	26,020
Capital Receipts Reserve	85	-	85
Capital Grants Unapplied Account	-	5	5
TOTAL	41,418	-9,608	31,810

Earmarked Reserves

The Authority has used its earmarked reserves to fund the costs of:

- The development of the FSHQ site.
- Supporting the ICT Data and Digital strategy.
- Operational equipment for our existing command unit.
- Supporting flexible working arrangements to provide resilience within staffing levels.
- An uninsured injury claim.
- Severance payments for two employees.

Details on all the Authority's reserves are detailed in Notes 27 to 29 within the accounts.

Capital Programme

In addition to spending on day-to-day activities, the Authority incurs expenditure on land and buildings, information technology and other items of plant and equipment which have a longer-term life, this is classed as capital expenditure.

Each year the Authority produces a capital programme to manage major capital schemes. Owing to the nature of capital expenditure, many schemes span more than one financial year, therefore the programme is a rolling programme covering four financial years.

The Authority spent £34.384m on capital during 2023/24 against a revised approved capital plan of £49.779m. Details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2023/24 £000	Slippage 2022/23 £000	Approved Virements and Additions 2023/24 £000	Revised Capital Plan 2023/24 £000	Outturn 2023/24 £000	Variance £000
Property	1,902	837	-840	1,899	1,286	-613
CRMP	18,132	10,991	-2,570	26,553	17,762	-8,791
Information Communications and Technology	526	792	-784	534	337	-197
Procurement	100	-	-100	-	-	-
Employment Services	-	145	-18	127	128	1
Transport	7,695	6,244	1,398	15,337	11,010	-4,327
Operations	3,099	2,123	-193	5,029	3,454	-1,575
Fire Safety	400		-100	300	407	107
TOTAL	31,854	21,132	-3,207	49,779	34,384	-15,395

Due to the nature of capital expenditure a few schemes are slipped between financial years, this is due to the length of time taken to identify and procure equipment of a high value or to undertake the required planning before major property refurbishments can commence. Also, during the year, new priorities are identified which requires either additions to the current capital plan or transfers between existing capital schemes.

During 2023/24, capital expenditure of note, was spent on:

- Redevelopment of the FSHQ site totalling £16.344m.
- The rebuild of Keighley Fire Station costing £1.418m.
- The refurbishment of Cookridge Fire Station costing £0.473m.
- The installation of Ludo charging points across the estate costing £0.182m.
- The vehicle replacement program costing £11.010m.
- The replacement of the Command-and-Control mobilising system costing £1.533m.
- The installation of a second thermal imaging camera on appliances costing £0.248m.
- The replacement of operational PPE – Breathing Apparatus Cylinders costing £0.433m and uniform costing £0.224m.

This capital expenditure has been funded through the following sources as detailed below:

Funding	£000
Revenue Contributions	2,807
Capital Grant	33
Earmarked Reserves	16,344
Capital Receipts	-
Internal Borrowing	15,200
TOTAL	34,384

The capital expenditure incurred has been funded wholly by internal funds. The Authority has not taken out any new long-term external borrowing since December 2011 which has saved the Authority an estimated £10.080m in interest charges over the period. The Authority uses its own internal cash to fund expenditure rather than taking out loans, cash flow is boosted in July each year following the receipt of Pension Top Up Grant from Central Government which totalled £35.372m in 2023/24.

Our capital programme continues to invest in our asset base ensuring that our employees have the best tools to do the job. This includes investment in the replacement of our appliances, the rebuilding and major refurbishment of our fire stations, and the purchase of up-to-date operational equipment and information technology.

Treasury Management

The Authority's borrowing is undertaken in accordance with the Prudential Code which provides the regulatory framework to ensure that all borrowing is prudent, affordable, and sustainable. This framework is laid out in the Treasury Management Strategy.

The Authority's Treasury Management Strategy is reviewed annually as part of the budget approval process. The strategy sets out the Authority's policies and parameters to provide an approved framework within which officers undertake the day-to-day treasury activities.

The Authority's total long-term debt outstanding as of the 31st March 2024 was £41.937m of which £39.937m was owed to the Public Works Loans Board and £2m in the form of a LOBO with Dexia.

The Authority earned £1.903m in income from its investments during 2023/24 (£0.834m 2022/23). The significant increase in investment income is due to the rise in interest rates during the course of 2023/24. The final balance of short-term investments as of the 31st March 2024 was £0 (£15.000m 2022/23).

Explanation of the Financial Statements

Statement of Responsibilities

The Statement of Responsibilities for the statement of accounts sets out the respective responsibilities of the Authority and the Director of Finance and Procurement.

This is followed by the auditors' report which gives the external auditor's opinion on the financial statements and the Authority's arrangements for securing economy, efficiency, and effectiveness in the use of resources.

Core Financial Statements

1. Movement in Reserves Statement

This shows the movement in the year of the different reserves held by the Authority. These are broken down between Usable Reserves which are those which can be used to fund expenditure or reduce local taxation and Unusable Reserves which cannot. Examples of Usable Reserves are the general fund and the pension fund equalisation reserve; these are usable because they have been created by setting aside funds. Examples of Unusable Reserves include the pension reserve and the capital adjustment account, these are unusable because they are created by accounting adjustments and not backed by funds. The total value of Usable Reserves has reduced by £9.608m to £31.810m whilst the deficit of Unusable Reserves has increased by £0.120m principally because of adjustments to the IAS19 Pensions Reserve and movements within the capital adjustment account.

2. Comprehensive Income and Expenditure Account

This shows the cost of providing the service in the year in accordance with International Financial Reporting Standards; however, this is different to the actual expenditure that is funded through Government Grants and Council Tax. This is because this statement includes several adjustments made in accordance with regulations, the largest relating to the long-term cost of unfunded pension schemes.

3. Balance Sheet

This statement shows the value of the Fire Authority's assets and liabilities on 31st March 2024 and includes the figures on 31st March 2023 for comparison. It then shows how the net assets are matched by the Authority's reserves (both usable and unusable). On examination, the Balance Sheet shows the Authority having net liabilities of £1,027.435m, however this includes the liabilities under the unfunded firefighters pension schemes totalling £1,135.114m which the Authority is required to include. These represent the total future lifetime cost of pension liabilities for all existing employees and pensioners.

However, these liabilities are met through contributions from the employer and the employees with the balance met through government grant. Consequently, the Authority will

not be required to meet all this liability in future years. If these are excluded from the balance sheet it shows net assets of £107.676m.

4. Cash Flow Statement

This statement shows the changes in cash and cash equivalents during the financial year. It is prepared by removing all the non-cash transactions from the income and expenditure account. It includes the income raised through Government Grants, Council Tax, Business rates, borrowing and fees and charges.

The statement is broken down into three sections the first showing day to day running of the service (operating activities) the second showing expenditure on capital schemes (investment activities) and finally changes in the level of borrowing and investment (financing activities). The closing balance of cash and cash equivalents was £18.961m.

5. Pension Fund Statement

This statement provides details of income and expenditure on firefighter pensions. There are currently four different pension schemes none of which are supported by an investment fund. Details of these schemes and the Local Government Pension Scheme (LGPS) can be found on pages 118-132.

Future Challenges and Corporate Risks

1. Future Funding

The government confirmed in the Local Government Finance Settlement 2023/24, that the amount of Revenue Support Grant (RSG) would be increased in future settlements by September CPI. Although this provides some certainty around central government grants, RSG only makes up 35% of central government funding. Certainty around the continuation of grants outside core funding continues to remain uncertain and makes planning over the long-term challenging. To emphasise this, the amount of Services Grant that the Authority receives has reduced from £1.7m in 2022/23 to £0.172m in 2024/25, a reduction of 90% over the past three years. In addition, in June 2022, the Authority received notification from the Home Office that the Fire Link grant of which the Authority was budgeted to receive £0.469m in 2022/23 would be reduced by 20% over the next five years.

Unlike other public services, which are demand led, the Authority needs to have enough resources available to provide an emergency response in times of exceptional demand. This includes the ability to deal with large scale emergencies, a range of smaller incidents that may happen together and/or incidents that are of an extended duration such as the moorland fires at Marsden Moor in Spring 2023 which saw fire appliances and specialist resources deployed over 1,300 hours during the period. The occurrence of wildfires and flooding and the associated financial pressures it brings has increased over the past few years, however, government funding has not increased to reflect this financial burden.

There are several cost pressures that the Authority is facing:

- **Pay Awards**

Because employee costs constitute 75% of our expenditure, the impact of pay awards has a significant impact on the revenue budget. The grey book pay award in 2022/23 and 2023/24 was higher than that provided for in the base budget with the additional cost being £1.245m which had to be met from existing budgets. Every 1% increase in the pay award over and above budget provision costs an additional £0.611m for all staff groups. The Authority has made a provision of 5% in the 2024/25 budget for pay awards for all staff groups.

- **Firefighters Pensions**

The outcome of the 2020 GAD actuarial review has seen an increase in the firefighters' employer contribution rate of 8.8% which is payable from the 1st of April 2024. This has increased employer contributions by £3.590m which has been built into 2024/25 base employee budgets.

The Home Office announced last year that the increase in employers pension contributions from the 1st of April 2024 would be fully funded by a government grant. However, the grant is not based on actual costs but has been calculated on a four-year average using the top up grant data for each fire authority. As with any formula this is subject to "winners and losers." Following confirmation received from the Home Office on the 6th of February the Authority grant payment will be £2.916m which is a £0.674m shortfall. This must be met from existing budgets.

This grant will be paid as an annual grant from the Home Office and will not be rolled into core funding, so receiving the grant going forward is subject to uncertainty.

- The Authority has received one off grants in 2023/24, to fund the financial pressures of the implementation of the Building Safety Bill, totalling £0.378m. Although this funding is welcomed, it is not built into the Authority's base budget and any spending commitments that extend beyond the grants will have to be funded from existing budgets. This means that long term spending plans cannot be based on one-year grants with no certainty of receiving the grants going forward. Unfortunately, we have received notification from the Home Office that the amount of fire protection grant has reduced to £0.310m in 2024/25.

The introduction of more thorough DBS checks for employees and the need to comply with the new Driver Training Fire Standard has resulted in an additional financial burden for the Authority, amounting to £0.250m per annum. The Authority has received no additional funding to meet these new burdens. This has been brought to the attention of the Home Office and lobbying will continue for financial support.

- Although inflation is reducing, the impact of inflation is continuing to have an impact on the Authority. The budgets for electricity and vehicle fuel were increased by £1.041m in 2023/24 and there has been no reduction in the cost of goods and services during the year.

There have been large increases in the cost of capital schemes over the past two years, with both the re-development of the FSHQ site and the rebuild of Keighley Fire Station realising a 40% increase in cost against estimates. Moreover, the fleet replacement programme is subject to contract prices increases which is linked to the June CPI rate. This resulted in an increase in the cost of each appliance by £0.032m in 2023/24.

- There are other pressures facing the Authority, which include the outcomes of phase 2 of the Grenfell enquiry, the issues identified in the HMICFRS State of Fire report and the implementation of the Fire Reform Agenda.

2. Delivery of savings and developments in the Revenue Budget 2023/24

The Fire Authority approved a revenue budget in February 2024 which includes several service developments and savings to be implemented in 2024/25. The Authority approved £3.521m of budget growth and savings and £1.457m was identified as budget cost pressures, which have been outlined in the paragraphs above. Any variations in the expected dates or amounts of this growth and savings will affect the revenue budget. For example, a change to the planned budgeted retirement dates of firefighters from that calculated in the revenue budget will affect the financial position, for example, if a firefighter decides not to retire on their due date, this will result in an added cost to the Authority. Budget reviews are held during the year to identify such changes and any savings identified are either allocated to other projects or moved to contingencies.

Moreover, changes to the assumptions in the Medium-Term Financial Plan particularly around inflation, pay awards, firefighter pension contributions and future Government Grants are subject to change and could impact on the Authority's financial position.

Summary

The Authority reviews its budget provision annually and produces a four-year rolling Medium-Term Financial Plan which is reviewed in line with national and local priorities. The Community Risk Management Plan (CRMP), the Medium-Term Financial Plan and the workforce plan are interlinked which ensures that any challenges and risks are not looked at in isolation. The Authority has developed medium-term and long-term strategies to meet the challenges of potential funding cuts and cost pressures which have been identified by scenario planning. Any under spending on the revenue budget will continue to be used to pay for either additional minimum revenue provision charges or increases to the capital finance earmarked reserve which will reduce the revenue impact of financing the capital plan in future years.

Annual Governance Statement

Scope of Responsibility and code of Corporate Governance

Corporate governance is a phrase used to describe the systems and procedures that are in place to ensure that business is conducted in accordance with the law and proper standards, and that public money is properly accounted for and used economically, efficiently, and effectively.

The Authority has a duty to achieve best value in the way it functions and to ensure that arrangements are in place to secure continuous improvement in all areas of service provision.

The Authority has set out its arrangements for the governance of its affairs in its Constitution (a copy of this can be found at www.westyorkshire.gov.uk which includes the Authority's Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government (2016)).

These core principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing West Yorkshire Fire and Rescue capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

In publishing this statement, the Authority fulfils the requirement under regulation 4(2) of the Accounts and Audit Regulations 2015 that accompanies the 2023/24 Statement of Accounts.

It is a requirement to produce this statement under regulation 6(1) b of the Accounts and Audit (England) Regulations and that it is approved by Audit Committee in advance of them agreeing the Statement of Accounts.

By applying the principles within the Authority's own Code of Corporate Governance and applying the Nolan Principles of Standards in Public Life, the Authority commits to deliver its services with integrity, accountability, transparency, effectiveness, and inclusivity.

The Purpose of the Governance Framework

The governance framework comprises systems and processes, and culture and values, by which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Authority acknowledges that it can never eliminate risk entirely from its operations and this statement explains the systems used to manage this risk to a reasonable level, a key element of which is the system of internal control.

The governance framework has been in place at West Yorkshire Fire and Rescue Authority for the year ending 31st March 2024 and will remain in place up to the date of the approval of the statement of accounts.

The Governance Framework

Summarised below are some of the key elements of the governance framework:

Strategic Objectives and the Service Planning Process

The Authority's ambition and priorities are set out in "Your Fire and Rescue Service 2022-2025". This document is the Authority's Community Risk Management Plan (CRMP), previously known as the Integrated Risk Management Plan (IRMP) and is supported by the Workforce Plan and the Medium-Term Financial Plan, all of which are reviewed and approved annually by the Authority. These plans are published on the website at www.westyorksfire.gov.uk

The Authority's ambition and strategic priorities are:

Ambition: 'Making West Yorkshire Safer'

Strategic Priorities:

We will:

- Plan and deploy our resources against risk to provide an efficient and effective operational response.
- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and well-being of all our staff in the workplace.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve efficiency and effectiveness of our services.
- Work in a sustainable and environmentally friendly way.

- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.

These objectives form part of district plans, departmental plans, and station plans. There is an on-going system of monitoring and reporting achievement of the service against its corporate aims with regular reports on progress monitored by senior management and the Authority through its committee structure. Copies of the plan are distributed to all fire stations and departments of the Authority.

The Internal Control Environment

Internal Control describes the systems and processes that ensure the Authority can achieve its objectives with integrity and in compliance with laws, regulations, and its own policies. They define the decision-making processes and the controls that are in place to monitor these processes. The fundamentals include making sure that decisions are taken at the correct level and that there are clear separations of duty within the decision-making processes.

It covers the reliability of Financial Reporting and Performance Management against the achievement of the Authority's strategic goals.

The Authority's systems of internal control conform to the standards of financial governance set out in the CIPFA statement of the role of the Chief Financial Officer in Local Government.

The Constitution

The Authority has a written constitution which is reviewed annually by the Management Board and is formally approved by the Authority at its Annual General Meeting. Changes to the constitution required during the year are submitted to meetings of the Full Authority. The constitution is published on the website at www.westyorksfire.gov.uk and is included within the body of evidence which supports this statement. This document forms the basis of the Governance Framework and sets out the way the Authority is governed and is made up of the following documents:

- Authority Committee standing orders and procedures
- The roles and responsibilities of the executive officers
- Access to information rules
- Contract procedure rules
- Financial procedure rules
- Anti-fraud and corruption strategy
- Code of corporate governance

- Members' code of conduct
- Officers' code of conduct
- Member v officer relations protocol
- Officers' employment rules
- Protocol regarding the use of Authority resources by Members
- Members' allowances
- Management structures
- Officer delegation scheme
- Complaints procedure
- Whistle blowing policy

The Committee Structure

The constitution sets out the Framework under which the Authority is governed. It sets out in detail the composition of the Authority, the role and functions of the elected members, the roles and responsibilities of designated office holders and the roles, functions, and terms of reference of the Authority and its Committees.

The Authority has four standing committees each of which, along with the Authority, meet four times per year and an Executive Committee which deals with urgent business.

Human Resources Committee (11 Members)

This committee deals with all issues relating to the employment of staff including conditions of service, industrial relations, corporate diversity, equal opportunities, and training.

Finance and Resources Committee (11 Members)

This committee is responsible for all issues relating to the Assets of the Authority. This includes Finance (including recommendation to the Authority in relation to the revenue budget, capital planning and precepts), Insurance, Treasury Management, buildings, land and property, and ICT. This committee receives regular reports on the financial performance of the Authority along with detailed updates on Treasury Management activity.

Audit Committee (6 Members)

This committee is established in accordance with CIPFA guidance 'Audit Committees – Practical Guidance for Local Authorities'. In addition to all matters relating to both internal and external audit, the committee is responsible for performance review, risk management and business continuity.

Community Safety Committee (11 Members)

This committee is responsible for the oversight of all aspects of service delivery, which includes the key areas of Emergency Response, Fire Protection and Fire Prevention. This covers responsibility for Community Risk Management Planning, national resilience support arrangements and shared services.

Executive Committee (6 Members)

The Executive Committee deals with any urgent matters and the appointment of Management Board members.

The terms of reference of all the Authority's committees are available on the Authority's website. All meetings are open to the public and wherever possible items are considered within the public sessions of the meetings, (except for items under section 100A of the Local Government Act which are exempt from the public).

Copies of reports and minutes of all meetings are published on the Authority's website.

Local Pension Board

The Authority's Local Pension Board was established on the 1st of April 2015 in accordance with statutory requirements set out in the Public Service Pensions Act 2013. The Board is responsible for ensuring that good standards of governance are achieved and maintained in the implementation and application of the Firefighters' Pension Schemes. The Board comprises six members: 3 scheme managers (employer) and 3 scheme members (2 current/retired/deferred employees and 1 representative of the Fire Brigades Union).

Management Structure

The Corporate Management Board is made up of the following Executive Officers who meet weekly:

- Chief Executive / Chief Fire Officer
- Deputy Chief Fire Officer / Director of Service Delivery
- Assistant Chief Fire Officer / Director of Service Support
- Director of Finance and Procurement
- Director of People and Culture
- Director of Corporate Services

The Corporate Management Board is supported by a Management Team which, in addition to the Board members, includes senior officers from all areas of the organisation.

There is a close interaction between management and elected members based around a formal briefing process prior to each committee. Management also provides training and briefings for the elected members prior to their consideration of key issues such as the Medium-Term Financial Plan and the Community Risk Management Plan. Elected members newly appointed to the Fire Authority are provided with an induction on finance and governance and their roles and responsibilities.

There are several working groups which meet on a quarterly basis which include representatives from departments across the service, these groups are: Environmental Working, Establishment Planning, Information Governance, Capital and Revenue Budget Management, Risk Management and Diversity and Inclusion.

Established Policies, Procedures and Regulations

The Authority has compliance with established policies, procedures, laws and regulations, information regarding policies and procedures is held on the intranet and these are reviewed on a periodic basis. A staff survey is normally carried out once a year, (the last survey was February 2024) and an action plan is put in place to address any issues that are identified. The Authority publishes on the web site, the Pay Policy Statement, Gender Pay Gap Results, procurement processes, contracts register and transparency information in relation to expenditure over £500 and all expenditure on procurement cards.

Customer surveys are routinely carried out after attendance at incidents, safe and well visits, and school visits to ascertain customer feedback on the service provided. Every year the Authority has an external assessment of its Customer Service Excellence standard, the latest assessment was carried out on the 11th of December 2023. This resulted in the Authority maintaining full compliance against all 57 elements of the standard of which 33 achieved compliance plus, demonstrating excellent performance and continuous improvement in relation to customer-focused service delivery.

Tri-service Collaboration Board

The Tri-Service Collaboration Board (TSCB) was established in 2017 and is supported by leading representatives of each blue-light service. The aim and purpose of the TSCB is to act as an enabling forum to bring about closer working arrangements across all three emergency services in West Yorkshire. This formal agreement regulates the relationship between the three parties and provides opportunities for increased efficiency, effectiveness, and improved service delivery.

The Board consists of the key political leaders of the organisations, including the Chair of the Fire Authority, Yorkshire Ambulance Service and the Police and Crime Commissioner supported by members of senior management.

Supporting the board is a Tri-Service Steering Group (TSSG) which is currently led and administered by West Yorkshire Fire and Rescue Service.

The TSSG focuses on collating collaboration examples that exist through day-to-day operations between the three services. Larger collaboration workstreams will be only progressed if there is tri-service appetite matched with the allocation of designated resources and business need.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements. The review process is on-going and is informed by the work of the Management Board, the Chief Finance and Procurement Officer, Internal Audit, External Audit, and other external assessors. In addition, the Authority is subject to an independent inspection by His Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS).

A self-assessment of our effectiveness:

In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:

Community Risk Management Planning (CRMP)

The Authority is systematically reviewing the service it provides throughout the county through the CRMP process. This process aims to improve community safety and wellbeing and reduce the risk of fires and other emergencies. The Authority maintains a Community Risk Management model which bands the county into groups from very low to very high based on underlying risk. This information allows the Authority to proportionately allocate resources and evaluate service delivery performance against the level of risk. This is a revised methodology which builds on the Risk Management process which has transformed service delivery over the last 13 years.

Through this process, the Authority can continue to achieve its aim of making West Yorkshire safer.

Before the CRMP is approved by the Authority a process of public consultation on each proposal is carried out within the communities of West Yorkshire. This includes community meetings, drop-in sessions, information on the website, virtual meetings online and social media posts.

Effective Performance Management

It is important that the Authority can measure its performance against its aims and objectives. The Authority has a well-established Performance Management structure which is focused on outcomes. The system is embedded throughout the organisation from individual Fire Station level through District Command to Authority wide achievement.

Each year the Community Safety Committee approves a set of district priority plans which set service delivery priorities for the coming year. Districts are also set a series of performance

indicator targets for a variety of incident types that we attend. The methodology for setting the service delivery performance targets was approved by the Fire and Rescue Authority and further work is referenced below. In 2023/24 local Station Action Plans were also produced and this allows local activity to be planned to support the priorities set within the district plans. The Performance Management framework was reviewed in 2020/21 to ensure that our data and intelligence can allow us to target the Authority's resources towards reducing risk across where the risk exists within the five districts.

Performance against the district priorities is monitored within each district and reports are produced for consideration at the Safer Communities Programme Board before being presented to the Community Safety Committee which meets on a quarterly basis. Members of the Community Safety Committee are also encouraged to meet with their respective District Commander to discuss priorities, objectives within the local district priorities plan and performance targets. Service performance is also reported on a quarterly basis to the Full Authority.

This system of monitoring has proved successful in measuring performance and provides the vital evidence needed to support the CRMP.

Serious Violence Duty

As of the 31st January 2023 the Fire and Rescue Authority has been specified as a duty holder of the 'Serious Violence Duty' under new legislation created further to the Police, Crime, Sentencing and Courts Act 2022. The duty requires relevant services (of which the Fire and Rescue Authority is one) to work together to share information and allow them to target their interventions, where possible through existing partnership structures, collaborate and plan to prevent and reduce serious violence within their local communities.

In the main the Fire and Rescue Authority will discharge its duties by virtue of its membership of the five, district based, Community Safety Partnerships. There are also new opportunities to work with young people at risk of undertaking, or already involved, in this type of behaviour with an ambition to support them in making positive choices that lead them away from violence in its many guises. Having been established for over twelve months the service is engaged in a number of local initiatives designed to support our role in delivering the duty.

Effective Financial Planning and Management

The Government's austerity measures have seen the Fire Authority lose £26m in government grant from the start of the spending review in 2011/12 to the end of the spending review in 2019/20. The Authority has from the start taken a strategic approach to this grant loss matching changes to service delivery through the CRMP to the reducing resources. This planning coupled with significant capital investment has seen the construction of seven new fire stations to replace eleven old fire stations delivering over £31m in ongoing revenue savings.

The Director of Finance and Procurement presents an update on the financial position of the Authority covering both revenue and capital expenditure to the Finance and Resources

Committee. Training on finance is also delivered to new members in June and prior to the approval of the annual budget in February.

The Head of Procurement provides training for managers on procurement processes and contract management and the finance team provide training to managers on budget management.

The finance team have developed a comprehensive expenditure monitoring system delivering financial information and forecasts from individual cost centre level through the organisation to Senior Management and the Fire Authority. A red, amber, green (RAG) rating system has been introduced both for revenue and capital budget monitoring whereby budget holders must provide written explanation to the Director of Finance and Procurement if they are projected to be 5% over or under budget at the end of the financial year.

There is a documented bidding process for both revenue and capital expenditure which is managed within a timetable that matches the budget setting period and the receipt of the financial settlement from central government. Each bid is supported by a business case and is subject to scrutiny at both Management Board and Star Chamber before the bid is included within the revenue budget and capital plan for the forthcoming year.

The Authority maintains a strong record of financial management which is evidenced by its track record of maintaining expenditure within the approved budget.

On the 1st of August 2021, the responsibility for Treasury Management which was previously provided by Kirklees Council via a Service Level Agreement, transferred to the Fire Authority. The Authority has commissioned the use of independent treasury management advisors who send daily, weekly, and monthly updates on the economy, and borrowing and investment rates.

The Authority joined the Fire and Rescue Indemnity Company (FRIC) on the 1st of April 2023 for the provision of liability, fleet, and property insurance. FRIC is effectively an insurance pool that is owned and controlled by its members which are fourteen fire and rescue authorities. Cover is provided via a mutual arrangement; the structure of this arrangement means contributions are paid in to a 'pot' based on the individual risks and historic claims profile. Directors of the company are appointed by the participating authorities; no single authority would have the right to appoint a director. The company is run by a professional management company, Thomas Miller, who are required to meet all the necessary professional requirements of the Financial Conduct Authority. The structure of the pool consists of a company limited by guarantee with members and not shareholders. Each member has one vote at an AGM and the membership will elect a Board from amongst their number. Returns of surpluses, if any, will be made pro rata to each member's proportion of contributions. The Board is non-executive, and it contracts with a professional mutual management company to outsource the day-to-day operation of the mutual. The Board will make all the policy decisions and the managers' job is to carry out those decisions and bring all the necessary insurance and management skills into the equation to make sure the mutual runs well.

The Financial Management Code, a Chartered Institute for Public Finance and Accountancy (CIPFA) document, sets out the standards of financial management for Local Authorities which is designed to support good practice and to help Local Authorities demonstrate their financial sustainability. Assessment against the code became mandatory from the 1st of April 2022. The code is split into six overarching principles: leadership, accountability, transparency, standards, assurance, and sustainability which is then broken down into seventeen separate standards. An initial self-assessment against the code was reported to Finance and Resources Committee in October 2021, which identified three areas of minor improvement. Compliance to the code is reviewed annually and was subject to an internal audit in August 2023, which was awarded substantial assurance.

The Authority has an established risk management system whereby the Authority's risks are recorded on a corporate risk matrix whereby each risk is ranked in order of priority, based severity and likelihood. This is reported at the quarterly Risk Management Strategy Group (RMSG) which is chaired by the Deputy Chief Fire Officer, attended by senior managers, the internal audit manager and has a dedicated member champion. Each risk is formally reviewed annually by the responsible officer and new risks are added to the matrix if identified during the year. The corporate risk matrix and risk management strategy is approved annually at Audit Committee and the methodology of ranking each risk was reviewed in August 2022. The RMSG is one element that supports the Authority's code of corporate governance in terms of risk management and control.

Performance Management Framework

The Performance Management framework system describes how the service will report performance externally and within the service. It ensures that our staff and key stakeholders will have access to appropriate performance information to fulfil their duties, support sound evidence-led decision making which will lead to smarter working and improved evaluation. It operates a tiered approach which allows performance to be managed at organisational, functional, team and individual level.

A separate Performance Management Visits system exists for fire stations within West Yorkshire, the recorded outcomes of which contribute to the self-assessment process. The Service Improvement and Assurance Team (SIAT) quality sample Performance Management Visits ensuring resources are utilised safely, effectively, efficiently, and economically.

An annual strategic review workshop takes place every year where the planning cycle provides an indication of when activities should ideally happen as well as key milestone points.

The approved change activities that fall out of the planning process become programmes or projects of varying scale, some of which are managed formally under the West Yorkshire Fire and Rescue Service Project Portfolio Management (PPM) Framework, with lower change often being managed within departments and/or districts. Those managed through the framework are subject to scrutiny at the Change Management Board where reports are presented on progress. The Programme of Change report is then summarised and reported for consideration to members at Full Authority Committee.

OneView, the organisation's new performance management system provides live reporting data for a variety of operational incidents, prevention and protection activities and the Authority's sickness data. Data extracted from One View is presented to members at the Community Safety, Full Authority Committees, and reports by exception at the Human Resources Committee.

Effective Arrangements for Accountability

The Authority can demonstrate robust systems of accountability both to elected members and the public. The district command structure, which mirrors the five Local Authorities' / District boundaries in West Yorkshire, provide for close interaction with the Local District Councils on service delivery and joint working.

The Authority conducts a precept survey annually in January whereby questions are asked on the raising of the precept, this is promoted on our website and via other social media platforms. Budget proposals are sent to representatives of the business community with the opportunity to comment on them prior to the setting of the budget in February.

The Authority has a Service Improvement and Assurance Team (SIAT). SIAT applies the Service Assurance Framework to provide high level assurance to Management Board and the Fire Authority through implementation of the service assurance process. Each team and department making up WYFRS are required to complete a self-assessment which involves answering and providing evidence to a range of questions that include performance indicators, policy compliance, financial controls, elements contributing to operational effectiveness, internal and external audit review. This is then independently reviewed by the SIAT and reported to Management Team and Audit Committee to enable them to make an informed judgement regarding the overall performance of WYFRS. This judgement is then summarised in the Annual Statement of Assurance which is published on the WYFRS website in accordance with the requirements of the National Fire and Rescue Framework.

Reality Testing is an in-depth analysis of an incident. It has been introduced to improve organisational learning as a holistic assurance process for all departments, operational and non-operational. It targets incidents attended by up to four fire appliances, where incident themes are selected with support from contributing stakeholders. Once an incident has been selected, test data is gathered remotely and by speaking to those stations/watches/control staff involved. The information gathered is collated, learning identified and reported to Area Managers, who then decide how learning will be shared. These learning actions are added to the HMICFRS Action Plan and monitored via the quarterly workshops. Governance of the process sits within the two groups, the Operations and Training Interface Group and the HMICFRS Action Plan Workshops. An annual Reality Testing report is presented to Management Team for review.

Smarter Working promotes a Corporate Lean philosophy to drive and support continuous improvement and embed Smarter Working principles into organisational culture and practice. A lean methodology also known as the 7E's is used to assist transformation and change within service assurance and project framework processes and protocols, managing the development of key deliverables using the SMART approach. Smarter Working supports the

CRMP process to identify organisational efficiencies and where possible, encourages the use of WYFRS data to innovate and work smarter. The Smarter Working Manager works collaboratively and engages with key stakeholders to coach and facilitate individuals and teams to identify and implement improvement opportunities by reducing inefficiencies within a process. Processes are mapped out in detail from end to end to include all steps from initiation to completion. The steps are assessed for their value to the end customer of the process, and this enables the identification of which steps do not add value and/or are unnecessary.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

Following the release of the State of Fire and Rescue report 2022, West Yorkshire Fire and Rescue Service has evaluated how we are responding to national recommendations and trends, these include those arising from Grenfell and the Manchester Arena attack. The report has been shared with the wider organisation and considered by our Fire Authority to keep them informed of the national picture within the fire and rescue sector. The next State of Fire and Rescue Report is due in June 2024.

The Service uses the feedback from our HMICFRS inspections positively. All thirteen areas of improvement that were identified in our round 2 inspection have been captured on a central action plan which is monitored, reviewed, and updated on a quarterly basis with the action owners. To date, four actions are showing as completed and the rest are showing as on track.

The Authority completed its third HMICFRS inspection in March 2023. In the third round of inspections, the HMICFRS has implemented a revised grading methodology which has introduced a new grading of adequate.

Internal Audit

The Authority procures its internal audit service from Kirklees Council which complies with Public Sector Internal Audit Standards (PSIAS). This not only provides better value for money but also gives the Authority access to specialist auditors and gives an added element of independence.

The work of internal audit extends well beyond the normal probity audits and includes examination of the key financial systems as well as verification work on the Authority's risk management and governance frameworks.

The internal audit plan is approved initially by Management Board and then at Audit Committee in April. All internal audit reports include an assessment of the internal controls and a prioritised action plan to address any areas needing improvement. If an internal audit receives a limited assurance opinion, a follow up audit is carried out within the next twelve months to ensure that actions have been implemented. During 2023/24, twelve audits were completed, and one will be completed shortly after year end. The Internal Audit Annual Report is presented to Audit Committee which gives an overview on the effectiveness of

internal audit and provides an opinion on governance, risk management, and the management of the internal control environment during the last financial year.

The Audit Mission, Mandate Charter and Strategy was re-approved at Audit Committee in April 2024, and members confirmed a refocus on the internal control environment and governance. Management Board and members are satisfied that the consistent positive assurance of audits on the management of risks in the Corporate Risk Matrix means that the previous strategy of a rolling three-year cycle of the audit of corporate risks is no longer appropriate to obtain most value from the internal audit SLA.

In September 2022, the Fire Authority approved the appointment of a non-voting independent member of the Audit Committee. This new member attended their first Audit Committee in January 2023 and due to their experience in the banking sector has brought specialist knowledge and additional scrutiny to the committee.

In addition, SIAT monitors and reviews the actions from each internal audit report in liaison with the responsible departmental manager to ensure that recommendations are implemented. Progress is reported quarterly to the Risk Management Strategy Group.

Information Management Framework

Information Governance is a framework to bring together all the requirements, standards and best practice that apply to the handling of information.

The Authority is required to comply with legislation including the Data Protection Act 2018 and the General Data Protection Regulation which regulate information data processing, storage, and access rights. The Authority has appointed a Management Board Member (the Director of Corporate Services), as the statutory Data Protection Officer who in conjunction with other officers and working groups oversees the development of best practice policies and procedures aimed at ensuring compliance with the legislative requirements.

The Information Governance and Security Group which is chaired by the Director of Corporate Services and supported by the Corporate Information Management Group meets quarterly and is attended by Senior Managers within the organisation. This group is responsible for setting and reviewing policies, standards, procedures, best practices, controls, risk management and ensure compliance with them.

There were no data breaches that were required to be reported to the Information Commissioner during 2023/24.

Statement of Assurance

The Authority is required to produce an annual Statement of Assurance as part of the Fire and Rescue National Framework for England. The purpose of the statement is to provide independent assurance to communities and the Government that the service is being delivered efficiently and effectively. Whilst the Fire and Rescue National Framework sets out the Government's priorities and objectives for fire and rescue authorities in England, it does

not prescribe operational matters as these are determined locally by fire and rescue authorities.

This Statement of Assurance provides assurance that WYFRA is providing an efficient, effective and value for money service to the community of West Yorkshire in its financial, governance and operational matters. The Statement of Assurance is published on the Authority's website which includes links to the key documents.

Conclusion

Overall, the Authority and its Management Board conclude that the systems and procedures provide effective systems of management control enabling the Authority to provide an efficient, effective, and economic service to the public of West Yorkshire.

External Review

Following the Public Sector Audit Appointments tender process, Grant Thornton have been the Authority's external auditors since the 1st of April 2023.

Grant Thornton will provide an external review of systems and procedures as part of their role as the appointed external auditors to the Authority which will include:

- The audit of the financial statements 2023/24
- Reach a conclusion on the economy, efficiency, and effectiveness in the use of resources, the value for money (VFM) conclusion.
- Review the Whole of Government Accounts return.

A new Code of Audit Practice came into force on the 1st of April 2020 which has introduced new extended reporting arrangements for Value for Money for financial statements from 2020/21. The new requirement requires auditors to structure their commentary on Value for Money arrangements under three specified reporting criteria: financial sustainability, governance and improving economy, efficiency, and effectiveness.

Compliance

The systems and reviews detailed in the annual governance statement demonstrate that the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). They also demonstrate the systems that are in place to enable the Monitoring Officer and Director of Finance and Procurement to discharge their functions in relation to the governance of the Authority.

Significant Governance Issues

The CIPFA guidance suggests that the following criteria should be applied when judging what may constitute a significant control issue:

- The issue has seriously prejudiced or prevented achievement of a principal objective.
- The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
- The issue has led to a material impact on the accounts.
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation.
- The issue has resulted in formal action being taken by the Director of Finance and Procurement and/or the Monitoring Officer

Review of Governance Issues Identified in the previous Annual Governance Statement

Financial Uncertainty

There remains uncertainty regarding Central Government funding especially the around receipt of grants that are not included in the Authority's core funding. These grants are subject to variation, thus making financial planning challenging. Due to the impending General Election in 2024, it is unlikely there will be a full comprehensive spending review in the Summer, making a one-year settlement likely. This hampers the ability to make long term spending plans as funding is only known for the year ahead.

Ruling on working hours

A judgement relating to the working hours and related payments of a Belgium on-call firefighter (Matzak) could have implications for the Fire Authority. The ruling has the potential to impact adversely on current arrangements for the effective provision and affordable cost of on call services. The Authority along with every other fire and rescue service is working with the Local Government Association in seeking advice from Leading Council and reviewing potential options for changing current arrangements to mitigate against the impact of the ruling. However, due to the current uncertainty it is considered appropriate to flag up the risk of potential extra costs which have yet to be fully identified.

Following the Supreme Court decision in the landmark case of Tomlinson-Blake v Royal Mencap on the minimum entitlement to minimum wage for sleep-in-shifts, the risk posed by the Matzak ruling is somewhat reduced. The Supreme Court made a clear distinction between "actual work" and "availability for work", this ruling determined that the time that the care worker (Tomlinson-Blake) was asleep whilst at work could not be counted as working time in line with the National Minimum Wage Regulations 2015, regulation 32. The working arrangements for on-call firefighters is similar to that of care support workers, in that although they are required to be in close proximity to their workplace, there will be times when they are not undertaking "actual work" whilst they are providing on-call duties.

The Police and Crime Act 2017

The Police and Crime Act 2017 imposes a statutory requirement on emergency services to collaborate to improve public safety and deliver better efficiency. The emergency services in West Yorkshire have established a joint body to review areas of collaboration this is yet to

deliver any significant change. This process is dependent on the services agreeing joint priorities and delivering change with willing partners and thus continues to remain a significant governance issue.

Reforms to Fire and Rescue Services

The HMICFRS State of Fire and Rescue Reports have previously made six national recommendations for reform to the fire and rescue service, which may have an impact on governance, these are:

1. Fire and rescue services should establish a common set of definitions and standards to cover key priority areas.
2. The sector should review and determine the role of the fire and rescue service and the role of its employees.
3. The sector should review how effectively pay and conditions are determined.
4. The Home Office should provide Chief Fire Officers with operational independence.
5. Introduction of a code of ethics.
6. The Home Office should address the deficit in the fire sector's national capacity and capability to support change.

Although some of the above recommendations have been implemented, for example, the introduction of Fire Standards and a code of ethics, the next HMICFRS State of Fire Report which is due to be published in June 2024, will include an up-to-date assessment of the recommendations.

Changes to European Legislation

Retained EU law (REUL) was established by The European Union (Withdrawal) Act 2018 to ensure legal certainty and continuity immediately after Brexit, by preserving all EU and EU-derived law as it stood immediately before the UK's departure. However, retained EU law was never intended to sit on the statute book indefinitely.

On the 29th of June 2023, The Retained EU Law (Revocation and Reform) Bill received Royal Assent, paving the way for significant regulatory reform, and enabling the removal of RUELE from the UK statute book. Under the RUELE Act, RUELE which had not been revoked by the end of 2023 then became "assimilated law". These are laws that the UK saved to ensure legislative continuity immediately after Brexit. The catalogue of RUELE can be accessed electronically via a dashboard which contains 6,757 individual pieces of RUELE, concentrated over 400 unique policy areas.

The effect on WYFRS of these changes is currently unknown, those persons responsible for areas covered by EU legislation will conduct an impact assessment and implement any required changes.

The above governance issues are still outstanding in the Annual Governance Statement for 2023/24.

Significant Governance Issues 2023/24

Whilst no significant weaknesses have been identified as per the CIPFA guidance list, the following have been identified as potential issues for the forthcoming year:

Minimum Service Levels for Fire and Rescue Services

On the 20th of July 2023, the Minimum Service Level Act 2023 received Royal Assent, the Bill includes powers for the Secretary of State to set Minimum Service Levels (MSL) for service within specified six key sectors of which fire is one of them. However, MSL will not take effect until the regulations that detail the sector specific MSL come into force. Currently the MSL for fire and rescue is currently out to consultation, which closes on the 11th of May 2024.

The aim of MSL is to limit the impacts of strike action on the lives and livelihoods of the public and to find a balance between the ability of trade unions and their members to strike with the need for the wider public to be able to access key services during strikes.

The Home Office has set a 73% minimum level of the number of fire appliances that are deployable on a non-strike day and that control rooms will operate normally.

The impact on the Fire Authority is unknown until the government responds to the consultation.

HMICFRS Report on Handling of Misconduct

On the 13th of July 2023, the Home Secretary commissioned HMICFRS to undertake a thematic inspection of the handling of misconduct in fire and rescue services in England. This report is expected to be published in June 2024, the impact of the findings on West Yorkshire is at this moment unknown.

National Fire Framework Consultation

The National Fire Framework sets out the government's priorities and objectives for fire and rescue services. This was last updated in 2018 and it is expected that a revised National Fire Framework will be published in Summer 2024. Management will consider its implications as regards the authority's governance procedures and response.

Outstanding Audit of the Statement of Accounts 2022/23

The audit of the 2022/23 Statement of Accounts has not commenced, this is the responsibility of the Authority's previous external auditors, Deloitte LLP. This is likely to increase the complexity of the 2023/24 audit by Grant Thornton.

The outstanding audit is not a unique problem for West Yorkshire Fire and Rescue as there are a significant number of external audits across the local government sector that are outstanding for 2022/23, with some uncompleted audits relating to 2021/22 and previous years. To address this backlog, the Department for Levelling Up, Housing and Communities (DLHUC) are proposing a solution that covers three phases:

Phase One – A reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by the 30th of September 2024.

Phase Two – Recovery from phase one in way that does not cause a recurrence of the backlogs by introducing backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase Three – Reform involving addressing challenges in the local audit sector which have contributed to this backlog.

Summary

The Fire Authority continues to operate in a difficult environment, and we accept that the above issues present the Authority and its Management Board with a major challenge. However, previous performance demonstrates the ability of the Authority and its management to manage in challenging times. We are therefore confident that we can continue to deliver a high-quality service whilst driving through major changes to the organisation, and that the systems are in place to further enhance our governance arrangements.

John Roberts
Chief Fire Officer / Chief Executive
Dated:

Alison Wood
Director of Finance and Procurement
Dated:

Cllr O'Donovan
Chair West Yorkshire Fire & Rescue Authority
Dated:

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority it is the Director of Finance and Procurement.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Director of Finance and Procurement's Responsibilities

The Director of Finance and Procurement is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASACC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Director of Finance and Procurement has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Director of Finance and Procurement has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the financial statements set out on pages 50-140 present a true and fair view of the financial position of the West Yorkshire Fire and Rescue Authority as at 31st March 2024, and its income and expenditure for the year then ended.

Alison Wood CPFA
Director of Finance and Procurement
Dated:

Authority Approval of Accounts
Cllr K Renshaw
Chair of Audit Committee
Dated:

Audit Opinion

(LEAVE INTENTIONALLY BANK)

(LEAVE INTENTIONALLY BANK)

(LEAVE INTENTIONALLY BANK)

(LEAVE INTENTIONALLY BANK)

Main Financial Statements

Comprehensive Income and Expenditure Statement for the year ended 31st March 2024

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000	Comprehensive Income and Expenditure Statement	Note	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
53,378	-3,034	50,344	Service Delivery		35,519	-2,698	32,821
14,013	-558	13,455	Service Support		12,545	-624	11,921
5,129	-135	4,994	Employment Services		4,470	-188	4,282
208	-	208	Chief Fire Officer		140	-	140
3,035	-418	2,617	Finance and Procurement		2,587	-400	2,187
1,257	-7	1,250	Corporate Services and Governance		1,202	-10	1,192
77,020	-4,152	72,868	Cost of Services		56,463	-3,920	52,543
1,947	-37	1,910	Other Operating Expenditure	10	37	-	37
43,212	-834	42,378	Financing and Investment Income and Expenditure	11	52,754	-1,907	50,847
-	-97,755	-97,755	Taxation and Non-Specific Grant Income	12	-	-104,279	-104,279
122,179	-102,778	19,401	Net (Surplus) / Deficit on the Provision of Services		109,254	-110,106	-852
		-2,175	Impairment losses on non-current assets charged to the Revaluation Reserve				-1,570
		-473,258	Remeasurement of the Net Defined Benefit Liability				12,150
		-475,433	Other Comprehensive Income and Expenditure				10,580
		-456,032	Total Comprehensive Income and Expenditure				9,728

Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) is a supporting note to the CIES. The objective of the EFA is to demonstrate to the taxpayer how the funding available to West Yorkshire Fire Service (Government Grants, Council Tax Income in the form of Precepts, Business rates) for the year have been used in providing services in comparison with those resources consumed or earned by the Fire Service in accordance with Generally Accepted Accounting Practices (GAAP). The Analysis also shows how this expenditure is allocated for decision making purposes between the Fire Authority's management structure. A more detailed breakdown of the adjustments between funding and accounting basis is shown in Note 9.

Expenditure and Funding Analysis 2023/24	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement (Note 8)
	£000	£000	£000
Service Delivery	39,151	-6,330	32,821
Service Support	27,737	-15,815	11,922
Employment Services	11,729	-7,447	4,282
Chief Fire Officer	318	-178	140
Finance and Procurement	12,541	-10,354	2,187
Corporate Services and Governance	3,937	-2,746	1,191
Net Cost of Services	95,413	-42,870	52,543
Other Income and Expenditure	-85,805	32,410	-53,395
Net Surplus on the Provision of Services	9,608	-10,460	-852
Opening General Fund Balance as at 31 st March 2023	41,418		
Surplus on General Fund in year	-9,608		
Closing General Fund Balance (Including Earmarked Reserves) as at 31st March 2024	31,810		

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement (Note 8)
	£000	£000	£000
Service Delivery	66,911	-16,567	50,344
Service Support	10,075	3,380	13,455
Employment Services	4,560	434	4,994
Chief Fire Officer	176	32	208
Finance and Procurement	7,312	-4,695	2,617
Corporate Services and Governance	1,077	173	1,250
Net Cost of Services	90,111	-17,243	72,868
Other Income and Expenditure	-88,435	34,968	-53,467
Net Deficit on the Provision of Services	1,676	17,725	19,401
Opening General Fund Balance as at 31 st March 2022	43,094		
Surplus on General Fund in year	-1,676		
Closing General Fund Balance (Including Earmarked Reserves) as at 31st March 2023	41,418		

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and Unusable Reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services; more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

A further analysis of the reserves position can be found within Notes 27-29.

Movement in Reserves during 2023/24	Note	General Fund Balance (including Earmarked Reserves)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance as at 1st April 2023		41,333	85	-	41,418	-1,059,128	-1,017,710
Total Comprehensive Income and Expenditure		852	-	-	852	-10,580	-9,728
Adjustments between accounting basis and funding basis under regulations	9	-10,465	-	5	-10,460	10,460	0
Increase / Decrease in 2023/24		-9,613	-	5	-9,608	-120	-9,728
Balance as at 31st March 2024		31,720	85	5	31,810	-1,059,248	-1,027,438

Movement in Reserves during 2022/23	Note	General Fund Balance (including Earmarked Reserves)	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000
Balance as at 1st April 2022		43,009	85	-	43,094	-1,516,836	-1,473,742
Total Comprehensive Income and Expenditure		-19,401	37	-	-19,364	475,433	456,069
Adjustments between accounting basis and funding basis under regulations	9	17,725	-37	-	17,688	-17,725	-37
Increase / Decrease in 2022/23		-1,676	-	-	-1,676	457,708	456,032
Balance as at 31st March 2023		41,333	85	-	41,418	-1,059,128	-1,017,710

Balance Sheet as at 31st March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is Usable Reserves; that is those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

31 March 2023	Balance Sheet	Note	31 March 2024
£000			£000
98,726	Property, Plant and Equipment	13	128,558
155	Intangible Assets	15	94
98,881	Long Term Assets		128,652
15,000	Short Term Investments		-
720	Inventories	19	725
11,899	Short Term Debtors	20	14,494
31,304	Cash and Cash Equivalents	21	18,961
58,923	Current Assets		34,180
-5,447	Short Term Borrowing		-1,414
-12,164	Short Term Creditors	25	-12,137
-841	Provisions (less than 1 year)	26	-646
-18,452	Current Liabilities		-14,197
-41,937	Long Term Borrowing		-40,937
-22	Capital Grants Received in Advance		-22
-1,115,103	Net Liability related to Defined Benefit Pension Schemes	38	-1,135,114
-1,157,062	Long Term Liabilities		-1,176,073
-1,017,710	Net Liabilities		-1,027,438
41,418	Usable Reserves	27	31,810
-1,059,128	Unusable Reserves	29	-1,059,248
-1,017,710	Total Reserves		-1,027,438

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

31 March 2023	Cash Flow Statement	Note	31 March 2024
£000			£000
32,178	Cash and Cash Equivalents at the beginning of the Reporting Period	21	31,304
-19,401	Net Surplus / (Deficit) on the Provision of Services		852
31,127	Adjustment to the Net Surplus / (Deficit) on the Provision of Services for non-cash	22	9,972
-87	Adjustment for items included in the Net Surplus / (Deficit) on the Provision of Services that are investing and financing activities	22	-38
11,639	Net Cash Flows from Operating Activities		10,786
-10,000	Net Cash Flows from Investing Activities	23	-18,071
-2,513	Net Cash Flows from Financing Activities	24	-5,058
-874	Net Increase or (Decrease) in Cash and Cash Equivalents		-12,343
31,304	Cash and Cash Equivalents at the end of the Reporting Period		18,961

Notes to the Main Financial Statements

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the yearend of 31st March 2024.

The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2023/24 and the Service Reporting Code of Practice 2023/24. This is supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The following accounting concepts have been applied and policies adopted in preparing the financial accounts:

Fundamental Accounting Concepts

The financial statements, other than cash flow information, are prepared on an accruals basis. This means that revenue and capital expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received.

Consistent accounting policies have been applied both within the year and between years unless otherwise identified.

The accounts have been prepared on a going concern basis, that is on the assumption that the Authority will continue to be in operational existence for the foreseeable future. The Chief Finance and Procurement Officer is unaware of any material uncertainties relating to the Authority's ability to continue as a going concern.

The concept of materiality has been utilised so that insignificant items and fluctuations under an acceptable level of tolerance are permitted, provided in aggregate they would not affect the interpretation of the accounts.

Where specific legislative requirements and accounting principles conflict, legislative requirements are applied.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in accordance with section 2.7 of IFRS 15. In particular:

- Revenue from the provision of services is recognised when the Authority can measure reliably the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including the services from employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of more than 24 hours. The Authority has deposits in financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Exceptional Items

Any exceptional items are included in the cost of service to which they relate or on the face of the Comprehensive Income and Expenditure Statement, if such a degree of prominence is necessary to give a fair presentation of the accounts. Details of such items are given in the notes to the accounts.

Prior Period Adjustments

Prior year adjustments may arise from changes in accounting policies or from the correction of a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors that are identified in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Front line services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, which is calculated by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are replaced by a contribution in the General Fund Balance of Minimum Revenue Provision, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits payable during employment

Short term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements, accrued flexi time and time in lieu earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the deficit on the provision of services but then removed from the account, matched by a corresponding adjustment to the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required

to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Accounting for retirement benefits is carried out in line with International Accounting Standard 19 (IAS19). IAS19 requires an Authority to see beyond its commitment to pay contributions to pension funds and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Authority's financial position. Inclusion of the attributable share of the fund assets and liabilities does not mean that legal title or obligation has passed to the employer, instead it represents the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit via reduced contributions from a surplus in the scheme.

IAS19 only applies to defined benefit schemes that are those where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits.

The Authority participates in the following retirement schemes:

- 2015 Firefighters' Pension Scheme.
- Firefighters' Compensation Scheme (FCS).
- The Local Government Pension Scheme (LGPS).

The Government introduced a new pension scheme on the 1st April 2015, the 2015 firefighters Pension Scheme. Members of the 1992, 2006 and Retained Modified Schemes were transferred to the 2015 scheme with no protection, tapered protection or had full protection in the existing schemes. From 1st April 2022 all Firefighters in active service transferred to the 2015 Firefighters Pension Scheme.

Firefighters' Compensation Scheme

Under the Firefighters' Compensation Scheme injury awards are payable to those Firefighters who have sustained a qualifying injury in the exercise of their duties as a firefighter which are paid from the Authority's revenue account.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit scheme.

- The liabilities of the LGPS attributable to the Authority are included in the Balance Sheet on an actuarial basis using an assessment of the future payments that will be made in relation to retirement benefits.
- Earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of expected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate determined in the actuaries' assumptions.
- The assets of the LGPS attributable to the Authority are included in the Balance Sheet at their fair value.

The change in the net pension's liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service to which the employee worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits to employees – debited or credited to the deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the LGPS – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirements benefits on the basis of cash flows rather than as benefits earned by employees.

The 2023/24 Code (and IAS 19 Employee Benefits Revised) requires that administration costs directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined

benefit obligations, are recognised as a reduction in the return on plan assets and recorded in Other Comprehensive Income and Expenditure.

The 2023/24 Code does not prescribe a specific accounting treatment for administration costs that are not deducted from the return on plan assets. The accounting treatment adopted by West Yorkshire Pension Fund is to deduct administration costs from the cost of services.

Discretionary Benefits

The Authority also has the restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Pension Fund

The Authority maintains a Firefighters' Pensions Fund from which pension payments are made and into which all contributions (employees and employer's) are received. The annual deficit is topped up as necessary by specific government grant.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts

estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the re-purchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading losses over the life of the replacement loan and gains over a similar period up to a maximum of ten years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

There are two main classes of financial assets measured within the Authority at:

- Amortised cost and;
- Fair value through profit and loss

The Authority holds investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Authority's financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

The Authority made the irrevocable decision to designate changes in equity investments in other comprehensive income as permitted under IFRS. The Authority does not currently hold any equity investments.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the

carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Authority recognises expected credit losses on all its financial assets held at amortised cost over the lifetime of the asset.

Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurement of Financial Assets

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

Foreign Currency Translation

Where the authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses

are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, if not, future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Assets

Expenditure on the acquisition of intangible assets is capitalised, brought onto the Balance Sheet at cost and amortised over the period benefit is received. Software licences that are purchased by access to a web portal rather than the software being installed on a Fire Authority IT device are charged as an expense to the revenue account.

Estimated lives for new intangible assets are 5 years and are amortised on a straight-line basis.

Intangible assets are amortised on their current net book value, and it is assumed that residual value is insignificant or nil. Intangible assets are reviewed annually for impairment. All services are charged with a provision for amortisation and, where required, any related impairment loss, for all intangible assets used in the provision of the service.

Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Leases

Finance Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee.

Leases that do not meet the definition of finance leases are accounted for as operating leases. The Authority had no finance leases in 2023/24.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased property, plant, or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does match the pattern of payments.

The Authority leases no assets to other organisations.

Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and performance.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administering services and are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

The cost of enhancement work to existing assets is added to the appropriate fixed asset balance where the enhancement increases either the value or life of the asset. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits is charged as an expense when it is incurred.

The Authority has a de-minimis level of £10,000 whereby expenditure on individual capital schemes below this limit are charged to revenue expenditure.

Measurement

Assets are initially measured at cost comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

Land and Buildings

- Operational Assets – including all fire stations, the Service Delivery Centre and buildings at Fire Service Head Quarters - depreciated replacement cost.

Vehicles, Plant and Equipment

- Non-property assets with short useful lives and/or low values – depreciated historical cost.
- Fire Appliances – due to their specialist nature these are valued at depreciated historical cost.

Assets Under Construction (AUC) - historical cost.

Surplus Assets – market value.

Assets Held for Sale – market value.

The Authority formally values 20% of its assets each year via an external valuations team. For the remaining 80% that are not formally re-valued in year a desktop exercise is undertaken to assess their current value by the Authority's external valuer. This is determined and set out within the letter of engagement between the Authority and external valuer.

Valuations are also carried out when there is a major natural disaster and/or there are major refurbishments.

Increases in value of Property, Plant and Equipment are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Impairment

Assets are assessed at the end of each financial year as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where identified, the impairment losses are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all fixed assets with a determinable finite life except for freehold land and assets under construction. Assets are depreciated on a straight-line basis from 1st of October in year of acquisition. Buildings and motor vehicles are depreciated from the date they became operational. Estimated lives for new assets can vary but are generally as follows:

Land and Buildings:

- New Buildings and Refurbishments 21-50 years

Vehicles, Plant and Equipment:

- Fire Appliances 15 years
- Operational Equipment 5-13 years
- Fixtures and Fittings 10 years
- Computer Equipment 5 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

For those assets where the cost of the component parts is significant, they are depreciated separately from the rest of the asset. The Authority has a £500,000 de-minimis level on the net book value which means that if the carrying value of the asset is lower than this de Minimis the asset is not componentised. For those assets that are assessed for componentisation each component must represent 25% of the total cost of the asset or the depreciation charges must be significant to the charge if componentisation was not used. The componentisation of an asset is also reviewed if the asset has significant enhancement expenditure during the year, is purchased/built from new and during the formal 5 yearly property valuations.

The asset life of any component will not exceed the timeframe set out underestimated asset lives and therefore not one component of an asset will ever be recognised as having an estimated life of greater than 50 years.

Disposals and Non-Current Assets Held for Sale

Once Management has made the decision that an asset has become surplus to requirements, and it is being actively marketed for sale it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Amounts received under £10,000 are categorised as revenue receipts.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

There is a formal disposal process in place that departments complete when assets are disposed of to ensure that the asset register is complete.

Unusual or Material Charges or Credits in the Accounts

These are items that due to their nature and/or value require separate disclosure. Details of unusual or material charges or credits in the Accounts for 2023/24 are shown in the notes to the main financial statements.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

These are amounts set aside for purposes falling outside the definition of provisions. Reserves are created by transferring amounts out of the General Fund Balance. The General Fund Balance can be used to meet both capital and revenue expenditure, and a minimum level must be maintained for risk management purposes. For the Authority this is £5m. The Authority has a number of earmarked reserves which are held for identified specific

expenditure in the future as well as earmarked reserves which have been established for other purposes. These are reviewed annually and those no longer required are transferred to the General Fund Balance.

The balances on the following reserves: Capital Adjustment Account, the Financial Instruments Adjustment Account, the Revaluation Reserve, the Pension Reserve, and the Collection Fund Adjustment Account cannot be used for future expenditure.

Revenue Expenditure Funded from Capital under Statute

This represents expenditure which may properly be capitalised under statutory provisions, but which does not represent fixed assets. The expenditure is written off to revenue in the year it is incurred, and an adjustment is made on the statement of General Fund Balance for the same amount so that there is no impact on Council Tax. The Authority uses this approach for the installation of smoke and carbon monoxide alarms within premises and fire hydrants.

Value Added Tax

VAT is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure as appropriate. VAT receivable is excluded from income.

Council Tax and Business Rates Income

Billing Authorities in England are currently required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and the Business Rates Retention Scheme. In its capacity as a billing Authority, an Authority acts as an agent - it collects and distributes Council Tax and Business rates income on behalf of itself and other major preceptors such as the Fire Authority.

Council Tax and Business rates income collected by billing authorities is credited to their Collection Fund and represents accrued income for the year. Regulations determine when this income should be released from the Collection Fund and transferred to the General Fund of the billing Authority and other major preceptors (which in turn is credited to their General Funds). The amount credited under these regulations is the Authority's precept and income from the Business Rates Retention Scheme for the year, plus the Authority's share of the surplus or deficit on the collection fund for the previous year.

The income which must be included in the Comprehensive Income and Expenditure statement is the accrued income for the year and not the actual income received in the year. Any difference between these figures is charged to the Collection Fund Adjustment Account which is held on the Balance Sheet and is included in the Movement in Reserves Statement. This ensures that the difference between the accrued income and the actual income received does not impact on the General Fund.

Since the collecting Authority is collecting income on behalf of the Fire Authority, then the Fire Authority must also share in any surplus or deficit on collection.

The Authority therefore makes provision for the following items in its Balance Sheet at the financial year end:

- Debtors for the Authority's share of Council Tax and Business rates Retention arrears at 31st March 2024.
- Provision for impairments of debtors in relation to Council Tax and Business rates retention arrears as at 31st March 2024.
- Income in advance from Council Tax and Business rate payers who have paid their bills early.
- Creditor provision where the billing authorities have over-collected Council Tax and Business rates income in year compared to the value of amounts actually paid over to the Authority.
- Creditor provision for appeals by Business rate payers who disagree with the valuation of their premises for Business rates purposes.

The relationship with each billing Authority is held within the Balance Sheet as a net debtor or creditor to the Authority.

Note 2. Accounting Standards that have been issued but not yet applied

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2023/24 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2024/25 code are:

- IFRS 16 (Leases) – for those local Authorities that have not decided to adopt IFRS 16 in 2023/24.

Following an emergency consultation undertaken by CIPFA/LASAAC in March 2022 it was agreed to defer the implementation of IFRS 16 (Leases) until 1 April 2024. However, the 2023/24 code allows for early adoption of the standard if the Authority considers it is able to do so. The Authority has not adopted IFRS 16 in 2023/24.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

These changes are not expected to have a material impact on the Statement of Accounts.

IFRS 16 (Leases)

IFRS 16 (Leases) will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is no recognition for low-value and short-term leases).

HM Treasury has decided that IFRS 16 will be adopted without restatement: this means that when it is implemented in 2024/25, the Authority will make transition adjustments as at 1 April 2024.

IAS 8 requires the Authority to disclose an assessment in the 2023/24 accounts of the possible impact of implementing IFRS 16.

Specific steps for the Authority to consider during the implementation of IFRS 16 include:

Review existing leases / contracts

Use of the transitional provision for grandfathering, the definition of a lease under IAS 17 and IFRIC 4 for existing leases at 1 April 2024 has been mandated across the public sector. This means that while the accounting for operating leases as a lessee will change, the Authority does not need to reassess whether an existing contract is or contains a lease. This assumes that previous contract reviews against leasing standards were robust. There is a risk that not all operating leases have been previously captured and auditors are likely to require evidence that such reviews were robust or have been revisited / reviewed.

The Authority currently accounts for 245 fleet vehicles as operating leases under IAS 17. The Authority will reassess a further 242 existing contracts within the contracts register and any new contracts in 2024/25 to determine the existence of lease arrangements.

Review for any leases or contracts containing a lease with leases for nil consideration

The measurement of leases at nil consideration or peppercorn amounts is adapted for the public sector with the right of use asset being measured at fair value or value in existing use. Where existing peppercorn leases were not recognised as finance leases under IAS 17, these may not currently be identified as leased assets.

The Authority does not recognise peppercorn leases as finance leases under IAS 17 and will need to consider the accounting treatment for these leases under IFRS 16.

Collate information for existing leases

For existing leases, and all new leases (including peppercorn amounts), information required for IFRS 16 measurement and disclosure should be collated in the lease register. This will include (but is not limited to): - Remaining lease term - Lease variations - Information on current rents lease costs and rent reviews - Interest rate inherent in the lease - Other lease terms such as purchase options or termination penalties This is likely to be substantially more information than was previously held on the lease register.

Assess how the right of use asset will be measured

The subsequent measurement of the right-of-use asset includes a practical expedient allowing right-of-use assets to be carried at historical cost. However, the Authority will need to decide whether it is appropriate. Where it is not appropriate, subsequent measurement of the right-of-use asset will be at current value. The Authority has assessed how many assets will need to be measured by valuers and has updated the valuation procedure accordingly.

Lease Calculations / models

The Authority will need to ensure that the information is available to undertake the calculations/estimates for lease liabilities and initial measurement of the right-of-use asset as of 1 April 2024 and maintain this for subsequent years in accordance with the provisions in the Code.

This will include the information required for transition.

The information systems will need to be able to be updated for new leases, new information and rent reviews.

Understand the impact on financial planning

Budgetary implications for 2024/25 were assessed and included in the medium-term financial plan, the Authority's prudential indicators and capital strategies.

The main elements of data collection to inform capital budget planning included:

- Forecast capitalised value of leases taken out as a lessee in 2024/25 under IFRS 16.
- Aggregate lease annual payment and total future cash commitment for new leases taken out in 2024/25.
- Forecast impact of any lease liability remeasurements (lessees) in 2024/25.
- Information to be split between property and non-property assets.

The main elements of data collection to inform revenue budget planning included:

- Lease costs charged to operating expenditure on an IFRS 16 basis in 2024/25 – under IFRS 16 this will be payments for short term or low value leases.
- Interest expenditure in 2024/25 on leases.
- Depreciation and impairment charges in 2024/25 on leases.

In 2024/25 the Authority will be required to capitalise the lease costs of vehicles; this will see the current revenue charge to the Comprehensive Income and Expenditure being replaced with an additional Minimum Revenue Provision (MRP) charge over the life of the assets. As the current payments under revenue and the future MRP payments are over the same useful

economic life then these changes are not expected to have a material impact on the Statement of Accounts.

Note 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Fire Services. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority has an outstanding uninsured claim relating to exposure to asbestos and it is possible that further claims may arise in the future.

Note 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance on individual assets. The current economic climate makes it uncertain if the Authority can sustain the current level of expenditure on repairs and maintenance, which could bring into doubt the useful lives assigned to assets.	If the useful lives of assets are reduced, depreciation increases and hence the carrying amount of the asset falls. It is estimated that the annual charge for depreciation would increase by £0.095m for every year that the useful lives have to be reduced.
Provisions	The Authority shares the collection fund surplus and deficits with the 5 district councils of West Yorkshire. Due to the current economic climate the estimated collection fund balance may be more volatile.	As at the 31st March 2024 the provision for the non-payment of council tax debtors and National Non-Domestic Rates (NNDR) is £2.873m (£2.887m 2022/23). This may rise in the current economic climate due to inability to pay Council Tax.
Pensions Liability	The estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement and mortality ages and expected return on investment funds. A firm of actuaries are appointed to provide the Authority with expert advice.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £77.000m. However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact on the total liability.
Fair Value Measurements	At the 31 March 2024 the Authority had a balance of sundry debtors for £0.391m. Due to the low levels of bad debt the Authority does not have the need for a bad debt provision, but due to the current economic climate this policy may be reviewed.	The amount of debt exceeding 3 months was £0.266m as at the 31st March 2024. This is to be monitored and a provision would have to be funded from revenue reducing the level of general fund reserves.

Note 5. Material Items of Income and Expense

It is a requirement of the Code of Practice that details of any material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) are identified.

There were no material items of income or expense not recognised within the CIES in 2023/24.

Note 6. Events after the Balance Sheet Date

The Draft Statement of Accounts were completed and available for use as authorised by the Director of Finance and Procurement on the 31st May 2024. Where events taking place before this date provided information about conditions existing at the 31st March 2024, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

There were no events taking place after the 31st March 2024 that need to be disclosed.

Note 7. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts (2023/24)	Adjustment for Capital Purposes (1)	Net change for the Pensions Adjustments (2)	Other Differences (3)	Total Adjustments
	£000	£000	£000	£000
Service Delivery	2,454	-9,538	754	-6,330
Service Support	2,868	-18,683	-	-15,815
Employment Services	16	-7,463	-	-7,447
Chief Fire Officer	-	-178	-	-178
Finance and Procurement	-6,020	-4,334	-	-10,354
Corporate Services and Governance	-	-2,746	-	-2,746
Net Cost of Services	-682	-42,942	754	-42,870
Other Operating Expenditure – a	37	-	-	37
Finance and Investment Income and Expenditure – b	-	50,803	-61	50,742
Taxation and Non-Specific Grant Income and Expenditure – c	-18,377	-	8	-18,369
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-19,022	7,861	701	-10,460

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts (2022/23)	Adjustment for Capital Purposes (1)	Net change for the Pensions Adjustments (2)	Other Differences (3)	Total Adjustments
	£000	£000	£000	£000
Service Delivery	3,829	-21,309	913	-16,567
Service Support	2,306	1,074	-	3,380
Employment Services	-	434	-	434
Chief Fire Officer	21	11	-	32
Finance and Procurement	-4,943	248	-	-4,695
Corporate Services and Governance	-	173	-	173
Net Cost of Services	1,213	-19,369	913	-17,243
Other Operating Expenditure – a	1,910	-	-	1,910
Finance and Investment Income and Expenditure – b	-	41,204	-62	41,142
Taxation and Non-Specific Grant Income and Expenditure – c	-6,461	-	-1,623	-8,084
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-3,338	21,835	-772	17,725

(1) Adjustments for Capital Funding and Expenditure Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line for:

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing and other revenue contributions are deducted as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure adjustments are made for capital and revenue grants whose conditions have or have not been made during the year.

(2) Net change for the removal of pension contributions and the addition of pension (IAS19) related expenditure and income

- For services this represents the removal of the employer pension contributions made by the Authority as permitted by statute and replacement with current service costs and past service costs.

- Financing and Investment Income and Expenditure - the net interest on the defined benefit liability is charged to the CIES.

(3) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- Revenue expenditure funded from Capital under Statute.
- Amounts by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.
- Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year.
- Amount by which Council Tax and Business rates income credited to CIES is different from Council Tax and Business rates income calculated for the year.

Note 8. Expenditure and Income Analysed by Nature

Expenditure / (Income)	2022/23	2023/24
	£000	£000
Employees	52,627	32,281
Other Service Expenses	15,216	14,485
Support Services	3,542	3,779
Capital Charges	5,635	5,918
Disposal of Fixed Assets	1,947	37
Interest Payments	43,212	52,754
Total Expenditure	122,179	109,254
Government Grants and Contributions	-2,580	-2,400
Other Non-Government Grants	-	-30
Customer and Client Receipts	-1,572	-1,490
Fixed Assets Sales Proceeds	-37	-
Interest Receivable and Similar Income	-834	-1,907
Taxation and Non-Specific Grant Income	-97,755	-104,279
Total Income	-102,778	-110,106
Net Deficit on the Provision of Services	19,401	-852

Note 9. Adjustments between Funding and Accounting Basis

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority only are to be met except to the extent that statutory rules might provide otherwise.

These rules specify the financial year in which the liabilities and payments should impact on the General Fund balance, which is not necessary in accordance with proper practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

Capital Grants Unapplied

The Capital Grants Unapplied (reserve) holds the grants and contributions received towards capital projects for which the authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by the grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2023/24	General Fund balance £000	Capital Receipts Reserve £000	Capital Grants Applied £000
Adjustments to Revenue Resources			
Pensions Costs (Transferred to (or from) the pension reserve)	7,861	-	-
Financial Instruments (Transferred to the accumulated financial instruments adjustments account)	-61	-	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	8	-	-
Holiday Pay (Transferred to the accumulated absences reserve)	-52	-	-
Reversal of Entries included in the surplus or deficit on the provision of Services in relation to the capital expenditure	6,183	-	-
Total adjustments to revenue reserve	13,939		
Adjustments between capital & revenue resources			
Transfer of non-current assets sale proceeds from revenue to the capital receipts reserve	-	-	-
Statutory Provision for the repayment of debt (transfer to the capital adjustment account)	-2,511	-	-
Capital expenditure financed from Revenue balance (transfer to the capital adjustment account)	-21,855	-	-
Total adjustments between revenue & capital resources	-24,366	-	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	-	-
Application of capital grants to finance capital expenditure	-	-	-33
Total Capital Resources	-	-	-33
Total Adjustments 2023/24	-10,427	-	-33

2022/23	General Fund balance £000	Capital Receipts Reserve £000	Capital Grants Applied £000
Adjustments to Revenue Resources			
Pensions Costs (Transferred to (or from) the pension reserve)	21,835	-	-
Financial Instruments (Transferred to the accumulated financial instruments adjustments account)	-62	-	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	-1,623	-	-
Holiday Pay (Transferred to the accumulated absences reserve)	88	-	-
Reversal of Entries included in the surplus or deficit on the provision of Services in relation to the capital expenditure	8,931	-	-
Total adjustments to revenue reserve	29,169	-	-
Adjustments between capital & revenue resources			
Transfer of non-current assets sale proceeds from revenue to the capital receipts reserve	-	-	-
Statutory Provision for the repayment of debt (transfer to the capital adjustment account)	-2,889	-	-
Capital expenditure financed from Revenue balance (transfer to the capital adjustment account)	-8,468	-	-
Total adjustments between revenue & capital resources	-11,357	-	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	-37	-
Application of capital grants to finance capital expenditure	-	-	-50
Total Capital Resources	-	-37	-50
Total Adjustments 2022/23	17,812	-37	-50

Note 10. Other Operating Expenditure

2022/23 £000		2023/24 £000
1,947	Net Book value of non-current assets	37
-37	Sale Proceeds	-
1,910	(Gains)/Losses on the disposal of non-current assets	37

Note 11. Financing and Investment Income & Expenditure

2022/23 £000		2023/24 £000
2,008	Interest Payable and similar charges	1,951
41,204	Pensions interest cost	50,803
-834	Interest Receivable and similar income	-1,907
42,378	TOTAL	50,847

Interest receivable and similar income represents the amount of interest earned on the Authority's revenue balances in 2023/24.

Note 12. Taxation and Non-Specific Grant Income

2022/23 £000		2023/24 £000
-48,151	Council Tax Income	-51,774
-7,031	Non Domestic Rates	-7,479
-42,523	Non ring fenced Government Grants	-44,988
-50	Capital Grants and Contributions	-38
-97,755	TOTAL	-104,279

Note 13. Property, Plant and Equipment

Movements (2023/24)	Land & Buildings	Vehicles, Plant & Equipment	Assets under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
1 April 2023	74,914	33,888	10,691	1,118	120,611
Additions	1,096	5,198	27,284	-	33,578
Accumulated Depreciation & Impairment write out to gross carrying amount	-2,050	-	-	-	-2,050
Revaluation recognised in the Revaluation Reserve	1,570	-	-	-	1,570
Revaluation recognised in the Deficit on the provision of services	-228	-	-	-	-228
De-recognition – Disposals	-	-1,423	-	-	-1,423
De-recognition – Other	-	-	-	-	-
Assets reclassified (to)/from Assets Under Construction	-	1,179	-1,179	-	-
Other movements in Cost or Valuation	-	-	-	-	-
31 March 2024	75,302	38,842	36,796	1,118	152,058
Depreciation & Impairment					
1 April 2023	-167	-21,718	-	-	-21,885
Depreciation charge	-2,104	-2,662	-	-	-4,766
Accumulated Depreciation write out to gross carrying amount	2,050	-	-	-	2,050
Derecognition – Disposals	-	1,386	-	-	1,386
Other movements in Depreciation and Impairment	-	-285	-	-	-285
31 March 2024	-221	-23,279	-	-	-23,500
Net Book Value					
31 March 2023	74,747	12,170	10,691	1,118	98,726
31 March 2024	75,081	15,563	36,796	1,118	128,558

The Command-and-Control System which was procured jointly with South Yorkshire Fire & Rescue Service and went live in 2013 is currently being replaced. The new system will go live in January 2025 and will coincide with the opening of the new FSHQ at Birkenshaw. This is being procured solely by WYFRS and the collaboration with SYFRS will thus cease. As a result, an impairment provision equivalent to half of the brought forward net book value of the existing system has been made in the 23/24 financial statements.

Movements (2022/23)	Land & Buildings	Vehicles, Plant & Equipment	Assets under Construction	Surplus Assets	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
1 April 2022	77,940	36,875	-	1,118	115,933
Additions	1,398	1,988	7,853	-	11,239
Accumulated Depreciation & Impairment write out to gross carrying amount	-1,925	-	-	-	-1,925
Revaluation recognised in the Revaluation Reserve	2,175	-	-	-	2,175
Revaluation recognised in the Deficit on the provision of services	-1,350	-	-	-	-1,350
De-recognition – Disposals	-486	-1,332	-	-	-1,818
De-recognition – Other	-	-	-	-	-
Assets reclassified (to)/from Assets Under Construction	-	-	-	-	-
Other movements in Cost or Valuation	-2,838	-	2,838	-	-
31 March 2023	74,914	33,888	10,691	1,118	120,611
Depreciation & Impairment					
1 April 2022	-136	-22,084	-	-	-22,220
Depreciation charge	-2,024	-2,715	-	-	-4,739
Accumulated Depreciation write out to gross carrying amount	1,925	-	-	-	1,925
Derecognition – Disposals	68	3,081	-	-	3,149
Other movements in Depreciation and Impairment	-	-	-	-	-
31 March 2023	-167	-21,718	-	-	-21,885
Net Book Value					
31 March 2022	77,804	14,791	-	1,118	93,713
31 March 2023	74,747	12,170	10,691	1,118	98,726

The following useful lives have been used in the calculation of depreciation:

Land and Buildings:

- New Buildings and Refurbishments 21-50 years

Vehicles, Plant and Equipment:

- Fire Appliances 15 years
- Operational Equipment 5-13 years
- Fixtures and Fittings 10 years
- Computer Equipment 5 years

Capital Commitments

At the 31st March 2024, the Authority has several contracts for the construction and enhancement of property, plant, and equipment in 2023/24 and future years. The major commitments as at the 31st March 2024 are;

- £0.809m for the refurbishment of Bingley Station.
- £2.830m for the replacement of the Command and Control System.
- £4.773m in relation to the new Keighley Station build.
- £9.562m in relation the new Fire Service Headquarters including the new Training Arena, Fire Station, and upgrades to the existing BA Block and TRTC Building.
- £10.344m relating to the purchase of new fire appliances as part of the Vehicle Replacement Programme.

Note 14. Revaluations and Impairments

As stated in Note 1 Accounting Policies, under Property, Plant and Equipment Measurement, assets are carried on the Balance Sheet using the following measurement bases:

- Land & Buildings are depreciated replacement cost except for surplus land, buildings at Fire Service Headquarters and assets held for sale which are valued at market value.
- Vehicles, Plant and Equipment – historical cost.
- Assets under Construction – historical cost.

From 2018/19 WYFRS adopted a 5-year rolling programme. Avison Young (formally GVA), who are an external valuation team were commissioned on behalf of the Authority to carry out asset valuations. The valuations are in accordance with International Valuation Standards (IVS) and the requirements of the RICS Valuation – Global Standards 2020 (the Red Book). The assets were inspected in March 2024 by a RICS registered Valuer within the Valuation Consultancy Department.

In 2023/24, 20% of Land & Building Assets were formally revalued and 80% were revalued as a desktop exercise in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The total cost or valuation as at 31st March 2024 is as follows:

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets under Construction £000	Surplus Assets £000	Total £000
Carried at historical cost	507	15,563	36,796	-	52,866
Calculated at Depreciated replacement cost (DRC) at: 31 March 24	74,574	-	-	-	74,574
Values at current Value as at: 31 March 24	-	-	-	1,118	1,118
	75,081	15,563	36,796	1,118	128,558

Note 15. Intangible Assets

The carrying amount of Intangible assets are amortised on a straight-line basis. The amortisation of £0.061m charged to revenue in 2023/24 was charged to ICT, within the Service Support Directorate, and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

The movement on Intangible Asset Balances during the year are as follows:

	2022/23 Software £000	2023/24 Software £000
Balance at start of year:		
Gross carrying amounts	805	755
Accumulated Amortisation	-607	-600
Net carrying amount at start of year	198	155
Purchases	27	-
Amortisation for the period	-70	-61
Net carrying amount at the end of the year Comprising:	155	94
Cross Carrying Amounts	755	755
Accumulated Amortisation	-600	-661
	155	94

As at the 31st March 2024 there were no capital commitments in relation to intangible assets.

Note 16. Assets Held for Sale

For assets to be included under this category they must meet the following criteria:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset must be actively marketed for a sale provided it is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

As at the 31st March 2024 WYFRS had no assets held for sale.

Note 17. Financial Instruments

To comply with IFRS9, financial assets and liabilities must be valued and presented in the notes to the Authority's financial statements on one of the following measurements basis; amortised cost or fair value through profit and loss. No financial assets were judged to need reclassification following the adoption of IFRS9 Financial Instruments by the Code of Practice on Local Authority Accounting.

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets

Investments within the table below, include accrued interest of £0.050m (£0.472m at 31st March 2023) and the overdraft position on the bank account £0.271m (£0.280m at 31st March 2023).

	Non-Current Investments 31 March 2023	Non-Current Investments 31 March 2024	Non-Current Debtors 31 March 2023	Non-Current Debtors 31 March 2024	Current Investments 31 March 2023	Current Investments 31 March 2024	Current Debtors 31 March 2023	Current Debtors 31 March 2024
	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value through profit or loss	-	-	-	-	106	9,213	-	-
Amortised Cost	-	-	-	-	46,198	9,748	580	675
Total Financial Assets	-	-	-	-	46,304	18,961	580	675

Financial Liabilities

Borrowings within the table below include accrued interest of £0.414m (£0.446m at 31st March 2023).

	Non-Current Borrowings 31 March 2023	Non-Current Borrowings 31 March 2024	Non-Current Creditors 31 March 2023	Non-Current Creditors 31 March 2024	Current Borrowings 31 March 2023	Current Borrowings 31 March 2024	Current Creditors 31 March 2023	Current Creditors 31 March 2024
	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Amortised Cost	41,937	40,937	-	-	5,447	1,414	4,880	5,185
Total Financial Liabilities	41,937	40,937	-	-	5,447	1,414	4,880	5,185

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2022/23 Surplus or deficit on the provision of services £000	2023/24 Surplus or deficit on the provision of services £000
Financial Liabilities measured at amortised cost	62	61
Total net gains	62	61
Interest revenue: Financial Assets measured at amortised cost	-834	-1,903
Interest expense: Financial Liabilities measured at amortised cost	1,943	1,885
Total Interest expense	1,109	-18
Fee expense: Financial Liabilities that are not at fair value through	3	4
Total Fee expense	3	4
Net Gain	1,174	47

Fair Values of Financial Assets and Financial Liabilities

The classes of financial assets and liabilities sit within the fair value hierarchy as defined below:

- Level 1 – Fair value is only derived from quoted prices in active markets for identical assets or liabilities (e.g. bond prices).
- Level 2 – Fair value is calculated from inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates or yields or similar instruments).
- Level 3 – Fair value is determined using unobservable inputs (e.g. non-market data such as cash flow forecasts or estimated creditworthiness).

Financial liabilities and financial assets represented by money market funds, are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

The Authority has no financial liabilities held at fair value through profit and loss as at 31st March 2024 (nil at 31st March 2023).

	Input level in fair value hierarchy	Valuation technique used to measure fair value	2022/23 £000	2023/24 £000
Financial Assets				
Financial Assets held at fair value through profit or loss				
Money Market Funds	Level 2	Observable inputs	106	9,213
Net Gain			106	9,213

The Fair Values of Financial Assets and Financial Liabilities that are not measured at fair value

Financial liabilities and financial assets are represented by loans, receivables, long-term debtors and creditors, are disclosed in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair values. The fair values calculated are as follows:

Financial Assets

	Carrying Amount 31 March 2023 £000	Fair Value 31 March 2023 £000	Carrying Amount 31 March 2024 £000	Fair Value 31 March 2024 £000
Fixed Term investments	15,000	15,000	-	-
Cash and Cash Equivalents	31,013	31,013	10,000	10,000
Total	46,013	46,013	10,000	10,000

Cash and cash equivalents above do not include Money Market Funds (MMFs) as these are already carried at fair value and not at amortised cost.

Financial Liabilities

	Carrying Amount 31 March 2023 £000	Fair Value 31 March 2023 £000	Carrying Amount 31 March 2024 £000	Fair Value 31 March 2024 £000
Borrowings held at amortised cost				
PWLB	41,937	40,876	39,937	36,542
LOBO	2,000	1,642	2,000	1,467
Short term borrowing	3,000	3,000	-	-
Total	46,937	45,518	41,937	38,009

Loans from the Public Works Loan Board (PWLB) have been valued by discounting the contractual cash flows over the life of the investment at the appropriate market rate for Local Authority loans.

The value of Lenders option, Borrowers option loans (LOBO) have been increased by the value of the embedded options, based on the assumption that lenders will only exercise their options when market rates have been above the contracted loan rate. The option was not exercised in May 2021 due to the lower interest rates available across the market. The next option date is May 2026.

The fair value of the borrowings is lower than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31st March 2024) arising from a commitment to pay interest to lenders below current market rates. The above fair values are judged to be level 2 in the fair value hierarchy, using significant observable inputs.

Note 18. Nature and Extent of Risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk - the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates and stock market movements. The Authority's overall risk management programme focuses on minimising any potential adverse effects on the resources available to fund services. The procedures are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code and investment guidance issued under the Act.

The Treasury Management Officer undertakes the management of the treasury activities, under the supervision of the Head of Finance and Director of Finance and Procurement. Policies are approved by Members in the Annual Treasury Management Strategy and the Treasury Management Policy Statement and Practices.

Credit Risk

Investments and Cash

Credit risk arises from deposits with banks and other financial institutions as well as credit exposures to the Authority's customers. Deposits were not made with banks and other financial institutions unless they were rated by one of the main credit rating companies with a minimum long term credit rating of A (Fitch) and A2 (Moody's) or where a building society was with assets of more than £1 billion. The Authority has a policy of not lending more than £6 million of its surplus balances to any commercial counterparty and does not make commitments of longer than one year.

At the year end the Authority held cash deposits at banks, in Money Market Funds and other financial institutions of £19.2m (£31.1m 31st March 2023) there were no short-term deposits with banks and Local Authorities (£15.0m 31st March 2023). The Authority has instant access to the cash deposits and the shares in the Money Market Funds. The Authority did not make any investments longer than one year in 2023/24.

The table below summarises the credit risk exposures of the Authority's investment portfolio by credit rating.

The table includes short term investments of £0 (£15.000m 31st March 2023) and does not include accrued interest £0.050m (£0.472m 31st March 2023) or the bank account overdraft balances as at 31st March 2024 (£0.271m) and 31st March 2023 (£0.280m). This accounts for

the variance between the total investments of £19.182m shown in the table below (£46.112m 31st March 2023) and Cash and Cash Equivalents of £18.961m (£31.304m 31st March 2023) shown in Note 21.

The Authority has determined that there is low risk associated with the default of the interest payment due on the investments and the Authority has the capacity to meet the contractual obligations to repay its overdraft. Therefore, these financial instruments are not considered significant in terms of credit risk.

Credit Rating (Short Term)	31 March 2023 £000	31 March 2024 £000
A+ (Fixed Term Bank Deposits)	5,012	-
AA- (Local Authority Investments)	41,001	10,000
AAAm (Money Market Funds)	99	9,182
Total Investments	46,112	19,182

The Authority's maximum exposure to credit risk in relation to its investments in UK Banks or Building Societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk exists where the Authority may be unable to recover its short-term deposits and investments. However, there was no evidence at the 31st March 2024 that this was likely to occur.

Customers

The Authority does not allow credit for customers due to the nature of some of the services provided by the Authority, payment prior to the service being carried out is highly unlikely.

Credit Risk	31 March 2023 £000	31 March 2024 £000
Less than three months	214	125
Three to six months	21	62
Six months to one year	13	-201
More than one year	157	405
Total	405	391

(The table above does not include debts not yet due.)

Liquidity Risk

As well as keeping cash in instant access deposit accounts, the Authority has ready access to borrowings from the PWLB. Because of this, there is no significant risk that it will be unable to raise finance to meet its commitments. Instead, the risk is that the Authority will be bound to replenish its borrowings at less favourable rates or, alternatively, liquidate its investments at more favourable rates. The strategy is to ensure that the loan repayment profile is even with no more than 20% of loans due to mature in one year.

The maturity analysis of borrowing is shown below:

Liquidity Risk	31 March 2023 £000	31 March 2024 £000
Less than one year	9,880	6,185
Between one and two years	1,000	750
Between two and five years	2,500	2,500
Between five and ten years	3,000	2,250
Between ten and fifteen years	4,075	4,885
More than fifteen years	29,362	28,552
	49,817	45,122
Uncertain date	2,000	2,000

(The table above includes all creditors, and not just long-term borrowing)

Market Risk

	£000
Increase in interest receivable on variable rate	-326
Impact on Surplus or Deficit on the Provision of Services	-326

Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements in particular on borrowings. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the surplus/deficit on the provision of services will rise.
- Borrowings at fixed rates - the fair value of liabilities will fall.
- Investments at variable rates - the interest income credited to the surplus/deficit on the provision of services will rise. Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of service or the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of service and affect the general fund balance.

The Authority has several strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances makes it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasury Management strategy is proactive, providing for the constant assessment of interest rate exposures and deciding whether new borrowing is at fixed or variable rates. This strategy also aims to mitigate the impact of interest rate risk by setting upper limits on its net exposure to fixed and variable interest rates.

At the 31 March 2024, £39.9m of borrowing through the PWLB was at fixed rates (£41.9m as at 31st March 2023). The interest rate on the £2m LOBO agreement is also currently fixed at 3.58%. The lender can exercise the option to increase this rate in May 2026.

The fair value of fixed rate borrowings would decrease by around £4.2m if interest rates increased by 1% and likewise increase by the same figure if interest rates decreased by 1%.

Most investments held by the Authority for cash flow purposes were at variable rates but with the benefit of instant access. Whilst the interest rates on these deposits are variable, the sums invested are not significant to be affected by any change in interest rates.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be an additional interest received of £0.326m resulting in a corresponding £0.326m decrease on Surplus or Deficit on the Provision of Services.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Authority does not invest in equity shares and consequently is not exposed to losses arising from movements in the prices of shares.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

The Authority's maximum exposure to credit risk in relation to its investments in UK Banks or Building Societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk exists where the Authority may be unable to recover its short-term deposits and investments. However, there was no evidence at the 31st March 2024 that this was likely to occur.

Note 19. Inventories

Inventories (stock) are materials or supplies that will be used in providing services or distributed as part of the Authority's ordinary business.

2023/24	Clothing & Uniforms £000	Operational Equipment £000	Petrol & Derv £000	Vehicle Spares £000	Total £000
Balance Outstanding as at 1st April	142	319	62	197	720
Purchases	1,316	215	588	225	2,344
Recognised as an expense in the year	-1,273	-267	-585	-214	-2,339
Balance Outstanding as at 31st March	185	267	65	208	725

2022/23	Clothing & Uniforms £000	Operational Equipment £000	Petrol & Derv £000	Vehicle Spares £000	Total £000
Balance Outstanding as at 1st April	142	334	83	182	741
Purchases	291	252	706	240	1,489
Recognised as an expense in the year	-291	-267	-727	-225	-1,510
Balance Outstanding as at 31st March	142	319	62	197	720

Note 20. Short Term Debtors

The table below shows the amount of short-term debtors as at the 31st March 2024:

	31 March 2023 £000	31 March 2024 £000
Trade receivables	405	391
Prepayments	1,501	2,198
Other receivable amounts	6,973	8,314
Council Tax Debtors	4,747	5,603
Impairment allowance for doubtful debt	-2,507	-2,687
Business Rates Debtors	1,160	1,002
Impairment allowance for doubtful debt	-380	-327
Total	11,899	14,494

The Authority does not have a bad debt provision due to the low level of debt written off in year which amounted to £0.007m in 2023/24, (£0.002m in 2022/23). The debts that are written off relate to the non-payment of debtor invoices to customers which were not viable to pursue. In 2023/24 £0.045m of historical credit notes were also written off resulting in a net bad debt write off of -£0.043m.

Note 21. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023 £000		31 March 2024 £000
31,584	Instant Access Interest accounts and Money Market Funds	19,232
-280	Bank Current Account	-271
31,304	Total Cash and Cash Equivalents	18,961

Note 22. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements on operating activities.

31 March 2023 £000		31 March 2024 £000
4,737	Depreciation	5,051
3,297	Impairment and downward valuations	266
70	Amortisation	61
1,096	Increase/(decrease) in creditors	-1,170
-	(Increase)/decrease in debtors	-1,897
21	(Increase)/decrease in inventories	-5
21,835	Movement in pension liability	7,861
71	Other non-cash items charged to the net surplus or deficit on the provision of services	-195
31,127		9,972

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities.

31 March 2023 £000		31 March 2024 £000
-	Proceeds from short-term & long-term investment not considered to be cash equivalents	-
-37	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-50	Any other items for which the cash effects are investing or financing cash flows	-38
-87	Total Cash and Cash Equivalents	-38

Note 23. Cash Flow Statement – Investing Activities

31 March 2023 £000		31 March 2024 £000
-10,087	Purchase of property, plant and equipment, investment property and intangible assets	-33,109
37	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-	Proceeds from short-term and long-term investments	15,000
50	Other receipts from investing activities	38
-10,000	Net cash flows from investing activities	-18,071

Note 24. Cash Flow Statement – Financing Activities

31 March 2023 £000		31 March 2024 £000
3,000	Cash receipts of short and long term borrowing	-
-1,078	Repayments of short and long term borrowing	-5,000
-4,435	Other payments for financing activities	-58
-2,513	Net cash flows from financing activities	-5,058

Note 25. Short Term Creditors

The table below shows the amount of short-term creditors as at the 31st March 2024:

	31 March 2023 £000	31 March 2024 £000
Trade payables	385	34
Other payables	8,928	8,612
Council Tax Creditors	2,611	3,233
Business Rates Creditors	240	258
Total	12,164	12,137

Note 26. Provisions

All provisions are shown within the Balance Sheet under current liabilities as it is expected that a settlement date on all provisions will be within the next 12 months.

	Outstanding Legal Cases £000	Pensionable Pay £000	Other Provisions £000	SAP Licence Underpayment £000	NDR Provision for Appeals £000	Total £000
Balance at 1 April 2023	64	6	148	59	564	841
Additional Provisions made in 2023/24	-	-	28	-	504	532
Amounts used in 2023/24	-2	-	-128	-30	-	-160
Unused Amounts reversed in 2023/24	-3	-	-	-	-564	-567
Balance at 31 March 2024	59	6	48	29	504	646

The purpose and operation of the provisions are described below:

Outstanding Legal Cases

A former insurer for the Authority, Municipal Mutual Insurance (MMI) is running down its business, whilst paying agreed claims in full. MMI has, however, entered a Scheme of Arrangement in cases of insolvency, which would involve a levy against claims and future payments. The cost to the Authority in respect of these claims was £0.002m in 2023/24. The Authority also commissioned a review of its current arrangements in respect of its obligations in the payment of current and future claims, with a decrease of £0.003m to reflect the provision required as at 31st March 2024.

Pensionable Pay

Following the High Court Decision in the Norman v Cheshire case, the Authority has approved that some allowances payable to Firefighters are pensionable. This has resulted in an additional on-going annual employer pension cost of £0.118m, with £0.475m being owed in back pension payments. During 2023/24, there were no employer contributions due.

SAP License underpayment

The Authority is currently in dispute with SAP who provided software support for our HR system. Although the extent of the liability has been determined by the application of the Limitations Act, the date of settlement and the actual amount to be paid has yet to be agreed. This has therefore decreased the overall provision by £0.030m in 2023/24.

Other Provisions

Following the payment of the amounts owing under the Part-Time Workers (Prevention of less Favourable Treatment) regulations in June 2012 there is an amount outstanding due to tax liabilities relating to this payment, which remain in dispute.

Following a review of the Authority's taxation arrangements, HMRC issued the final agreement letter for tax and national insurance due on understated benefits from 2019/20 and 2020/21 and the charge was duly paid over in 2023/24.

Following a review of the existing contract performance, new costs have been sent by supplier Elis for laundry carried out over the past 3 years above the contracted cost which could amount to additional spend for the Authority of £27k.

NNDR / Business Rates Appeals

There is a provision set aside for potential future claims against Business rates due to the rateable values of premises.

Note 27. Usable Reserves

Usable Reserves can be used to fund and support the Authority's expenditure in future years. Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement together with Note 29.

31 March 2023 £000		31 March 2024 £000
5,000	General Fund	5,700
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,301	Business Rate Appeals	1,301
25,052	Capital Finance Reserve	15,080
84	Control Room	84
27	Council Tax Reform	27
45	COVID19	-
69	Data Transparency	77
191	Enhanced Logistics	188
258	ESMCP	247
393	Insurance Claims	440
2,000	Medium-Term Funding Impact	2,000
1,569	Pay and Prices	1,069
4,195	Pensions Equalisation	3,437
50	Service Support	641
302	Tax Income Guarantee	-
142	Pensions Admin Remedy	134
610	Industrial Action	610
5	Serious Violence Duty	5
-	Recruitment	640
36,333	Total Earmarked Reserves	26,020
85	Capital Receipts Reserve	85
-	Capital Grants Unapplied Account	5
41,418	Total Usable Reserves	31,810

Note 28. Transfers to/from Earmarked Reserves

	Balance at 31/03/22	Transfers out 2022/23	Transfers in 2022/23	Balance at 31/03/23	Transfers out 2023/24	Transfers in 2023/24	Balance at 31/03/24
	£000	£000	£000	£000	£000	£000	£000
General Fund	5,000	-	-	5,000	-	700	5,700
Body Bag Decontamination	40	-	-	40	-	-	40
Business Rate Appeals	1,301	-	-	1,301	-	-	1,301
Capital Finance Reserve	24,347	-6,241	6,946	25,052	-16,344	6,372	15,080
Control Room	563	-479	-	84	-	-	84
Council Tax Reform Credits	27	-	-	27	-	-	27
COVID19	675	-630	-	45	-45	-	-
Data Transparency	62	-	7	69	-	8	77
Enhanced Logistics	202	-11	-	191	-3	-	188
ESMCP	258	-	-	258	-11	-	247
Insurance Claims	388	-	5	393	-27	74	440
Medium-Term Funding	2,000	-	-	2,000	-	-	2,000
Impact Reserve							
Pay and Prices	2,127	-558	-	1,569	-500	-	1,069
Pensions Equalisation	5,022	-827	-	4,195	-760	2	3,497
Service Support	248	-198	-	50	-12	603	641
Tax Income Guarantee	604	-207	-95	302	-302	-	-
Pensions Admin Remedy	145	-3	-	142	-8	-	134
Industrial Action	-	-390	1,000	610	-	-	610
Serious Violence Duty	-	-	5	5	-	-	5
Recruitment	-	-	-	-	-	640	640
Total Earmarked Reserves	38,009	-9,544	7,868	36,333	-18,012	7,699	26,020
Capital Receipts Reserve	85	-37	37	85	-	-	85
Capital Grant Unapplied A/c	-	-	-	-	-	5	5
Total Usable Reserves	43,094	-9,581	7,905	41,418	-18,012	8,404	31,810

The purpose and operation of the reserves are described below:

Body Bag Decontamination

This is a grant from Central Government for Urban Search and Rescue equipment purchases.

Business Rate Appeals

The Authority receives grant funding from Central Government to enable the management of Business rate appeals.

Capital Finance Reserve

This reserve is used to manage future variations in the cost of financing the capital plan and is also used to finance the rebuild and major refurbishment of our assets. £16.344m was used in 2023/24 for the redevelopment of the Birkenshaw site.

Control Room

This reserve holds the grant from Central Government for the New Control System jointly purchased by West Yorkshire Fire and Rescue and South Yorkshire Fire and Rescue. The system went live in 2014 and the final settlement was paid over in 2022/23, together with a transfer to South Yorkshire Fire and Rescue for their remaining share of the funds. The balance of £0.084m in the reserve is the Authority's remaining share of the funds.

Council Tax Reform

This is a grant from Central Government that is to be used for costs relating to the changes in Council Tax which came into effect in April 2014.

COVID19

To support the wider response to the pandemic the service supported a number of activities and roles that are not traditionally linked with Fire and Rescue Services. The Government recognised the financial burden this imposed and as part of the move towards recovery provided grants to local authorities. The Authority received £2.736m in total since the start of the pandemic in March 2020 which has been fully expended at 31st March 2024.

£0.045m was used during 2023/24 to support flexible working arrangements and to provide resilience within staffing levels, through the buyback of annual leave and the payment of overtime to maintain staffing levels during peak periods of absence.

Data Transparency

The Authority received grant funding from Central Government to enable systems to be put in place for the provision of data transparency.

Enhanced Logistics

This is Central Government grant for the purchase of specific equipment, which has been used to build a new Command Unit which became operational in March 2015. £0.003m was used in 2023/24 for new operational equipment.

Emergency Service Mobile Communications Program (ESMCP)

A new reserve was created in 2017/18 to recognise the potential risk of the ESMCP project not being funded after 2023, which is secured by Central Government to this date. The reserve was originally created by transferring £0.258m from the general fund to the new ESMCP reserve. ESMCP was suspended in 2023/24 and £0.011m has been used to cover compulsory redundancies for two staff employed to work on this program.

Industrial Action

A new reserve was created in 2022/23 to fund the cost of contingency crews which were recruited to ensure minimum service levels could be maintained in the event of strike action.

Insurance Claims

This reserve holds the income received from an insurance claim in 2013/14 and an amount put aside in 2014/15 for future resilience which will be utilised for any uninsured claims that the Authority may face in future years. There was a transfer to the reserve of £0.074m following the review of the Authority's MMI obligations and reduction in the provision for existing and future claims. £0.027m was used to cover costs resulting from an uninsured claim where a firefighter sustained injuries during a moorland fire.

Medium Term Funding Impact Reserve

There is uncertainty around future grant funding due to the Fair Funding Review and the Comprehensive Spending Review from April 2023 onwards. This reserve will in the short term mitigate the impact of a funding cut being higher than that forecast. Efficiencies can take a number of years to realise, and this reserve will enable the Authority to manage the potential funding short fall.

Pay and Prices

This reserve has been utilised to manage expenditure increases due to changes in pay awards and inflation. In 2023/24 £0.500m was transferred to the Service Support reserve to support new initiatives.

Pensions Admin Remedy

This is a grant from Central Government for pensions administration costs that are incurred.

Pensions Equalisation

This reserve enables the Authority to manage the cost of ill health retirements. Any budget underspending on ill health retirements is credited to the reserve and if in a financial year there are more ill health retirements than estimated these will be charged against this reserve

providing there are sufficient balances available. £0.700m was transferred to support general fund balances in 2023/24.

Recruitment

A new reserve was created in 2023/24 to fund firefighter recruitment.

Serious Violence Duty

This is a grant provided by the Police and Crime Commissioner for consultancy support to Serious Violence Duty Holders.

Service Support

Due to the changing nature of the service, the Service Support Reserve was established to fund any expenditure that may be required to improve efficiency. The reserve has been utilised in 2023/24 to support the continuing workstreams within the ICT digital and data review. In addition to the transfer of £0.500m from the pay and prices reserve, £0.100m was transferred from the underspent revenue budget to support a refresh of undress uniform planned for 2024/25.

Tax Income Guarantee

This is grant from Central Government to compensate local authorities and precepting authorities for irrecoverable council tax losses. The deficits were spread over three years from 2021/22. The total grant received was £0.938m and £0.302m has been applied to cover the deficit in payments received from the five billing authorities in 2023/24.

Note 29. Unusable Reserves

The summary of the Unusable Reserves can be found in the Balance Sheet, below is a detailed list of the Unusable Reserves of the Authority. Unusable Reserves cannot be used to fund future expenditure by the Authority.

31 March 2023 £000		31 March 2024 £000
14,470	Revaluation Reserve	15,648
43,082	Capital Adjustment Account	61,690
-378	Financial Instruments Adjustment Account	-317
-1,115,103	Pensions Reserve	-1,135,114
-394	Collection fund Adjustment Account	-402
-805	Accumulating Compensated Absences Adjustment Account	-753
-1,059,128	Total Unusable Reserves	-1,059,248

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £000		2023/24 £000
12,618	Balance at 1 April	14,470
-323	Difference between fair value depreciation and historical cost depreciation	-392
12,295	Amount written off to the Capital Adjustment Account	14,078
-116	Downward Revaluations	-17
2,291	Upward Revaluations	1,587
14,470	Balance at 31 March	15,648

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction, and enhancement.

The following note details the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000		2023/24 £000
40,246	Balance at 1 April	43,082
-4,737	Charges for depreciation and impairment of non-current assets	-5051
-2,169	Revaluation losses on property, plant and equipment	-494
820	Revaluation gains on property, plant and equipment	266
-70	Amortisation of intangible assets	-61
-828	Revenue expenditure funded from capital under statue	-806
-1,947	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	-37
-8,931	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	-6,183
323	Adjusting amounts written out of the Revaluation Reserve	392
-8,608	Net written out amount of the cost of non-current assets consumed in the year	-5,791
37	Use of the Capital Receipts Reserve to finance new capital expenditure	
50	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	33
8,468	Revenue Contributions to Capital outlay	21,855
2,889	Statutory and voluntary provision for the financing of capital investment charged against the General Fund	2,511
11,444	Capital financing applied in the year	24,399
43,082	Balance as at 31 March	61,690

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

The charge to the CIES in year is highlighted by the movements in year within the below table.

2022/23 £000		2023/24 £000
-440	Balance at 1 April	-378
62	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	61
-378	Balance at 31 March	-317

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		2023/24 £000
-1,566,526	Balance at 1 April	-1,115,103
473,258	Re-measurement of the net defined liability/(asset)	-12,150
-69,551	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-62,506
47,716	Employer's pensions contributions and direct payments to pensioners payable in the year	54,645
-1,115,103	Balance at 31 March	-1,135,114

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers and Business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23 £000		2023/24 £000
-2,017	Balance at 1 April	-394
1,623	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate	-8
-394	Balance at 31 March	-402

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2022/23 £000		2023/24 £000
-717	Balance at 1 April	-805
717	Settlement or cancellation of accrual made at the end of the percentage year	805
-805	Amounts accrued at the end of the current year	-753
-805	Balance at 31 March	-753

Note 30. Members' Allowances

The Authority paid the following allowances and expenses to Members of the Fire Authority during the year:

2022/23 £000		2023/24 £000
147	Allowances	152
5	Expenses	6
152		158

Note 31. Officers' Remunerations

Post Holder Information	Year	Salary (including fees & allowances)	Expense Allowance	Benefits in kind (lease car benchmark)	Total Remuneration excluding Pensions Contributions	Employer pension contributions	Total Remuneration including Pensions Contributions
Chief Fire Officer/Chief Exec (John Roberts)	2022/23	£177,804	-	£7,868	£185,672	£50,003	£235,675
	2023/24	£194,895	-	£8,655	£203,550	£55,829	£259,379
Director of Service Delivery (David Walton)	2022/23	£161,482	-	£6,898	£168,380	£44,858	£213,238
	2023/24	£169,568	-	£7,588	£177,156	£47,071	£224,227
Director of Service Support	2022/23	£139,589	£245	£6,898	£146,732	£39,440	£186,172
	2023/24	£146,944	£385	£7,588	£154,917	£41,533	£196,450
Director of Corporate Services	2022/23	£71,763	£4,174	-	£75,937	£11,835	£87,772
	2023/24	£88,166	-	£5,419	£93,585	£14,965	£108,550
Director of Finance and Procurement	2022/23	£115,457	£5,182	-	£120,639	£19,039	£139,678
	2023/24	£122,492	£5,702	-	£128,194	£20,778	£148,972
Director of People and Culture	2022/23	£113,513	£3,063	£2,173	£118,749	£19,039	£137,788
	2023/24	£122,492	£5,742	-	£128,234	£20,778	£149,012

Notes

The Directors' pay award was implemented in March 2023 with the exception of the Chief Fire Officer who elected to remain at current salary levels pending the outcome of Gold Book Employer National Negotiations. National agreement for the Chief Fire Officer was reached in May 2023 for pay awards effective from 1st January 2022 and 1st January 2023.

The backdated salary and employer pension contributions from the 1st January 2022 have not been included within these totals. The total backdated salary payment is £10,874 and the total backdated employer pension contribution is £3,132.

Remuneration Band	Number of Employees 2022/23	Number of Employees 2023/24
£50,000 - £54,999	90	100
£55,000 - £59,999	59	51
£60,000 - £64,999	27	41
£65,000 - £69,999	19	17
£70,000 - £74,999	8	5
£75,000 - £79,999	8	6
£80,000 - £84,999	3	5
£85,000 - £89,999	1	-
£90,000 - £94,999	2	1
£95,000 - £99,999	-	-
£100,000 - £104,999	-	2
	217	228

The above numbers exclude senior officers who are included in the previous table.

Note 32. External Audit Costs

Following the Public Sector Audit Appointments tender process, Grant Thornton have been the Authority's external auditors since the 1st of April 2023.

The Authority's previous external auditors, Deloitte LLP are currently undertaking the Value for Money (VFM) Audit for 2022/23. However, there is no commitment to undertake the audit of the 2022/23 Statement of Accounts before the backstop date of 30th September 2024. The 2022/23 balances have been restated to reflect the reduction in audit fees payable as a result.

Restated 2022/23 £000		2023/24 £000
-	Fees payable to Grant Thornton with regard to external audit services	108
7	Additional fees payable to Deloitte for VFM Audit 22/23	-
7		108

Note 33. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24.

2022/23 £000		2023/24 £000
	Credited to Taxation and non-specific Grant Income	
48,232	Council Tax Income	52,111
17,129	Business Rates Top Up Grant	17,737
-181	Collection Fund and NNDR Surplus/(Deficit)	-447
7,226	Business Rates Retention (Local Share)	7,589
5,355	Business Rates Reduction (Section 31 Grant)	6,493
-95	Tax Income Guarantee	-
1,705	Services Grant	1,000
14,048	Revenue Support Grant	15,472
4,286	Pensions Grant	4,286
50	Capital Grants	38
97,755	Total	104,279
	Credited to Services	
128	Apprenticeship Levy	168
1	COVID19	-
204	Local Resilience Forum (LRF)	223
1,376	New Dimension Programme	1,294
8	Transparency Code Set Up	8
19	Marauding Terrorist Firearms Attack (MTFA)	-
434	Emergency Services Mobile Communications Programme (ESMCP)	101
378	Fire Protection (Building Risk Review)	378
-	Building Safety Regulator	193
7	Redmond Review	35
20	Kickstart	-
5	Serious Violence Duty	-
2,580	Total	2,400

Note 34. Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has a major influence over the general operations of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from Central Government are set out in Note 13 on reporting for resource allocation decisions.

Members

The Fire Authority is made up of 22 local councillors who are nominated by the five constituent Authorities of West Yorkshire, based on the size of the Authority and the political balance. The Fire Authority is responsible for making all decisions concerning the functions, powers, duties and responsibilities of the Authority.

The total amount paid to members in the form of allowances for 2023/24 is shown in Note 30.

Each of the elected members is required to declare details of all personal interests they have with the financial interests of the Authority including a nil return if there are no interests. For the financial year 2023/24 all returns were nil.

Officers

The Authority requires each member of the Management Board to sign a declaration that they and close members of their family have no interest in the financial affairs of the Authority. As at the 31st March 2024 all returns were nil.

Entities with Control or Significant Influence to the Authority

The Authority receives financial services from Kirklees Council in the form of transactional payroll support and the hosting and management of the general ledger systems. The Authority also receives other services from the Council including the advertising of staff vacancies, staff training, grounds maintenance and room hire.

The amounts paid to Kirklees Council in 2023/24 are detailed below.

2022/23 £000		2023/24 £000
246	Financial Support Services	265
7	Staff Advertising	7
-	Other Services	5
253		277

Note 35. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below assets, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/23 £000	2023/24 £000
Opening Capital Financing Requirement	41,045	41,327
Capital Investment:		
Property, Plant and Equipment	10,872	33,578
Intangible Assets	26	-
Revenue Expenditure Funded from Capital under Statute	828	806
Sources of Finance:		
Capital Receipts	-37	-
Government Grants and Contributions	-50	-33
Sums set aside from revenue:		
Direct Revenue Contributions*	-8,468	-21,855
MRP/loan fund principal	-2,889	-2,511
Closing Actual Capital Financing Requirement	41,327	51,312
Explanation of Movement in Year:		
Increase in underlying need to borrow (unsupported by Government financial assistance)	282	9,985
Increase in Capital Financing Requirement	282	9,985

*The Capital Financing Reserve helped to fund £16.344m of capital expenditure in 2023/24 and transfers from the revenue underspend contributed towards funding £5.511m of direct revenue contributions.

Note 36. Leases

Authority as a lessee

Finance Lease

The Authority has no finance leases in 2023/24.

Operating Leases

The Authority uses vehicles financed under terms of an operating lease. The future minimum lease payments due under non-cancellable leases in future years are:

	2022/23 £000	2023/24 £000
Not later than one year	696	773
Later than one year but not later than five years	626	987
Later than five years	-	2
	1,322	1,762

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2022/23 £000	2023/24 £000
Minimum lease payments	769	860
	769	860

The Authority has identified the use of phone lines as being under the terms of an operating lease under IFRS. These items have not been included within the calculation as the Authority has been unable to place a value on these leases.

Note 37. Termination Benefits

Within 2023/24 two employees had their contracts terminated due to redundancy.

Details of these payments are included in the table below:

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	£	£
£0 - £20,000	-	2	1	-	1	2	-	10,916
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001+	-	-	-	-	-	-	-	-
TOTAL	2	-	1	-	1	2	-	10,916

Termination benefits are comprised of redundancy costs and the cost relating to enhanced early pension contributions.

This is summarised in the table below:

	2022/23 £000	2023/24 £000
Redundancy Costs	-	10,916
Enhanced Pension Costs	-	-
TOTAL	-	10,916

Note 38. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its Officers the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in two types of pension scheme:

- I. The Local Government Pension Scheme (LGPS) is administered locally by West Yorkshire Pension Fund and is a funded defined benefit plan with benefits earned up to 31st March 2014 being linked to final salary, and those after 31st March 2014 are based on a Career Average Revalued Earnings scheme. The funding nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- II. The Firefighters' Pension Scheme, administered by West Yorkshire Pension Fund - these are unfunded schemes whereby current pensions are paid from current contributions and as such there are no assets only liabilities. Both the Authority and the employee make contributions to the fund with the shortfall being funded by Central Government in the form of a pension Top-up Grant.

The following Firefighters Pension Schemes are currently administered by the Authority:

- i. Firefighters Pension Scheme 1992 (FPS) operated under the Firefighters Pension Scheme (Amendment) (No 2) (England) Order 2006.
- ii. New Firefighters Pension Scheme 2006 (NFPS) operated under the Firefighters Pension Scheme (England) Order 2006.
- iii. The Firefighters Pension Scheme 2015 as set out in the Firefighters Pension Scheme (England) Regulations 2014 (SI 2014/2848).
- iv. The Retained Modified Pension Scheme – Firefighters who are employed as an on-call firefighter during the period 1st July 2000 to 5th April 2006 are eligible to join under this scheme with different benefits. Employees can pay the historic contributions for the qualifying period.

Injury Allowance - The Firefighters' Compensation Scheme 2006

This is for those employees that left employment with the Authority on ill health and is administered in the same manner as the above two schemes. Injury awards and awards payable on the death of a firefighter attributable to a qualifying injury are not part of the Firefighters' Pension Scheme because they are payable irrespective of whether an employee is a member of the scheme. New tax rules with effect from 1st April 2006 prevent injury awards from being part of the Pension Scheme Regulations and the opportunity was taken to move the injury awards into a separate Firefighters' Compensation Scheme 2006 with all injury awards previously covered by the FPS being paid from the Authority's Income and Expenditure account, not the Pension Fund.

Transactions Relating to Retirement and Injury Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement during the year.

Following a review of public service pension schemes in 2011 by Lord Hutton, all public service pension schemes were reformed with effect from the 1st April 2015. The LGPS was reformed one year earlier in 2014.

The reforms included transitional protections for those members who were the closest to retirement and applied to all active members of schemes who were within 10 years of their Normal Pension Age on the 1st April 2012. This was implemented by allowing those members to retain membership of the pre-reformed schemes, whilst all other members were moved into the new and less generous arrangements. For the LGPS in England and Wales, all members who joined the new 2014 scheme after the 1st April 2014 but were members within 10 years of normal retirement age were given a "better of both" promise so their benefits earned after 1st April 2014 would at least be as valuable in terms of value when pensions could be drawn, as though they had remained in the 2008 scheme.

In December 2018 the Government lost a Court of Appeal case (the McCloud/Sargeant judgement) which found that the transitional protection arrangements put in place for both Firefighters and Judges in regard to pension schemes were age discriminatory.

In July 2020 HM Treasury consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgment and, at the same time, an update on the Cost Control Element of the 2016 valuations was published. In this update, the Government announced that the pause should be lifted and the cost control element of the 2016 valuations could be completed. This update also set out that the McCloud costs would fall into the 'member cost' category of the cost control element of the valuations process. It is also noted that by considering the increased value as a result of the McCloud remedy, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The cost cap mechanism for the 2016 valuation of the Firefighters' Pension scheme is no longer in place and the calculation complete, with the outcome being no changes to benefits or contributions.

The Guaranteed Minimum Pension (GMP) is a portion of pensions that was accrued by individuals who were contracted out of the State Second Pension Scheme prior to 6th April 1997. The rate at which GMP was accrued and the date it is payable is different for men and women, meaning there is inequality for male and female members who have GMP. In October 2018, the High Court ruled that equalisation for the effect of unequal GMPs is required, meaning that there is a duty to equalize benefits for men and women. No estimation of the potential impact on the Firefighters Scheme is available and GAD is of the view that the position on GMP equalisation for LGPS is very different from

Fire Authorities, not least because of the impact of the different retirement ages. As a result, the impact is expected to be lower than that of the LGPS.

The results of the above been reflected in the following tables:

Comprehensive Income and Expenditure Statement

There has been no plan amendments, curtailments or settlements.

Comprehensive Income & Expenditure Statement 2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	£000	£000	£000	£000	£000	£000
Service Cost Comprising:						
Current Service Cost	-2,333	-	-	-4,260	-180	-6,773
Cost covered by employee contributions	-	-	-	-4,930	-	-4,930
Past service cost	-	-	-	-	-	-
Financing and Investment Income and Expenditure:						
Net Interest Expense	-23	-46,050	-1,810	-2,000	-920	-50,803
Total Post Employment Benefits charged to	-2,356	-46,050	-1,810	-11,190	-1,100	-62,506
Return on plan assets (excluding the amount included in net interest)	4,127	-	-	-	-	4,127
Actuarial gains and losses arising on changes in demographic assumptions	1,390	-	-	-	-	1,390
Actuarial gains and losses arising on changes in financial assumptions	3,155	18,550	800	1,920	350	24,775
Actuarial gains and losses due to liability experience	-1,252	-33,460	-670	-6,620	-440	-42,442
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	7,420	-14,910	130	-4,700	-90	-12,150
TOTAL	7,568	-60,960	-1,680	-15,890	-1,190	-74,656

Comprehensive Income & Expenditure Statement 2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£000	£000	£000	£000	£000	£000
Service Cost Comprising:						
Current Service Cost	-4,861	420	10	-18,840	-460	-23,731
Cost covered by employee contributions	-	-230	-40	-4,340	-	-4,610
Past service cost	-6	-26,410	-2,950	29,360	-	-6
Financing and Investment Income and Expenditure:						
Net Interest Expense	-884	-34,570	-1,810	-3,230	-710	-41,204
Total Post Employment Benefits charged to	-5,751	-60,790	-4,790	2,950	-1,170	-69,551
Return on plan assets (excluding the amount included in net interest)	-1,835	-	-	-	-	-1,835
Actuarial gains and losses arising on changes in demographic assumptions	-5	26,180	4,720	20,210	460	51,565
Actuarial gains and losses arising on changes in financial assumptions	45,451	377,170	30,000	61,470	6,330	520,421
Actuarial gains and losses due to liability experience	-7,583	-86,360	-2,210	-220	-520	-96,893
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	36,028	316,990	32,510	81,460	6,270	473,258
TOTAL	30,277	256,200	27,720	84,410	5,100	403,707

Movement in Reserves Statement

Movement in Reserves Statement 2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	£000	£000	£000	£000	£000	£000
Reversal of net charges to the Surplus or Deficit for the provision of services for post-employment benefits in accordance with the code	-2,356	-46,050	-1,810	-11,190	-1,100	-62,506
Employer's contributions payable to scheme	2,095	-18	-1	10,834	1,559	14,469
Retirement benefits payable to pensioners	-	49,648	27	-9,705	206	40,176
TOTAL	-261	3,580	-1,784	-10,061	665	-7,861

Movement in Reserves Statement 2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£000	£000	£000	£000	£000	£000
Reversal of net charges to the Surplus or Deficit for the provision of services for post-employment benefits in accordance with the code	-5,751	-60,790	-4,790	2,950	-1,170	-69,551
Employer's contributions payable to scheme	1,886	-111	11	10,238	1,837	13,861
Retirement benefits payable to pensioners	-	41,114	2	-7,455	194	33,855
TOTAL	-3,865	-19,787	-4,777	5,733	861	-21,835

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000
Present Value of the defined benefit obligation	88,775	1,026,560	40,580	53,720	19,900	1,229,535
Fair Value of plan assets	-94,421	-	-	-	-	-94,421
Sub total	-5,646	1,026,560	40,580	53,720	19,900	1,135,114
Other movements in the liability (asset) if applicable	-	-	-	-	-	-
Net liability arising from defined benefit obligation	-5,646	1,026,560	40,580	53,720	19,900	1,135,114

Included within the present value of the defined benefit obligation of the 2006 (NFPS) is an estimated liability for the Retained Firefighters Modified Pension's Scheme of £7.15m.

2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000
Present Value of the defined benefit obligation	88,729	1,014,620	39,130	39,270	20,570	1,202,319
Fair Value of plan assets	-87,216	-	-	-	-	-87,216
Sub total	1,513	1,014,620	39,130	39,270	20,570	1,115,103
Other movements in the liability (asset) if applicable	-	-	-	-	-	-
Net liability arising from defined benefit obligation	1,513	1,014,620	39,130	39,270	20,570	1,115,103

Included within the present value of the defined benefit obligation of the 2006 (NFPS) is an estimated liability for the Retained Firefighters Modified pensions scheme of £6.87m.

The cumulative amount of the re-measurement of the net defined liability recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2024 is a loss of £74.656m (2022/23 gain of £403.707m). The net liability relating to the defined Benefit Pension Schemes recognised in the Balance Sheet at 31st March 2024 is -£1,135.114m (2022/23 -£1,115.103m), which is made up of scheme liabilities totalling -£1,229.535m (2022/23 -£1,202.319m) less scheme assets £94.421m (2022/23 £87.216m).

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

West Yorkshire Fire & Rescue Authority employs a building block approach in determining the rate of return on Fund Assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the 31st March 2024.

Reconciliation of Present Value of the Scheme Assets (Defined Benefit Obligations)

2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000
Opening fair value of scheme assets	87,216	-	-	-	-	87,216
Interest income	4,077	-	-	-	-	4,077
Re-measurement gain (loss): The return on plan assets, excluding the amount included in the new interest expense	4,127	-	-	-	-	4,127
Contributions from employers	2,095	-	-	-	-	2,095
Contributions from employees into the scheme	788	-	-	-	-	788
Benefits paid	-3,882	-	-	-	-	-3,882
Closing fair value of scheme assets	94,421	-	-	-	-	94,421

2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000
Opening fair value of scheme assets	87,096	-	-	-	-	87,096
Interest income	2,347	-	-	-	-	2,347
Re-measurement gain (loss): The return on plan assets, excluding the amount included in the new interest expense	-1,835	-	-	-	-	-1,835
Contributions from employers	1,886	-	-	-	-	1,886
Contributions from employees into the scheme	728	-	-	-	-	728
Benefits paid	-3,006	-	-	-	-	-3,006
Closing fair value of scheme assets	87,216	-	-	-	-	87,216

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000
Opening balance at 1 April	-88,729	-1,014,620	-39,130	-39,270	-20,570	-1,202,319
Current Service Cost	-2,333	-	-	-4,260	-180	-6,773
Transfers in	-	-	-	-300	-	-300
Interest Cost	-4,100	-46,050	-1,810	-2,000	-920	-54,880
Contributions from scheme participants	-788	-	-	-4,930	-	-5,718
Re-measurement gain (loss):						
Actuarial (gains)/losses arising from changes in demographic assumptions	1,390	-	-	-	-	1,390
Actuarial (gains)/losses arising from changes in financial assumptions	3,155	18,550	800	1,920	350	24,775
Actuarial (gains)/losses on liabilities -experience	-1,252	-33,460	-670	-6,620	-440	-42,442
Past Service Cost	-	-	-	-	-	-
Benefits paid	3,882	49,020	230	1,740	1,860	56,732
Closing Balance at 31 March	-88,775	-1,026,560	-40,580	-53,720	-19,900	-1,229,535

2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme	Total
	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000	2022/23 £000
Opening balance at 1 April	-120,772	-1,312,140	-67,050	-126,480	-27,180	-1,653,622
Current Service Cost	-4,861	420	10	-18,840	-460	-23,731
Transfers in	-	-	-	-170	-	-170
Interest Cost	-3,231	-34,570	-1,810	-3,230	-710	-43,551
Contributions from scheme participants	-728	-230	-40	-4,340	-	-5,338
Re-measurement gain (loss):						
Actuarial (gains)/losses arising from changes in demographic assumptions	-5	26,180	4,720	20,210	460	51,565
Actuarial (gains)/losses arising from changes in financial assumptions	45,451	377,170	30,000	61,470	6,330	520,421
Actuarial (gains)/losses on liabilities -experience	-7,583	-86,360	-2,210	-220	-520	-96,893
Past Service Cost	-6	-26,410	-2,950	29,360	-	-6
Benefits paid	3,006	41,320	200	2,970	1,510	49,006
Closing Balance at 31 March	-88,729	-1,014,620	-39,130	-39,270	-20,570	-1,202,319

Local Government Pension Scheme Assets

For more information on the scheme's assets, please visit www.wypf.org.uk/investments/wypf-investments/

The significant assumptions used by the actuary in 2023/24 have been:

2023/24	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters Compensation Pension Scheme
	2023/24	2023/24	2023/24	2023/24
Long term expected rate of return on assets				
Equity investments	79.4%			
Bonds	12.7%			
Other	7.9%			

Mortality assumptions:	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme
	2023/24	2023/24	2023/24	2023/24	2023/24
Longevity at 65 for current pensioners:					
Men	21.0	21.3	21.3	21.3	21.3
Women	24.2	21.3	21.3	21.3	21.3
Longevity at 65 for future pensioners:					
Men	22.3	22.9	22.9	22.9	22.9
Women	25.2	22.9	22.9	22.9	22.9
	%	%	%	%	%
Rate of inflation CPI	2.60	2.60	2.60	2.60	2.60
Rate of increase in salaries	3.85	3.85	3.85	3.85	3.85
Rate of increase in pensions	2.60	2.60	2.60	2.60	2.60
Rate for discounting scheme liabilities	4.80	4.75	4.75	4.75	4.75
Pensions account revaluation rate	2.60	3.85	3.85	3.85	3.85
Take up option to convert annual pension into retirement lump sum	75	25	20	20	25

The significant assumptions used by the Actuary in 2022/23 were:

2022/23	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters Compensation Pension Scheme
	2022/23	2022/23	2022/23	2022/23
Long term expected rate of return on assets				
Equity investments	81.3%			
Bonds	10.3%			
Other	8.4%			

Mortality assumptions:	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NPS) Pension Scheme	Firefighters 2015 (FPS) Pension Scheme	Firefighters Compensation Pension Scheme
	2022/23	2022/23	2022/23	2022/23	2022/23
Longevity at 65 for current pensioners:					
Men	21.6	21.2	21.2	21.2	21.2
Women	24.6	21.2	21.2	21.2	21.2
Longevity at 65 for future pensioners:					
Men	22.9	22.9	22.9	22.9	22.9
Women	25.7	22.9	22.9	22.9	22.9
	%	%	%	%	%
Rate of inflation CPI	2.70	2.60	2.60	2.60	2.60
Rate of increase in salaries	3.95	3.85	3.85	3.85	3.85
Rate of increase in pensions	2.70	2.60	2.60	2.60	2.60
Rate for discounting scheme liabilities	4.70	4.65	4.65	4.65	4.65
Pensions account revaluation rate	2.70	3.85	3.85	3.85	3.85
Take up option to convert annual pension into retirement lump sum	75.00	25.00	20.00	20.00	25.00

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies

for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Local Government Pension Scheme

Local Government Pension Scheme	Increase in assumption	Decrease in assumption
Impact on the Defined Benefit obligation in the scheme	£000	£000
Longevity (increase or decrease in 1 year)	2,301	-2,213
Rate of general increase in salaries (increase or decrease by 0.1%)	177	-177
Rate of increase in pensions (increase or decrease by 0.1%)	1,416	-1,328
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-1,505	1,593

Firefighters Pension Scheme 1992

Firefighters Pension Scheme 1992	Increase in assumption	Decrease in assumption
Impact on the Defined Benefit obligation in the scheme	£000	£000
Longevity (increase or decrease in 1 year)	28,000	-28,000
Rate of general increase in salaries (increase or decrease by 0.5%)	5,000	-5,000
Rate of increase in pensions (increase or decrease by 0.5%)	67,000	-67,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-66,000	66,000

Firefighters Pension Scheme 2006

Firefighters Pension Scheme 2006	Increase in assumption	Decrease in assumption
Impact on the Defined Benefit obligation in the scheme	£000	£000
Longevity (increase or decrease in 1 year)	1,000	-1,000
Rate of general increase in salaries (increase or decrease by 0.5%)	2,000	-2,000
Rate of increase in pensions (increase or decrease by 0.5%)	3,000	-3,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-4,000	4,000

Firefighters Pension Scheme 2015

Firefighters Pension Scheme 2015	Increase in assumption	Decrease in assumption
Impact on the Defined Benefit obligation in the scheme	£000	£000
Longevity (increase or decrease in 1 year)	1,000	-1,000
Rate of general increase in salaries (increase or decrease by 0.5%)	3,000	-3,000
Rate of increase in pensions (increase or decrease by 0.5%)	5,000	-5,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-7,000	7,000

Asset and Liability Matching (ALM) Strategy

West Yorkshire Pension Fund who manages the pension fund on our behalf do not currently have any formal asset liability matching strategies such as annuities or longevity swaps to manage risks. West Yorkshire Pension Fund reviews the mix of assets held after each triennial valuation, to ensure there is an appropriate balance between the expected return from those assets and the risk that outcomes will not meet expectations.

Impact on the Authority's Cash Flows:

The objectives of the scheme are to keep employers' contributions at a constant rate as far as possible. The Authority has agreed a strategy with the pension fund to achieve a funding level of 100% over the longer term. The management of the pension cash flows is set out in West Yorkshire Pension Fund's Funding Strategy Statement which identifies how employers pension liabilities are best met going forward, supports the regulatory requirement to maintain stable employer contribution rates and makes a prudent long-term view of funding those

liabilities. Within 2024/25 the Authority expects to make contributions of £13.303m across all schemes.

Local Government Pension Scheme

The Local Government Pension Scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Firefighters Pension Scheme 1992, 2006 & 2015

The Authority receives a top up grant from Central Government which reimburses the cost of the 2015 Firefighters pension scheme. This grant is received in July which is based on 80% of the estimated pensions deficit for 2023/24 plus the remainder of the 2022/23 grant. The amount received in July 2023 was £35.4 million which the Authority uses to manage its pension cash flows during the year.

Note 39. Contingent Liabilities

At 31 March 2024, the Authority has the following contingent liabilities where it is not possible to quantify the financial implications for the Authority:

- 1) Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to Firefighters' Pension Schemes and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and HMT published their response to their consultation on 4 February 2021, confirming their

approach to remedying age discrimination, in line with their proposals. The liability calculations have been updated to be in line with the agreed final remedy.

Firefighters' Pension Schemes

The final remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. To make that choice all members will be automatically defaulted to the legacy scheme during the remedy period and the reformed scheme benefits kept as an underpin. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme.

Given the uncertainty in how members' benefits will accrue over the remedy period, with elements such as future salary increases, preferences for early/late retirement over more pension, then there are many assumptions that have to be made in order to determine which scheme the member will choose to accrue benefits in at retirement.

It is assumed that members would choose the scheme that had the highest present value of the benefits that would accrue over the remedy period under each member's legacy scheme and the CARE scheme. Where retirement dates are different it is assumed that early retirement factors to the CARE benefits to bring in line with the assumed retirement age of the legacy scheme would occur. Where the member's legacy scheme retirement age is lower than 55 it is assumed that the member would remain in their legacy scheme. The effect of this adjustment to the McCloud allowance is a very slight reduction to the overall liability.

LGPS

The Scheme Advisory Board, with consent of the Ministry of Housing, Communities and Local Government (MHCLG), commissioned GAD to report on the possible impact of the McCloud/Sargeant judgement on LGPS liabilities, and in particular, those liabilities to be included in local authorities' accounts as at 31 March 2019. This followed an April 2019 CIPFA briefing note which said that local authorities should consider the materiality of the impact. This analysis was to be carried out on a "worst-case" basis, (i.e. what potential remedy would incur the highest increase in costs/liabilities). The results of this analysis are set out in GAD's report dated 10 June 2019.

Although GAD were asked to carry out their analysis on a "worst-case" basis, there are a number of other potential outcomes to the case which would potentially inflict less cost to the Employer. For example, the solution proposed by the Government would only apply the underpin to all members who were active on 31 March 2012. This would have less impact than GAD's scenario (which also includes any new joiners from 1 April 2012).

- 2) Public liability claims relating to the period when the Authority's public liability insurers were Independent Insurers, which has gone out of business. The Authority is not

aware of any such claims, but it has no insurance against them.

- 3) The ruling in the *Ville de Nivelles V Rudy Matzak* case in February 2018 may have financial implications in the methodology in which we make payments for our On-Call Duty System. The European Court Judge ruled that limitations imposed on Matzak by having to respond to the fire station within 8 minutes, limits his 'personal and social interests' and that his on call must be considered working time.

Following the Supreme Court decision in the landmark case of *Tomlinson-Blake v Royal Mencap* on the minimum entitlement to minimum wage for sleep-in-shifts, the risk posed by the Matzak ruling is somewhat reduced. The Supreme Court made a clear distinction between "actual work" and "availability for work", this ruling determined that the time that the care worker (*Tomlinson-Blake*) was asleep whilst at work could not be counted as working time in line with the National Minimum Wage Regulations 2015, regulation 32.

An On-Call Firefighter in West Yorkshire must be available to respond to an emergency call within a specified time. However, working arrangements are similar to care support workers as there will be times when they are not undertaking "actual work" whilst they are providing on call duties.

The judgement is currently being assessed by the Fire Legal Network with a view to seeking leading council opinion. Until the outcome of the opinion is reached the financial consequences cannot be quantified.

- 4) Mid and West-Wales Pension Dispute

At the end of March 2019, the High Court ruled on Firefighters' pensionable pay in the case against Mid and West Wales Fire and Rescue Authority. The main issue in this case surrounds payments for duty systems and additional responsibilities which have previously been interpreted as 'temporary' because the Fire & Rescue Authority could change the duty system. Because the regulations themselves do not provide a definition of 'temporary', the application of the pensionable pay regulations has long been an issue for the Firefighters' Pension Scheme with confusion over the correct interpretation of 'temporary' in regulations.

The Authority are now awaiting guidance from the Local Government Association (LGA) in order to understand how the rules should be implemented and to review if there is any historic impact on Firefighters' pensions in West Yorkshire.

- 5) *O'Brien v Ministry of Justice*

On 7th November 2018, the Court of Justice of the European Union (CJEU) ruled in favour of Mr O'Brien in a case concerning discrimination against part-time judges in the calculation of pensions. The ruling concluded that service prior 7 April 2000 (the deadline for the Part Time Workers Directive (PTWD) being transposed into UK law) must be considered under the PTWD for the purpose of calculating a retirement pension. The decision in this case is also applicable to on-call firefighters. This will

provide the opportunity for staff who were employed at any time between 7th April 2000 and 30th June 2000 (this period was not included in the first exercise carried out in 2014/15), plus any on-call firefighters who were employed between 1st July 2000 and 5th April 2006, to access a pension. This will be done through a second options exercise that will now take place. The regulations to implement the second options exercise in England will be drafted by the Home Office and consulted on before they are laid before Parliament. The timings for the second options exercise are currently unknown although the Home Office has a maximum period of 18 months to draft, consult, and introduce the necessary secondary legislation.

Note 40. Contingent Assets

At 31 March 2024, the Authority has the following contingent asset where it is not certain whether the Authority will be able to realise the credit for charges applied to Airwave invoices.

The Competition and Markets Authority imposed a charge control mechanism on Motorola in respect of revenue Airwave can earn from its charges. The Competition Appeal Tribunal upheld this decision in December 2023 and Motorola have since lodged an application to appeal the Tribunal's decision to the Court of Appeal (CoA).

Motorola have commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities including all Fire and Rescue Authorities (FRA) in England. However, any credit which is currently applied and accepted may have to be repaid if the CoA decide to set aside the Tribunal's decision, effectively setting aside the charge control mechanism.

As a result, and on the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice FRAs in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire Service, until such time as the CoA decides whether permission to appeal should be granted. If permission to appeal is not granted the Authority will receive its share of the credit which is estimated to be £0.189m at 31 March 2024; if permission is granted, then it may be twelve to eighteen months before the matter is concluded.

Sale of Fire Appliances

The Authority will be replacing its entire fleet of 58 fire appliances during 2024/25. The surplus fire appliances will be sold initially by closed bids from other Fire and Rescue Services and the remaining will be sold at public auction.

West Yorkshire Fire and Rescue Authority

Pension Fund

The Authority administers and pays Firefighters' pensions and is required to manage a Firefighters' Pension Fund Account. The fund is an unfunded pension scheme and consequently has no investment assets. It provides for the payment of defined retirement benefits to members, or their dependents, from Firefighters' and employer contributions. The fund is topped up and balances to nil as necessary by government grant if contributions are insufficient to meet the cost of retirement benefits.

The Firefighters' Pension Fund has the legal status of a pension fund which was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

The table below shows the overall sum of the Top Up Grant to be funded from Central Government.

2022/23 £000	Contributions Receivable	2023/24 £000
	From employer	
-10,138	Normal	-10,786
-292	Ill Health	-260
-28	Pensions Abatement	-30
-4,603	From Members	-4,940
-15,061		-16,016
	Transfers in	
-168	Individual transfers in from other schemes	-296
	Benefits Payable	
41,319	Pensions	45,087
3,510	Lump Sums	6,558
	Payments to and on account leavers	
-	Individual transfers out to other schemes	-
29,600	Net amount payable for the year	35,333
-29,600	Top Up Grant payable by the Government	-35,333
-		-

The table below presents the net asset statement as at 31st March 2024.

2022/23 £000	Net current assets and Liabilities	2023/24 £000
	Current Assets	
1,817	Top up grant receivable from Government	1,428
4,761	Recoverable overpayments of pension	513
	Current Liabilities	
-1	Pensionable Pay Creditor to Home Office	-1
-	Unpaid pension benefits	-
-6,577	Cash (Overdrawn)	-1,940
-		-

Overview of the Pension Fund

The Pension Fund Statements have been compiled in accordance with the Code, as detailed in the accounting policies. The above statements do not take account of the liabilities for future retirement benefits, which are recognised in the main accounts of the Authority in Note 38 on Defined Benefit Pension Schemes.

The Firefighters' Pension Account has the legal status of a pension fund which was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

WYFRA Pension Account

There are three Pension Schemes currently administered by the Authority:

1. Firefighters Pension Scheme 1992 (FPS) operated under the Firefighters Pension Scheme (Amendment) (No 2) (England) Order 2006
2. New Firefighters Pension Scheme 2006 (NFPS) operated under the Firefighters Pension Scheme (England) Order 2006
3. The Firefighters Pension Scheme 2015 as set out in the Firefighters Pension Scheme (England) regulations 2014 (SI 2014/2848)

In addition to the three schemes above the Authority also operates a Retained Firefighters Modified Pension Scheme. This scheme was established in response to the settlement between the National Joint Council (NJC) for Local Authority Fire and Rescue Services and the Fire Brigades Union (FBU) in relation to the Part Time (Prevention of Less Favourable Treatment Regulations) 2000, reached in March 2011.

The Government during 2014/15 introduced the terms of the Retained Firefighters' Pension Settlement that offers pension entitlement for all employees who were employed as On-Call Firefighters between 1st July and 5th April 2006 inclusive. The pension benefits are incorporated within the Pension Scheme 2006 (NFPS). It does not constitute a new scheme, rather a modified section of the NFPS with different benefits.

The pension schemes are unfunded meaning that there are no investment assets built up to meet the pension liabilities and cash must be generated to meet actual payments as they fall due. Entrants to the service since 1st April 2015 are eligible to join the 2015 scheme, a new career average scheme with a normal retirement age of 60. Existing members were either transferred to the 2015 scheme on the 1st April 2015 or will transition to the 2015 scheme at a later date. This is referred to as tapered protection. In the case of Firefighters' who were within 10 years of retirement on 1st April 2012, they will remain in either the 1992 (FPS) or the 2006 (NFPS), both of which are final salary schemes.

Pensionable Pay

Following the ruling under the Norman V Cheshire case, the Authority has agreed that some allowances payable to employees who meet pre-determined criteria are pensionable. The Authority has back-dated pension contributions owing for 6 years. This has resulted in a total liability of £0.475m. The Pension Top-up grant received from the Government will be reduced by £0.001m of contributions recovered in the year.

West Yorkshire Pension Fund (WYPF) administers and pays Firefighters' pensions on behalf of the Authority under the arrangement of a Service Level Agreement. The account is an unfunded pension scheme and has no investment assets to support its liabilities. It provides for the payment of defined retirement benefits to members, or their dependants, from firefighter and employer contributions during the year and the deficit is topped up annually by Central Government in the form of a grant. This means that the Pension Fund Account balances to nil.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Firefighters Pension Scheme (England) Order 2006. These require a Fire Authority to maintain a pension fund into which employee and employer contributions are paid and out of which pension payments to retirees are made. If the pension fund does not have enough funds to meet the cost of pensions in year, the amount required to meet the deficit is then paid by the Secretary of State to the Fire Authority in the form of a Central Government Top-up grant.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by Central Government and are subject to revaluation by the GAD. These are detailed in the table below:

	2023/24 2015 Scheme
Employer	28.8%
Employee	11% - 14.5%

West Yorkshire Fire membership of the Pension Fund as at 31st March 2024 is as follows:

Category of Member	1992 (FPS)	2006 (NFPS)	2015 Scheme
Contributors			990
Deferred Pensioners	26	71	239
Pensioners	2,415	67	60

WYFRA Pension Fund Accounting Policies

The Pension Fund Accounts for the year ended 31st March 2024 are presented in the format as laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy. The accounting policies adopted in the production of the Pension Fund Account follow those that are used to prepare the Authority's primary statements.

Accruals

The Accounts have been prepared on an accruals basis.

Benefits and Refunds

Benefits and Refunds are accounted for in the year in which they become due for payment.

Transfer Values

Transfer values are those sums paid to, or received from, other schemes, and the Firefighters' Pension scheme outside England, for individuals, and relate to periods of previous pensionable employment. Transfer values received and transfer values paid are accounted for on a receipts and payments basis.

Current Assets

Debtors are raised for known contributions due at the 31st March 2024 and the Top-up grant due from Central Government.

Current Liabilities

Creditors are raised for employer and employee contributions received into the Fund up to and including the 31st March 2024.

Long Term Pension Obligations

Details of the Authority's long-term pension obligations in respect of the Firefighters' Pension Scheme are in note 39 in the Statement of Accounts.

Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortisation

Written off over a suitable period of time, usually in line with the useful life of an asset.

Asset

An item owned by the Authority, which has a monetary value. Assets can be current or non-current.

- Current Assets – are consumed or will cease to have value within the next financial year.
- Non-Current Asset – provide benefits to the organisation for a period of more than one year.

Audit

An independent examination of the Authority's activities, either internally or externally by our appointed auditor Deloitte LLP.

Budget

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Adjustment Account

This account provides a balancing mechanism between the different rates at which assets are depreciated and financed.

Capital Financing Costs

Each service is charged with an annual capital charge to reflect the cost of fixed assets used in the provision of services.

Capital Financing Requirement

This measures the underlying need to borrow to finance capital expenditure.

Capital Receipts

These are the proceeds from the sale of capital assets and are treated in accordance with statutory provisions.

Community Risk Management Plan (CRMP)

This is a strategy for managing risk within West Yorkshire. It leads to formulation of a strategic framework for managing community risk. The CRMP is underpinned by a suite of detailed risk indicators and demographic information which reflects key risks for both the community and Firefighters.

Commutation

This is where a member of the pension scheme gives up part of their pension in exchange for

an immediate lump sum payment.

Consistency

The concept is that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Liability

A possible obligation which exists at the Balance Sheet date, whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated, or its occurrence is not considered sufficiently probable to accrue it, the obligation is disclosed in a note to the Balance Sheet. Examples of contingent liabilities include legal claims pending settlement.

Corporate Governance

This is concerned with the Authority's accountability for the stewardship of resources, risk management and relationship with the community. It encompasses policies on fraud, whistle blowing and corruption.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered but for which payment has not been made at the balance sheet date.

Current Service (Pensions) Cost

The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Debtors

Amounts of money due to the Authority but are unpaid at the balance sheet date.

Depreciated Replacement Cost

A method of valuation based on the gross cost of replacing the asset/building less an allowance for depreciation.

Default

The failure to fulfil the obligation to repay a financial instrument with corrective action required to prevent potential future credit losses.

Deferred Liabilities

These represent the outstanding obligations on finance leases.

Deferred Premiums and Discounts

These are payment penalties (premiums), or gains (discounts) incurred on certain loans that have been repaid prematurely. The premium or discount is equal to the present value of the difference between the remaining payments, which would have been made on the repaid loan, and the amount that could be received if the sum prematurely repaid was re-advanced at the current rate on a new loan for a period equal to the unexpired term of the original loan.

Defined Benefit Pension Scheme

Retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service) and matching them with the organisation's attributable share of the scheme's investments.

Depreciation

The wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

De-recognition

The removal of financial assets that have previously been recognised in the balance sheet. A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset have been expired or transferred.

Donated Asset

A donated asset is an asset that is transferred to/from the organisation for no monetary exchange.

Earmarked Reserve

An amount set aside for a specific purpose to be expended in future years.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue (i.e. Authorised by the Authority's Chief Finance and Procurement Officer).

Expected Rate of Return on Assets (Pensions)

The expected return is a measure of the return on the investment assets held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but a longer-term measure, based on the value of assets at the start of the year (taking into account movement in assets during the year) and an expected return factor.

Fair Value

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the assets have been valued fairly.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Funded Pension Scheme

A Funded Pension Scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business. The Authority's employees, with the exception of Firefighters, are covered by such a scheme,

which is managed on its behalf by West Yorkshire Pension Fund.

Government Grants

Grants made by Central Government towards either revenue or capital expenditure to support the cost of the provision of the Authority's services. These grants may be given specifically towards the cost of a particular defined service or to support the general revenue spend of the Authority (known as Revenue Support Grant).

Impairment

This is a specific reduction on an Authority's Balance Sheet that adjusts the value of the Authority's assets. This would normally be to reflect the fall in economic prices or a reduction in the economic benefit of an asset.

Intangible Assets

These are non-financial fixed assets that do not have a physical substance but are identifiable and utilised by the Authority through legal or custody rights.

International Financial Reporting Standards

These are the accounting standards that have been adopted from 2010/11 onwards.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of scheme liabilities because the benefits are one period closer to settlement.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use.

Leasing

A method of financing capital expenditure which allows the Authority to use, but not own an asset. A third party (the lessor) purchases the asset on behalf of the Authority (the lessee) which then pays the lessor a rental over the life of the asset.

A finance lease substantially transfers the risks and rewards of ownership of a fixed asset to the lessee. An operating lease is any lease other than a finance lease.

Liability

A liability is where an Authority owes payment to an individual or organisation. There are two types:

- Current Liability – an amount which will become payable or could be called within the next accounting period.
- Deferred Liability – an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

Market Value

The monetary value of an asset determined by current market conditions.

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted or misstated, could be expected to lead to distortion of the financial statements to a reader of the statements.

Minimum Revenue Provision (MRP)

Represents the statutory minimum amount that must be charged to revenue in each financial year to repay external borrowings.

Modern Equivalent Asset (MEA)

An asset which provides similar function and equivalent utility to the asset being valued, but which is of a current design and constructed or made using current materials and techniques.

National non-domestic rates (NNDR)

Business rates are the commonly used name of non-domestic rates, a tax on the occupation of non-domestic property.

Net Book Value

This is the gross cost of an asset adjusted for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating an asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses of realising the asset.

Non-Distributed Costs

These are overheads from which no service now benefits. Costs that may be included are certain pension costs and expenditure on certain unused assets.

Non-Operational Assets

Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples of non-operational assets are assets that are surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used, or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility.

Past Service (Pensions) Costs

Past service costs are a non-periodic cost, arising from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years.

Discretionary benefits, particularly added years, awarded on early retirement are treated as past service costs.

Pensions Account Revaluation Rate

In a career average revalued earnings scheme each member builds up a pension based on their pensionable pay for that year. The pensions earned each year are added to the member's pension's account which is then adjusted for the cost-of-living CPI inflation. The pensions account revaluation rate assumptions are set to be equal to the CPI inflation assumption and is used to estimate the future value of the pension account.

Precept

This is a charge levied by a Local Authority which is collected on its behalf by another Authority. It does this by adding the precept to its own Council Tax and paying over the

appropriate cash collected.

Provision

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

Prudence

The concept that revenue is not anticipated but is recognised only when it is realised in the form of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Public Works Loan Board (PWLB)

This is a Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government itself can borrow.

Related Parties

Two or more parties are related parties when at any time during a financial period:

- one party has direct or indirect control of the other party: or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be always inhibited from pursuing its own separate interests: or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Reserves

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revaluation Reserve

This reserve recognises revaluation gains recognised since April 2007.

Revenue Expenditure

This is money spent on the day to day running costs of providing services. It is usually of a recurring nature and produces no permanent asset.

Service Reporting Code of Practice (SeRCOP)

SeRCOP is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. This is increasingly important as Transparency initiatives are expected to become more sophisticated and to evolve constantly.

Settlements and Curtailments (Pensions)

Settlements and curtailments are non-periodic costs. They are events that change the pension liabilities but are not normally covered by actuarial assumptions, for example a reduction in employees through a transfer or termination of an operation.

Tax Income Guarantee (TIG)

Due to COVID19 the Authority's precept income has reduced due to deficits on council tax and business rates income. The TIG compensates for this by way of a Central Government grant which is allocated on the basis of 75% of those irrecoverable losses on both council tax and business rates income.

Unfunded Pension Scheme

An unfunded pension scheme is one in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its Firefighters.

Useful Life

This is the period over which the Authority will derive benefits from the use of a fixed asset.

AND EXPENDITURE STATEMENT

	2023/24		
	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
Service Delivery	35,519	-2,698	32,821
Service Support	12,545	-624	11,922
Employment Services	4,470	-188	4,282
Chief Fire Officer	140	0	140
Finance and Procurement	2,587	-400	2,187
Corporate Services and Governance	1,202	-10	1,191
Cost of Services	56,463	-3,920	52,543
Other Operating Expenditure (Note 11)	37	0	37
Financing and Investment Income and Expenditure (Note 12)	52,754	-1,907	50,847
Taxation and Non Specific Grant Income (Note 13)	-	-104,279	-104,279
(Surplus) Deficit on Provision of Services	109,254	-110,106	-852
Impairment losses on non-current assets charged to the revaluation reserve			-1,570
Actuarial (Gains)/Losses on Pension Assets/Liabilities			12,150
Other Comprehensive Income and Expenditure			10,580
Total Comprehensive Income and Expenditure			9,728

CASH FLOW STATEMENT

2022/23		Notes	2023/24
£'000			£'000
32,178	Cash and Cash Equivalents at the beginning of the reporting period		31,304
-19,401	Net (deficit) on the provision of services		852
31,127	Adjustment to deficit on the provision of services for non-cash movements	23	9,972
-87	Adjustment for items included in the net deficit on the provision of services that are investing and financing activities	23	-38
11,639	Net Cash flows from operating activities		10,786
-10,000	Net Cash flows from Investing Activities	24	-18,071
-2,513	Net Cash flows from Financing Activities	25	-5,058
-874	Net increase or (decrease) in cash and cash equivalents		-12,343
31,304	Cash and cash equivalents at the end of the reporting period		18,961

BALANCE SHEET

31-Mar-23	Balance Sheet	Note	31-Mar-24
£0			£0
98,726	Property, Plant and Equipment	14	128,558
155	Intangible Assets	16	94
98,881	Long Term Assets		128,652
15,000	Short Term Investments		0
720	Inventories	20	725
11,899	Short Term Debtors	21	14,494
31,304	Cash and Cash Equivalents	22	18,961
58,923	Current Assets		34,180
-5,447	Short Term Borrowing		-1,414
-12,164	Short Term Creditors	26	-12,137
-841	Provisions (less than 1 year)	27	-646
-18,452	Current Liabilities		-14,197
-41,937	Long Term Borrowing		-40,937
-22	Capital Grants Received in Advance		-22
-1,115,103	Net Liability related to Defined Benefit Pension Schemes	39	-1,135,114
-1,157,062	Long Term Liabilities		-1,176,073
-1,017,710	Net Liabilities		-1,027,438
41,418	Usable Reserves	28	31,810
-1,059,128	Unusable Reserves	30	-1,059,248
-1,017,710	Total Reserves		-1,027,438

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2023/24	Note	General Fund Balance (including Earmarked Reserves) £0	Capital Receipts Reserve £0	Capital Grants Unapplied £0	Total Usable Reserves £0	Unusable Reserves £0	Total Authority Reserves £0
Balance as at 1 st April 2023		41,333	85	-	41,418	-1,059,128	-1,017,710
Total Comprehensive Income and Expenditure		852	0	0	852	-10,580	-9,728
Adjustments between accounting basis and funding basis under regulations	10	-10,464	0	5	-10,460	10,459	0
Increase / Decrease in 2023/24		-9,612	0	5	-9,608	-121	-9,728
Balance as at 31 st March 2024		31,721	85	5	31,810	-1,059,249	-1,027,438

Change in net worth	
	-1,017,710
	-1,027,438
	9,728

<u>2022/23</u>				<u>2023/24</u>		
Gross Expenditure	Gross Income	CIES		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
53,378	-3,034	50,344	Service Delivery	35,519	-2,698	32,821
14,013	-558	13,455	Service Support	12,545	-624	11,922
5,129	-135	4,994	Employment Services	4,470	-188	4,282
208	-	208	Chief Fire Officer	140	0	140
3,035	-418	2,618	Finance and Procurement	2,587	-400	2,187
1,257	-7	1,250	Corporate Services and Governance	1,202	-10	1,191
77,020	-4,152	72,868	Cost of Services	56,463	-3,920	52,543
1,947	-37	1,910	Other Operating Expenditure (Note 11)	37	0	37
43,212	-834	42,378	Financing and Investment Income and Expenditure (Note 12)	52,754	-1,907	50,847
-	-97,755	-97,755	Taxation and Non Specific Grant Income (Note 13)	-	-104,279	-104,279
122,179	-102,778	19,401	(Surplus) Deficit on Provision of Services	109,254	-110,106	-852
		-2,175	Impairment losses on non-current assets charged to the revaluation reserve			-1,570
		-473,258	Actuarial (Gains)/Losses on Pension Assets/Liabilities			12,150
		456,032	Other Comprehensive Income and Expenditure			10,580
		-457,082	Total Comprehensive Income and Expenditure			9,728

Movement in Reserves during 2023/24	Note	General Fund Balance (including Earmarked Reserves) £0	Capital Receipts Reserve £0	Capital Grants Unapplied £0	Total Usable Reserves £0	Unusable Reserves £0	Total Authority Reserves £0
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OFFICIAL

Agenda item:08

Internal Audit Quarterly Report

Audit Committee

Date:	26 th July 2024
Submitted by:	Director of Finance and Procurement
Purpose:	To present the Internal Audit Quarterly Report April to June 2024
Recommendations:	That members note the content of the report
Summary:	This report provides a summary of the audit activity for the period April to June 2024 and to report the findings to the Committee.

Local Government (Access to information) Act 1972

Exemption Category:	Nil
Contact Officer:	Alison Wood, Director of Finance and Procurement Alison.wood@westyorksfire.gov.uk 07500 075362 Simon Straker, Internal Audit Manager Simon.straker@kirklees.gov.uk 01484 221000

Background papers open to inspection:	Individual Internal audit reports
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Annexes:	Internal Audit Quarterly Report
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1. Introduction

- 1.1 This Committee has the responsibility for monitoring the work of internal audit. In order to facilitate this, Internal Audit provide a quarterly report of its progress which includes a summary of the work completed and an assessment of the level of assurance provided by the systems examined. This report covers the period from April to June 2023.
- 1.2 On completion of each audit the Auditors provide an assessment of the level of assurance that the control systems in place provide. There are four rankings as detailed below:
- Substantial assurance
- Adequate assurance
- Limited assurance
- No assurance
- 1.3 This report includes a detailed explanation of action which has been taken on any audits which are ranked as providing either limited assurance or no assurance.

2. Information

- 2.1 This report contains an update on audit work included within the 2024/25 audit plan.
- In the period April to June, two audits have been completed, which have received a positive assurance opinion.
- There is one audit that is currently at the draft reporting stage.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

- 5.1 There are no human resource and diversity implications associated with this report.

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

7.1 There are no health, safety and wellbeing implications associated with this report.

8. Environmental Implications

8.1 There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Provide ethical governance and value for money.

10. Conclusions

10.1 This report has updated members with the internal audits conducted within the first quarter of 2024/25, April to June 2024.



INTERNAL AUDIT QUARTERLY REPORT

2024/25

April to June 2024

Simon Straker: Audit Manager

ABOUT THIS REPORT

This report contains information about the work of the Authority's Internal Audit provided by Kirklees Council. The 2024/25 Audit Plan was approved by this Committee at the start of the year covering a variety of areas enabling an annual opinion to be formed on the Authority's governance, risk management and internal control arrangements.

For ease of reference the audits are categorised as follows:

1. Summary
2. Major and Special Investigations
3. Key Financial Systems
4. Other Financial Systems & Risks
5. Locations and Departments
6. Business Risks & Controls
7. Follow Up Audits
8. Recommendation Implementation
9. Advice, Consultancy & Other Work
10. Audit Plan Delivery

Investigation summaries may be included as a separate appendix depending upon the findings.

When reports have been agreed and finalised with the Director concerned and an Action Plan drawn up to implement any improvements, the findings are shown in the text. Incomplete audits are shown as Work in Progress together with the status reached: these will be reported in detail in a subsequent report once finalised.

Good practice suggests that the Authority's management and the Audit Committee should receive an audit opinion reached at the time of an audit based upon the management of risk concerning the activity and the operation of financial and other controls. At the first meeting of the Audit Committee, Members resolved to adopt an arrangement relating to the level of assurance that each audit provides.

As agreed with the Audit Committee, the report has been expanded to include details of the key recommendations applicable to each audit that does not result in a formal follow up visit and the action taken by management regarding their implementation.

The final section of the report concerns Audit Plan delivery.

It is the practice of Internal Audit to undertake follow up audits to ensure that agreed actions have been undertaken. Any audits that produce less than "adequate assurance" will be followed up, together with a sample of the remainder and a new opinion will be expressed about the level of assurance that can be derived from action taken by management to address the weaknesses identified.

1. SUMMARY


This report contains details of work completed during the first quarter of 2024/25, covering the current Plan approved by the Committee at the start of the year.

Both audits produced a positive assurance opinion, albeit that several recommendations have been agreed to strengthen the control environment.

2. SPECIAL INVESTIGATIONS & REVIEWS

None during this period.

3. KEY FINANCIAL SYSTEMS & RISKS

System	Findings	Audit Opinion
Chief Finance & Procurement Officer		
	None during this period.	

4. OTHER FINANCIAL SYSTEMS & RISKS

System	Findings	Audit Opinion
Director of Service Delivery		
Hydrant Management and Maintenance	<p>National Guidance stipulates that hydrants should be inspected and maintained using a risk-based approach without defining the frequency. This approach was introduced approximately two years ago and the audit evidenced that the current arrangements are compliant with Guidance. However, as the programme is still in its relative infancy, it would be unreasonable to expect all hydrants to already be compliant with the targets set by management for inspection timeframes. Nevertheless, analysis identified that half of the hydrants are overdue an inspection when compared to targets, and audit testing also highlighted that risk classifications were not always accurate. As it is two years since its inception, this is an ideal time for the Water Office to review the risk identification classifications and the target timeframes in order to refine the regime and produce a set of proportionate targets that are achievable within the existing resource constraints. There are also opportunities with the onset of the new software version (once the data has been cleansed) to introduce reporting that will allow these targets to be measured. For this reason, the overall audit opinion whilst still positive has been revised since the previous audit to an Adequate Assurance one.</p> <p>The administrative process to control the flow of orders and invoices with Yorkshire Water is manually controlled by the Water Office and the spreadsheet-based controls used are robust and effective, and in testing appeared free from error.</p>	Adequate Assurance

Chief Finance & Procurement Officer		
Purchasing Cards and the Disbursement Account (2023/24 Plan)	<p>A strong process is in place regarding the use and operation of purchasing cards. There is a detailed user guide, outlining process and procedures for both card holders and managers. Sample testing provide assurance that the system is operating effectively, and adequate controls are in place to ensure that transactions are being correctly coded, and that VAT is being accounted for accurately.</p> <p>Since the introduction of purchasing cards, the use of the disbursement account has been significantly reduced. Adequate controls are in place regarding the use of the account, however, as highlighted in the previous audit, the £50k balance on the account remains excessive and therefore the balance should be reviewed and reduced accordingly.</p>	Substantial Assurance

5. LOCATION & DEPARTMENT AUDITS

None during this period.

6. BUSINESS RISK AUDITS

This category of audits reflects the Audit Strategy to incorporate coverage of the controls and management actions to respond to the key risks to the Authority’s objectives as codified in the Corporate Risk Matrix.

Business Risk	Findings	Audit Opinion
Chief Finance & Procurement Officer		
Fraud & Corruption	Audit in Progress – Draft report issued.	

7. FOLLOW UP AUDITS

Any audits that result in a less than adequate assurance opinion are followed up usually within six months, depending upon the timescale for implementing the agreed recommendations. Additionally, a sample of other audits is followed up periodically too.

None during this period.

8. REVIEW OF KEY RECOMMENDATIONS & EXTENSIONS OF TIME TO IMPLEMENT

No key recommendations were outstanding during this period.

9. ADVICE, CONSULTANCY & OTHER WORK

Internal Audit has been commissioned to provide assurance, oversight and challenge to the FSHQ Programme Board. Terms of reference has been agreed to review progress at each of the key milestones on a rolling basis to enable any timely remediation, particularly with external contractors. This role is being performed through participation in the Finance Board that meets on a monthly basis, which is chaired by the Chief Finance & Procurement Officer / Director of Service Support. Latterly, an interim audit of the performance and management of the contract to date has been undertaken.

10. AUDIT PLAN 2024/25 DELIVERY

Performance Indicators	23/24 Actual	24/25 Target	24/25 Actual
Audits completed within the planned time allowance	90%	80%	100%
Draft reports issued within 10 days of fieldwork completion	100%	90%	50%
Client satisfaction in post audit questionnaires	90%	90%	n/a
Chargeable audit days	145	160	23
QA compliance sample checks – % pass	100	100	100
Planned Audits Completed	11	12	2
Planned Audits in Progress	0		1
Planned Audits Postponed	2		0
Unplanned Work requested by Management Board Completed	2		0
Unplanned Work in Progress	0		0



West Yorkshire Fire and Rescue

Auditor's Annual Report 2021/22

4 July 2024

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Key Messages

Audit opinion on the financial statements

We issued an unmodified opinion on the Authority's financial statements on 4 July 2024.

The Authority's arrangements to secure Value for Money

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

As at 31 March 2022, the Authority has net liabilities of £1,474m (2020/21: £1,483m) which is driven by the pension scheme liability of £1,567m (2020/21: £1,563m) as a result of the Firefighter's Pension Scheme being an unfunded scheme. Excluding the pension balance the Authority, therefore has net assets of £93m (2020/21: £80m).

The Authority when setting its budget has considered a range of financial scenarios to enable the Authority to achieve a balanced budget against a number of possible financial scenarios.

Governance

How the body ensures that it makes informed decisions and properly manages its risks

The Authority has a series of policies in place to ensure that it makes properly informed decisions, which are reviewed and approved by the Full Authority.

The Authority has an established risk management process in place.

The Authority utilises an internal audit function which undertakes a risk based programme of internal audit work in accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

The Authority assesses its performance regularly throughout the year. The information produced is used to identify areas of deviation from budget and this output is RAG rated with deviations from budget requiring explanation to the Chief Finance and Procurement Officer.

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at West Yorkshire Fire and Rescue ("the Authority") for the year ended 31 March 2022.

This report is intended to bring together the results of our work over the year at the Authority, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). This report fulfils the requirements of the Accounts and Audit Regulations for an Annual Audit Letter.

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 03, Value for Money, and AGN 07, Auditor Reporting. These are available from the NAO website.

A key element of this report is our commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money.

We have not identified any significant weaknesses in the Authority's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Assurance sources for the Authority

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Authority (in the green rows) fits with some of the other assurances available over the Authority's position and performance.



* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

Opinion on the financial statements

We provide an independent opinion whether the Authority's financial statements:

- Give a true and fair view of the financial position of the Authority 31 March 2022 and of the Authority's income and expenditure for the year then ended;
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom in 2021/22.

The full opinion is included in the Authority's Statement of Accounts, which can be obtained from the Authority's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements:

We issued an unmodified opinion on the Authority's financial statements on 4 July 2024. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.

Narrative Report:

We reported that the information given in the Narrative Report for the year ended 31 March 2022 is consistent with the financial statements.

Annual Governance Statement:

We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the Code of Practice on Local Authority Accounting, was misleading, or was inconsistent with information of which we are aware from our audit.

Reports in the public interest and duties as public auditor:

We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2022.

We did not receive any queries or objections from local electors this year.

Audit Certificate:

We certified completion of the audit on 4 July 2024, following completion of our responsibilities in respect of the audit for the year ended 31 March 2022.

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Authority and the environment it operates in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit associate partner, Paul Hewitson. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and pensions.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Authority to be £2.1m, on the basis of 2% of gross expenditure.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £105k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the financial statements

Our audit of the Authority's financial statements included:

- developing an understanding of the Authority, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the financial statements;
 - performing sample tests on balances in the financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances; and
 - data analytic techniques were used as part of audit testing, in particular to support profiling of populations to identify items of audit interest and in journal testing, using our Spotlight data analytics platform.
-

Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Authority's Audit Committee setting out what we considered to be the significant audit risks for the Authority, together with our planned approach to addressing those risks. We have provided a summary of each of the significant audit risks on the following pages.

We have made recommendations in our Audit Committee reporting for improvement in the Authority's policies, procedures and internal controls based on observations from our work. However, we do not consider these recommendations to reflect significant weaknesses in the Authority's Value for Money arrangements.

Financial statement audit significant risks

Property Valuation

Risk identified	<p>The Authority held £76.9m of property assets (land and buildings) at 31 March 2021 which has increased to £77.8m as at 31 March 2022.</p> <p>The Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings physically inspected over a five year cycle. In keeping with the approach adopted by management in the previous year, 20% of the assets will be fully revalued and the remaining 80% subject to a desktop exercise.</p> <p>As a result of the control findings reported in the prior year and the inherent complexities of the valuation, we consider this to be a significant risk.</p>
Deloitte response and challenge	<p>We have completed the following procedures:</p> <ul style="list-style-type: none">• Examined the terms of engagement of the valuer, the instructions issue and the management controls within the Authority concerning the receipt, review and acceptance of the report;• Tested the design and implementation of key controls in place around the valuations process;• Tested a sample of floor areas used in the valuation;• Used our valuation specialists, Deloitte Real Assets Advisory, to support our review and challenge of the appropriateness of the assumptions used in the year-end valuation of the Authority's Land and Buildings; and• Tested a sample of revalued assets and reperformed the calculation assessing whether the movement has been recorded through the correct line of the accounts.
Conclusion	<p>We reported to those charged with governance control insights in respect of communication with and provision of information to the valuer and componentisation of assets. We also reported one error which remain uncorrected in the financial statements in relation to the application of componentisation.</p>

Financial statement audit significant risks (continued)

Completeness of expenditure

Risk identified Under UK auditing standards, there is a presumed risk of incorrect revenue recognition due to fraud. In line with previous years, we have rebutted this risk, and instead believe that the fraud risk lies within the completeness of expenditure as controlling expenditure to manage the impact on budgetary outturn is judged to be more readily under management's direct control.

In the prior period we identified that the control changed, however, we identified control weaknesses and also errors associated with this process, as such we have continued to identify a fraud risk in respect of the under recording of expenditure.

There is a risk that the Authority may materially misstate expenditure through manipulation of the accruals balance, including year-end transactions, in an attempt to move expenditure between years to report a more favourable year-end position. The Authority does not have material provisions balances and based upon discussions we do not consider the completeness of provisions to fall within the scope of this risk.

Deloitte response and challenge

We have completed the following procedures:

- Obtained an understanding of the design and implementation of the key controls in place in relation to recording of accruals including year-end creditor transactions;
- Performed focussed testing in relation to the completeness of expenditure by examining the application of cut off primarily through the focussed testing of accruals balance; and
- Reviewed and challenged the assumptions made in relation to year-end estimates and judgements to assess completeness of recorded expenditure.

Conclusion

We reported to those charged with governance control insights in relation to the review of creditors, review of receipts in advance and the grossing up of the balance through recording of assets and liabilities. We also reported two errors which remain uncorrected in the financial statements connected to this risk.

Financial statement audit significant risks (continued)

Management override of controls

Risk identified	<p>In accordance with ISA 240 (UK) management override is a presumed significant risk for all audit engagements. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions.</p> <p>The key judgements in the financial statements are those which we have selected to be the significant audit risks; completeness of expenditure and valuation of the Authority's estate. These are inherently the areas in which management has the potential to use their judgement to influence the financial statements. Whilst not noted as a significant risk, the valuation of pensions is also a key judgement.</p>
Deloitte response and challenge	<p>We have performed the following audit procedures that directly address the risk:</p> <ul style="list-style-type: none">• Tested the design and implementation of key controls in place around journal entries and management judgements;• Risk assessed journals and selected items for detailed testing. The journal entries were selected using computer assisted profiling based on areas which we considered to be of increased interest;• Tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting;• Reviewed accounting judgements for biases that could result in material misstatements due to fraud; and• Obtained an understanding of the business rationale of significant transactions that were outside of the normal course of business for the Authority, or that otherwise appear to be unusual, given our understanding of the entity and its environment. There were no such transactions in the current period.
Conclusion	<p>As part of our design and implementation over the journal review control, we reported to those charged with governance that junior team members are able to approve senior team members' journals. We also reported control insights in relation to the timeliness of the monthly journal reconciliation review. Our work did not identify any inappropriate management override of controls.</p>

Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Authority's arrangements, and the effectiveness with which the arrangements are operating as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. Under the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial Sustainability	<i>How the body plans and manages its resources to ensure it can continue to deliver its services</i>
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Governance	<i>How the body ensures that it makes informed decisions and properly manages its risks</i>
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Improving economy, efficiency and effectiveness	<i>How the body uses information about its costs and performance to improve the way it manages and delivers its services</i>
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In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Authority can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. As a result of the Covid-19 pandemic, there have been changes in nationally led processes, changes in expectations around Authority's arrangements, and events occurring outside of the Authority's control, which affect the relevance of some of these indicators. We have still considered whether these indicators are present, but have considered them in the context of the circumstances of 2021/22 in assessing whether they are indicative of a risk of significant weakness.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders across the organisation including the Chief Finance and Procurement Officer and the Executive Team.



Review of Authority and committee report and attendance at committee meetings.



Reviewing reports from third parties including internal audit.



Considering the findings from our audit work on the financial statements.



Review of the Authority's Annual Governance Statement and Narrative Report.

VfM arrangements: Financial Sustainability

Approach and considerations

We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
- How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.

Commentary

As at 31 March 2022, the Authority has net liabilities of £1,474m (2020/21: £1,483m) which is driven by the pension scheme liability of £1,567m (2020/21: £1,563m) as a result of the Firefighter's Pension Scheme being an unfunded scheme. Excluding the pension balance the Authority, therefore has net assets of £93m (2020/21: £80m).

The Authority continues to be in a strong balance sheet position, after adjusting for the pensions balance, with a cash and cash equivalents balance at the end of 2021/22 of £32.2m and short term investments of £15m (2020/21 £16.5m and £20m respectively).

The Authority has a total of £43.1m (2020/21 £37.4m) in usable reserves at the year-end, suggesting prudent historic financial planning, which is supported by an approved reserves strategy. The Authority reported a deficit on the provision of services of £7.7m for the year ended 31 March 2022 (2020/21: £11.1m). The Authority has a reserves strategy, which is approved annually, and sets out the planned usage of the earmarked reserves, primarily to support the revenue budget and predominantly for the redevelopment of the Fire Station Headquarters.

The Authority communicates its budget to the general public and stakeholders via its website, however, there appears to be limited proactive identification of and engagement with stakeholders over budget priorities and investment decisions.

We understand that the workforce plan and district plans drive the budgets, however, the full plans are not presented to members as part of the scrutiny of the budget. In response to our recommendation in the 2020/21 Annual Auditors Report that additional reports should be provided to members to ensure greater scrutiny of the budget, management have included additional commentary and appendices within the budget report to provide greater context to members.

VfM arrangements: Financial Sustainability (continued)

Commentary

The Authority has an established annual financial planning process with key events scheduled throughout the year to facilitate this. The budgeting process is led by the Chief Finance and Procurement Officer. The annual planning cycle identification is based on presentations of director approved capital and revenue bids at Star Chamber. These reports include information on capital / revenue bids / growth / savings / budget and pay awards. There is a process that requires approval of capital bids at appropriate levels within the Authority at either Management Board or Finance and Resources Committee. We reported in the Auditors Annual Report relating to the year ended 31 March 2021, that there was scope to enhance the reporting in respect of the capital bids and we note that this has been enhanced in the current period.

In preparing the 2021/22 budget, the Authority has considered a range of financial scenarios to enable the Authority to achieve a balanced budget against a number of possible financial scenarios. This includes: Standstill budget, a 5% and 10% reduction in funding. This detail is also included in the budget report presented to Full Authority in February annually as part of the approval of the budget. As part of this report, there is also a review of options to examine scenarios where pension and Collection Fund deficits are funded by the Government and where they are not.

To identify and manage risk relating to financial resilience the Authority operates a foreseeable risk register across multiple areas and considers the financial impact of those. The Authority is part of the West Yorkshire Local Resilience Forum (WYLRF) which considers the UK National Risk Register produced by the Cabinet Office. The WYLRF develop a local risk register which reflects how the risks could manifest in West Yorkshire. The Authority also participates in the Community Risk Management Plan which sets out how local resources will be managed and how the impact of these risks will be mitigated.

VfM arrangements: Governance

Approach and considerations

We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including:

- How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary

The Authority has an established risk management process in place, overseen by the Risk Management Strategy Group, and this includes a Risk Management Strategy and associated Risk Registers. The Authority's risk management matrix is reviewed quarterly at the Risk Management Strategy Group meetings. The Authority has a scoring methodology for risk ratings for both likelihood and severity which was approved by the Authority in March 2011. We reported in our Auditor's Annual Report in 2020/21 that given the ratings were approved ten years ago, that there would be merit in the Authority:

- reviewing the severity ratings used within the risk register to ensure that they remain appropriate; and
- reviewing the likelihood ratings as the current bandings may result in risks congregating within the probable range.

We consider that this recommendation remains open in the current period.

The Authority has a series of policies covering internal controls, including a whistleblowing and anti-money laundering policy. These policies are available on the Authority's website. The Audit Committee is responsible for approving the annual Internal Audit plan and receives updates at Committee meetings throughout the year.

The Authority has a Service Level Agreement (SLA) with Kirklees Council in relation to areas such as Internal Audit and Treasury management. This arrangement has been in place for a number of years and is subject to annual review and scrutiny by the Chief Finance and Procurement Officer alongside quarterly meetings to review contract performance. The SLA that the Authority operated under for 2021/22 was agreed prior to the issuance of the 2020/21 Auditor's Annual Report and therefore it was not possible to implement our recommendation and so we consider this to remain open in the current period.

VfM arrangements: Governance (continued)

Commentary

The Authority uses an Internal Audit function to provide independent, objective assurance and designed to add value to improve operations. The Internal Audit opinion for the year was that the systems and procedures provide effective systems of management control enabling the Authority to provide an efficient, effective and economic service to the public of West Yorkshire.

The annual budget setting is conducted as part of the annual planning exercise performed by the Authority with key activities scheduled throughout the year including the Organisation Planning Day, Departmental / Directorate meetings and Star Chamber meetings. Once approved, performance against the budget is controlled through the monthly review process. This process includes the production of a Budget Monitoring Report each month which is issued to budget holders, and this report is RAG rated, and for movements not meeting the metrics set by the Authority an explanation is required to be provided by the budget holder to the Chief Finance and Procurement Officer. To support the Monthly Budget Monitoring Report, meetings are also held with budget holders to review at an account code level reasons for variances and to also facilitate discussion surrounding increasing / decreasing budgets. We have previously observed that the Authority has a relatively small finance function, which results in reliance on a few key members within the team. The Authority has during 2022/23 looked to recruit Apprenticeship posts to assist with strengthening the team. We recommend that the Authority continues to consider on an annual basis whether the finance function has appropriate knowledge and resilience within the team.

The Authority has a number of staff policies in place including a code of conduct, which is set out within the Constitution which is accessible via the Authority's website. Declarations of interest are required to be made, and kept up to date, by senior members of staff and decision making officers. Engagement with the staff is facilitated through the "Let's Talk" staff briefings which are chaired by DCFO Dave Walton with the rest of the Management Board in attendance. Employees are able to send in questions either anonymously or with their name attached to facilitate discussion and challenge from employees where appropriate.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
 - How the Authority evaluates the services it provides to assess performance and identify areas for improvement;
 - How the Authority ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
 - Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.
-

Commentary

The Authority assesses its performance through Budget Monitoring reports which are RAG rated and primarily consider budget against actual outturn. These reports are presented to Finance and Resource Committee and Full Authority.

The Authority has an established approach to Lean Working which was established out of the 2019-2022 Integrated Risk Management Plan (IRMP) to identify efficiencies primarily in four areas. As part of the lean working programme, reviews are conducted of external reports and interviews with stakeholders in order to identify areas of interest that could be improved, with focus being placed on areas of interest highlighted by Internal Audit / His Majesty's Inspectorate of Constabulary and Fire & Rescue. There is scope for there to be a greater level of structure to the areas being challenged and a greater level of reporting to ensure this workstream has the maximum impact.

The Authority uses surveys in order to gain feedback on the services provided and these surveys are sent to people affected at domestic and non-domestic incidents attended by the Authority, with the results reviewed and reported within the Authority and tracked against previous years outturn. The Authority also participated in the Customer Service Excellence assessment and for financial year 2021/22 the overall conclusion was that "This is a long-standing CSE compliant service and managers and staff, with enthusiasm, keep it this way. This Service is fully compliant with the CSE Standard."

VfM arrangements: Improving economy, efficiency and effectiveness (continued)

Commentary

The Authority has a number of partnership working arrangements with other blue light services, health bodies and also other Local Authorities. These arrangements are governed by concordats which detail the roles and responsibilities of each party and also sets out the framework for an action plan and also a monitoring programme. The Authority also operates a number of District Plans which include key priorities and are monitored at the Community Safety Committee. The Authority also is active within the Local Resilience Forum and also Co-Chairs the Strategic Local Resilience Forum, alongside Chairing three of the tactical sub-groups.

The Authority has a procurement function which is headed by a fully qualified Procurement Specialist. The work of the procurement function is reported to the Finance and Resources Committee with an annual report provided each February, summarising the work of the procurement function.

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Authority's arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Authority, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

Deloitte LLP

Newcastle upon Tyne | July 2024

Appendix 1: Authority's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Finance and Procurement Officer, as Section 151 Officer of the Authority, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting.

In preparing the Statement of Accounts the Chief Finance and Procurement Officer is required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. The Chief Finance and Procurement Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for Council Tax payers, regulators and stakeholders to assess the Authority's performance, business model and strategy.

The Chief Finance and Procurement Officer is required to comply with the CIPFA Code of Practice and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Chief Finance and Procurement Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Authority provides will continue into the future.

The Chief Finance and Procurement Officer and Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Authority's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Authority, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appendix 2: Auditor's responsibilities

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in December 2021, as to whether the Authority has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:

- make a written recommendation to the Authority, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Authority or an officer of the Authority is:
 - about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure; or
 - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.

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Agenda item: 10

Abridged Performance Management Report

Audit Committee

Date:	28/07/2024
Submitted by:	Head of Corporate Services
Purpose:	To inform Members of the Authority's performance against Key Performance Indicators where targets are not being achieved.
Recommendations:	That Members note the report
Summary:	The Performance Management and Activity Report which is presented to Full Authority outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. This report highlights the key performance indicators where targets are not being achieved.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Alison Davey, Head of Corporate Services. alison.davey@westyorksfire.gov.uk ; T: 01274 682311
Background papers open to inspection:	None
Annexes:	2023-24 Full Year Abridged Performance Management Report. 2024-25 Abridged Performance Management Report to 16 June 2024.

1. Introduction

- 1.1 The Performance Management and Activity Report, which is presented to each Full Authority meeting outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets.
- 1.2 A traffic light system is used to provide a clear visual indicator of performance against each specific target and comparison is made with the same period the previous year to indicate whether performance has improved, remained the same or deteriorated.

2. Information

- 2.1 The attached reports highlight the key performance indicators where the targets are not being achieved.

3. Financial Implications

- 3.1 There are no financial implications arising from this report.

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

- 5.1 There are no human resources and diversity implications arising from this report.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no health and safety implications arising from this report.

8. Environmental Implications

- 8.1 There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

- 9.1 This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Promote the health, safety, and wellbeing of all our people.
- Encourage a learning environment in which we support, develop, and enable all our people to be at their best.
- Focus our prevention and protection activities on reducing risk and vulnerability.
- Provide ethical governance and value for money.
- Collaborate with partners to improve all of our services.
- Work in a sustainable and environmentally friendly way.
- Achieve a more inclusive workforce, which reflects the diverse communities we serve.
- Continuously improve using digital and data platforms to innovate and work smarter.
- Plan and deploy our resources based on risk.

10. Conclusions

10.1 That Members note the report.



West Yorkshire
Fire & Rescue Service

Abridged Performance Management Report Audit Committee

Period Covered:

01 April 2023

31 March 2024



This report provides a summary of our progress across the Service based on the date ranges below.

Period Covered:

Financial Year	2023-24	
Date Range	01 April 2023	31 March 2024

IMPORTANT: The data provided is based on incident reports that have been completed and/or checked but will not include data from incident reports which have not been completed. Data may change due to incident reports that have been updated due to amendment. The data is accurate at time of creation of the report.

This report is comparing the date range above against:

Previous Year Comparison Date Range	01 April 2022	31 March 2023
3 Year Average Comparison Period	01 April 2022 01 April 2021 01 April 2020	31 March 2023 31 March 2022 31 March 2021
Colour Key	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; background-color: #cccccc; padding: 2px 5px;">Positive Arrows</div> <div style="border: 1px solid black; background-color: #ff6666; padding: 2px 5px;">Negative Arrows</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;"> <div style="border: 1px solid black; background-color: #6699cc; padding: 2px 5px;">Positive Charts</div> <div style="border: 1px solid black; background-color: #ff6666; padding: 2px 5px;">Negative Charts</div> </div> <p style="font-size: small; margin-top: 10px;">*When doing a comparison the key above is used. In all other cases graphs, charts and visuals are using contrasting colours to support accessibility.</p>	

Due to seasonality **Previous Year** and **3 Year Average** comparison are based on selected range and not the whole of the previous year.

Performance Summary

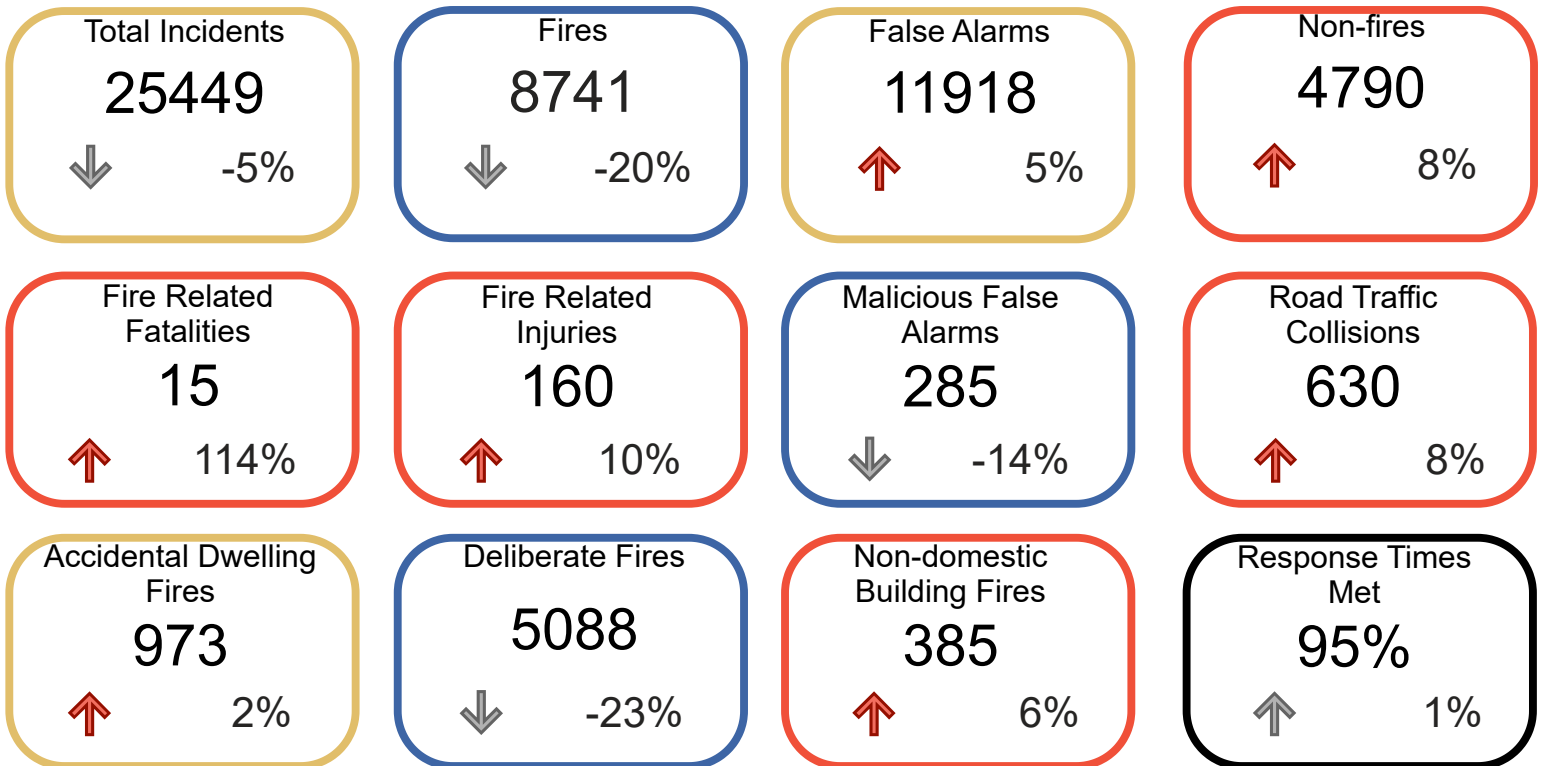
Arrows display percentage(%) increase/decrease on previous year to current financial year.
Borders display the 10% tolerance based on the 3 year average of the selected date range.

The comparison range is based on selected date range.

This report is comparing: 01 April 2023
 Against: 01 April 2022

31 March 2024
 31 March 2023

Blue	Achieving or exceeding target
Amber	Satisfactory performance (within 10% of target)
Red	Not achieving target (by more than 10%)



Monthly 3 Year Average

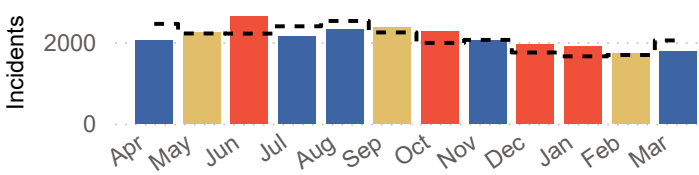
District, Ward ▼

01 April 2023

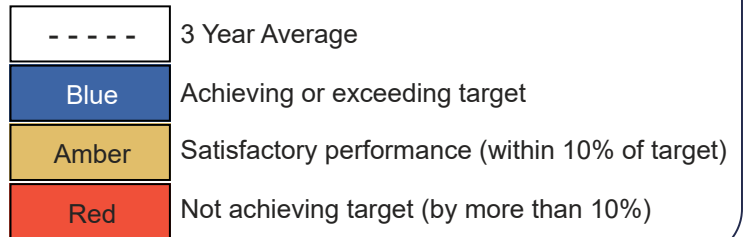
31 March 2024

All ▼

Total Activity

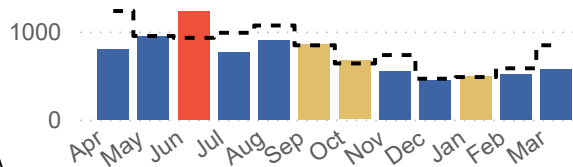


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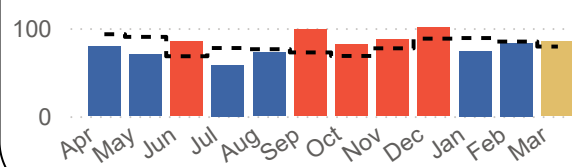


Fires

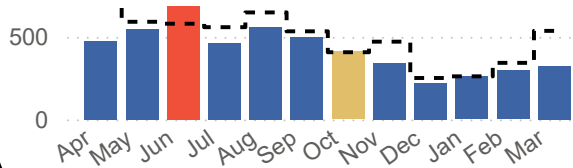
Fires



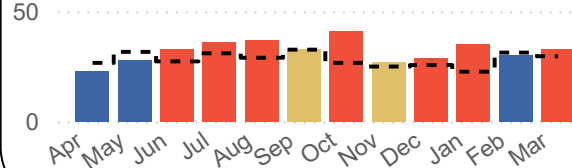
Accidental Dwelling Fires



Deliberate Fires

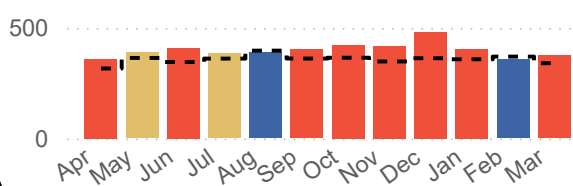


Non-domestic Building Fires

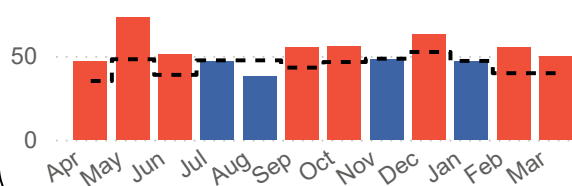


Non-fires

Non-fires



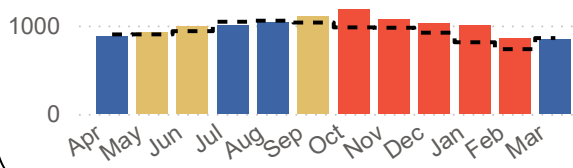
Road Traffic Collisions



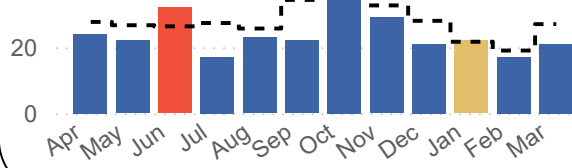
*Road Traffic Collisions are a subset of Non-fires

False Alarms

False Alarms



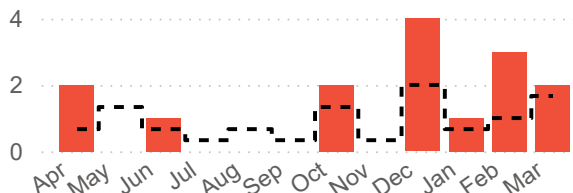
Malicious False Alarms



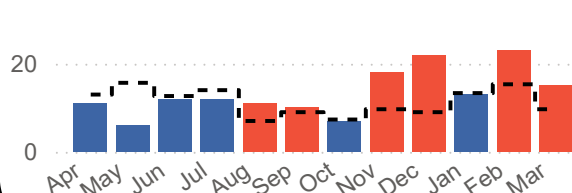
*Malicious False Alarms are a subset of False Alarms

Fire Related Injuries and Fatalities

Fire Related Fatalities



Fire Related Injuries





Abridged Performance Management Report Audit Committee

Period Covered:

01 April 2024

16 June 2024



This report provides a summary of our progress across the Service based on the date ranges below.

Period Covered:

Financial Year	2024-25	
Date Range	01 April 2024	16 June 2024

IMPORTANT: The data provided is based on incident reports that have been completed and/or checked but will not include data from incident reports which have not been completed. Data may change due to incident reports that have been updated due to amendment. The data is accurate at time of creation of the report.

This report is comparing the date range above against:

Previous Year Comparison Date Range	01 April 2023	16 June 2023
3 Year Average Comparison Period	01 April 2023 01 April 2022 01 April 2021	16 June 2023 16 June 2022 16 June 2021
Colour Key	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; background-color: #cccccc; padding: 2px 5px;">Positive Arrows</div> <div style="border: 1px solid black; background-color: #ff4500; padding: 2px 5px;">Negative Arrows</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;"> <div style="border: 1px solid black; background-color: #0056b3; color: white; padding: 2px 5px;">Positive Charts</div> <div style="border: 1px solid black; background-color: #ff4500; color: white; padding: 2px 5px;">Negative Charts</div> </div> <p style="font-size: small; margin-top: 10px;">*When doing a comparison the key above is used. In all other cases graphs, charts and visuals are using contrasting colours to support accessibility.</p>	

Due to seasonality **Previous Year** and **3 Year Average** comparison are based on selected range and not the whole of the previous year.

Performance Summary

Arrows display percentage(%) increase/decrease on previous year to current financial year.
Borders display the 10% tolerance based on the 3 year average of the selected date range.

The comparison range is based on selected date range.

This report is comparing: 01 April 2024
 Against: 01 April 2023

16 June 2024
 16 June 2023

Blue	Achieving or exceeding target
Amber	Satisfactory performance (within 10% of target)
Red	Not achieving target (by more than 10%)

Total Incidents
4839
 ↓ -9%

Fires
1688
 ↓ -25%

False Alarms
2123
 ↓ -2%

Non-fires
1028
 ↑ 17%

Fire Related Fatalities
3
 ↑ 0%

Fire Related Injuries
40
 ↑ 100%

Malicious False Alarms
60
 ↓ -19%

Road Traffic Collisions
112
 ↓ -16%

Accidental Dwelling Fires
182
 ↑ 2%

Deliberate Fires
1006
 ↓ -24%

Non-domestic Building Fires
71
 ↑ 22%

Response Times Met
94%
 ↑ 1%

Monthly 3 Year Average

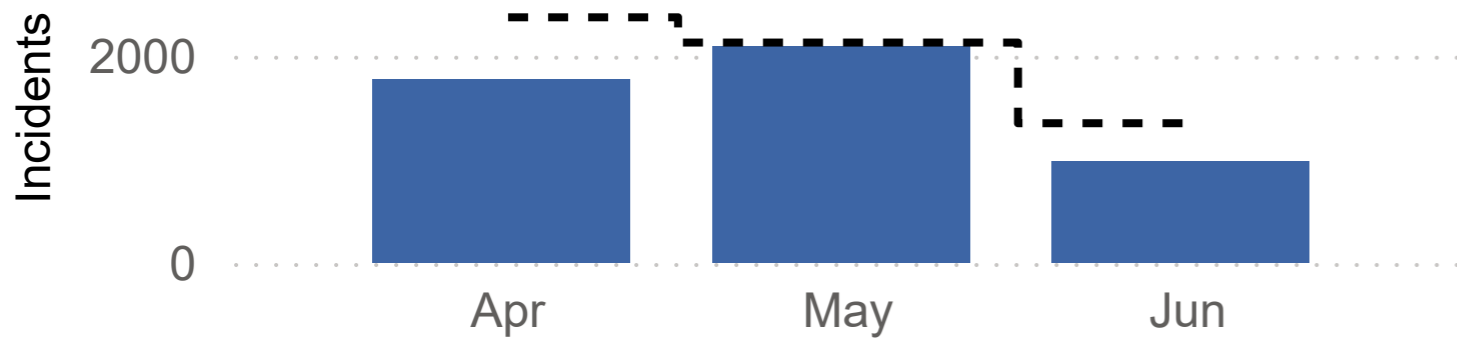
District, Ward

01 April 2024

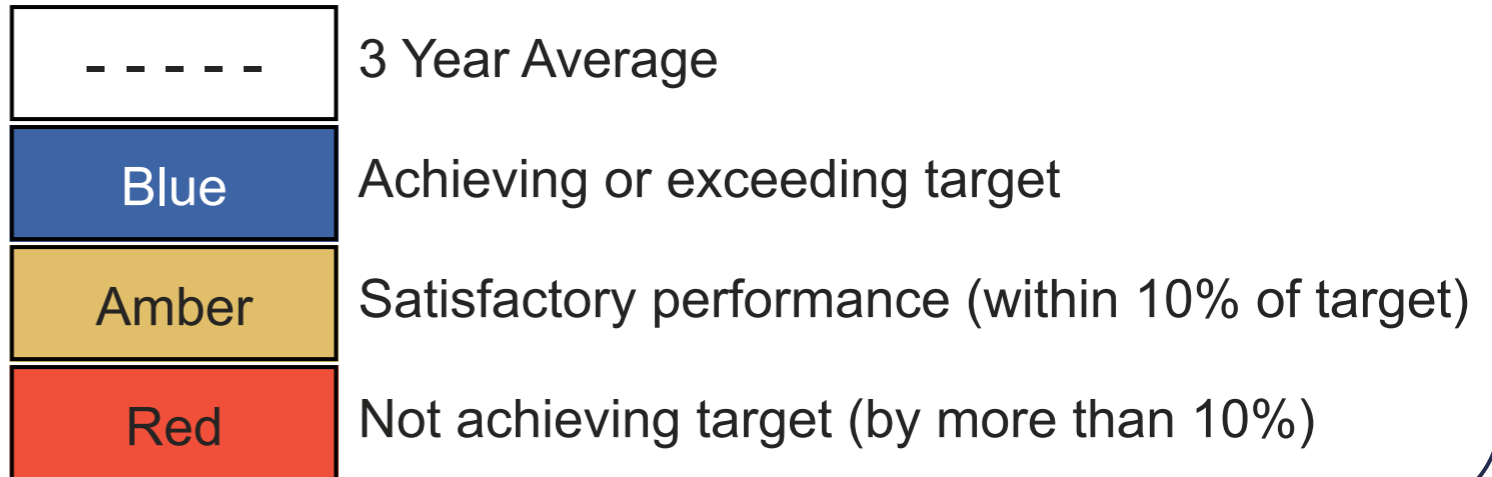
16 June 2024

All

Total Activity

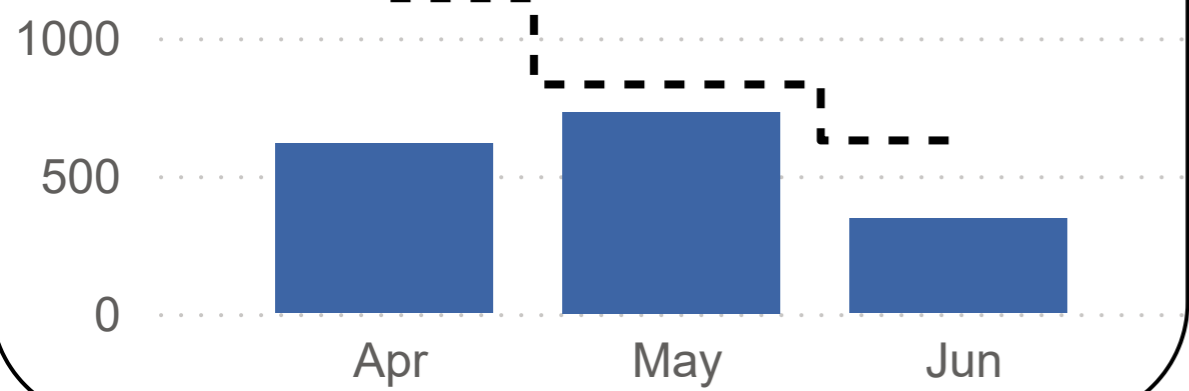


Legend:

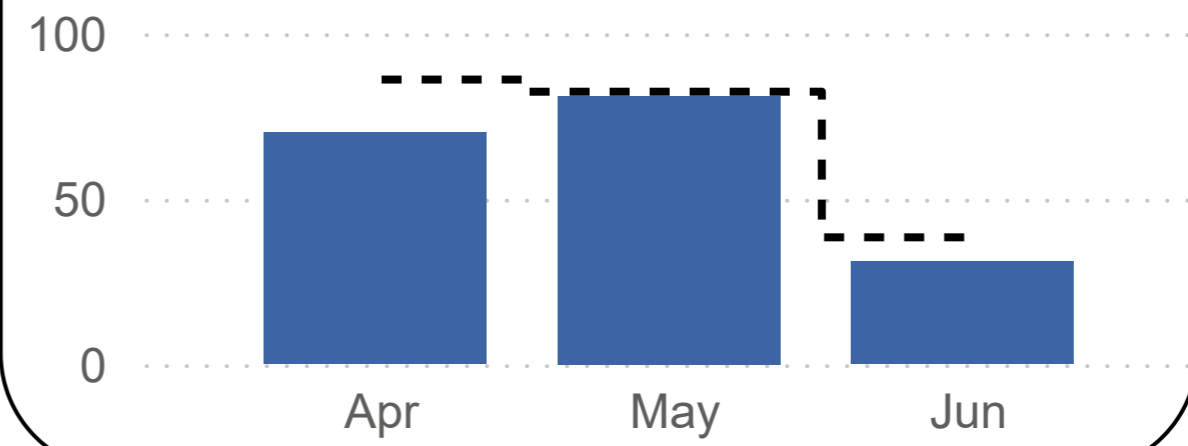


Fires

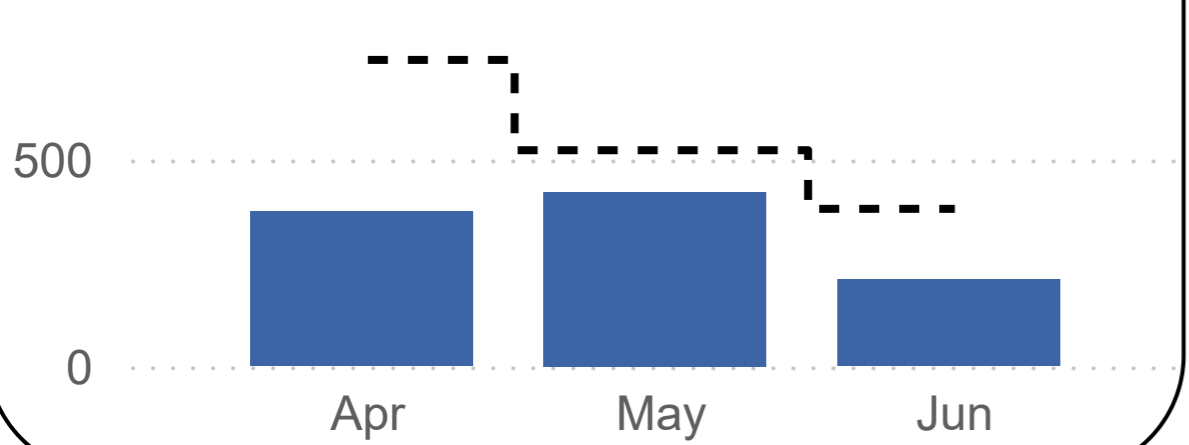
Fires



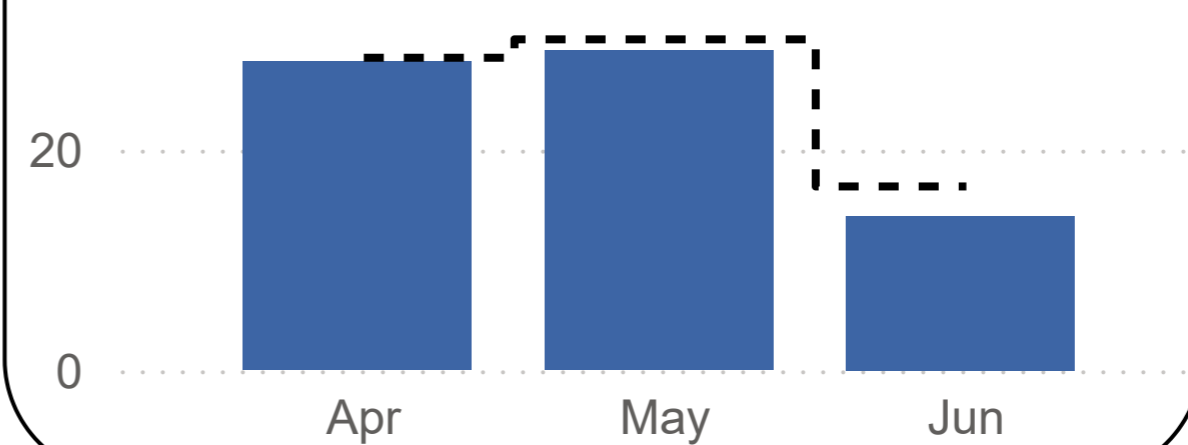
Accidental Dwelling Fires



Deliberate Fires

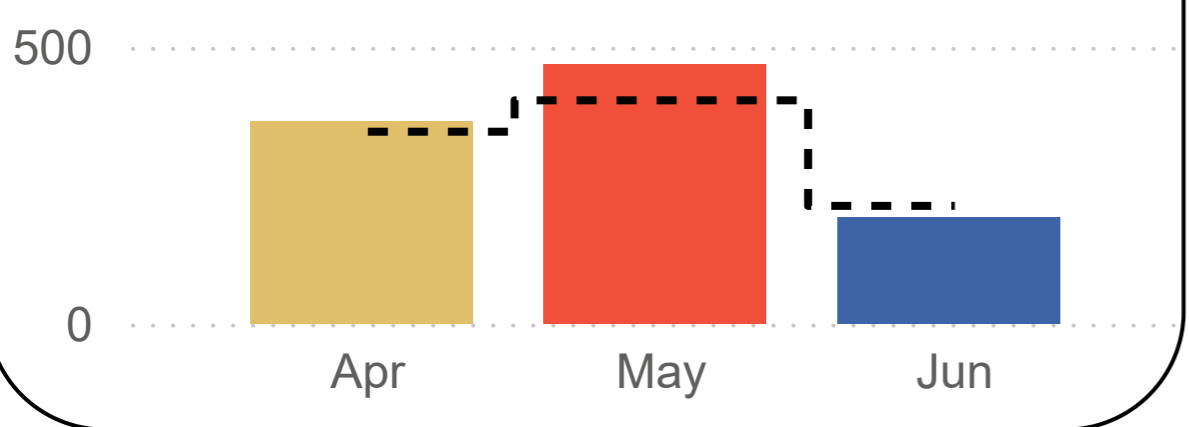


Non-domestic Building Fires

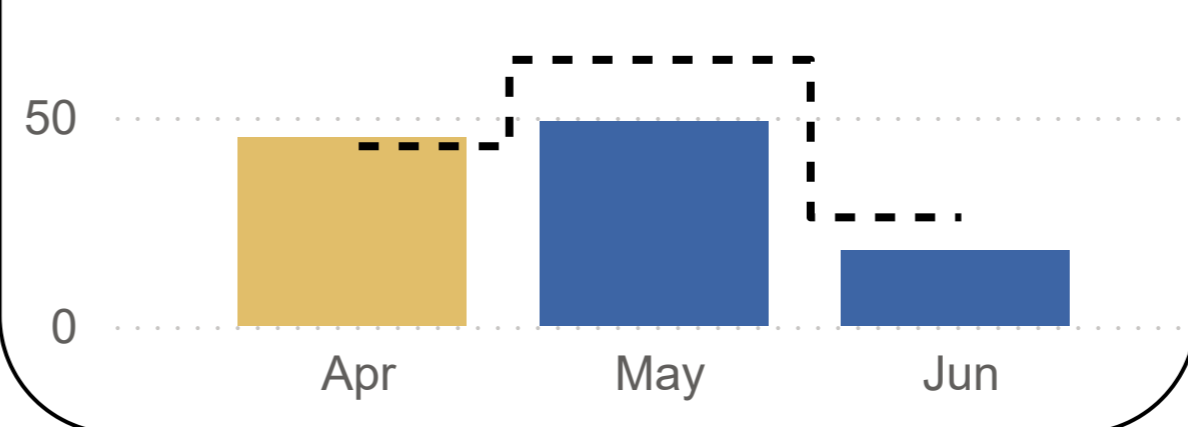


Non-fires

Non-fires



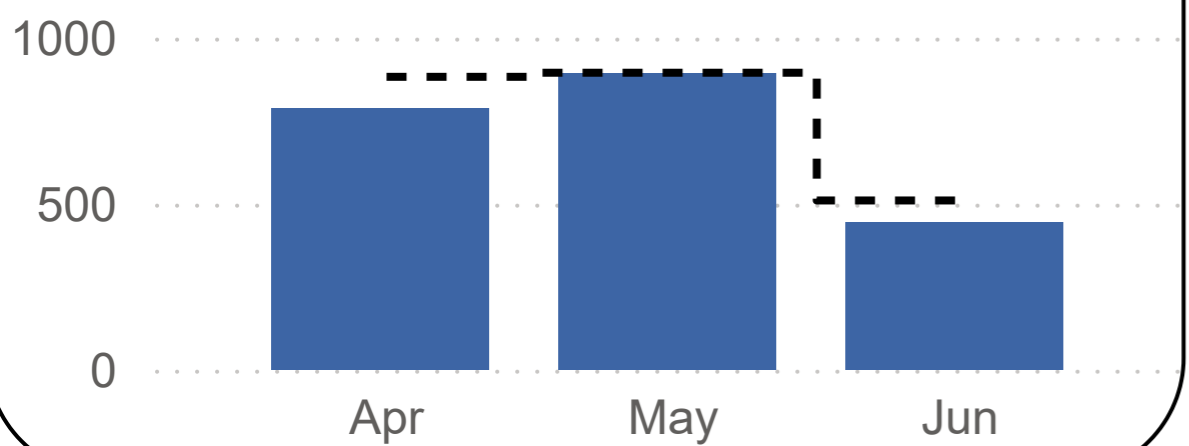
Road Traffic Collisions



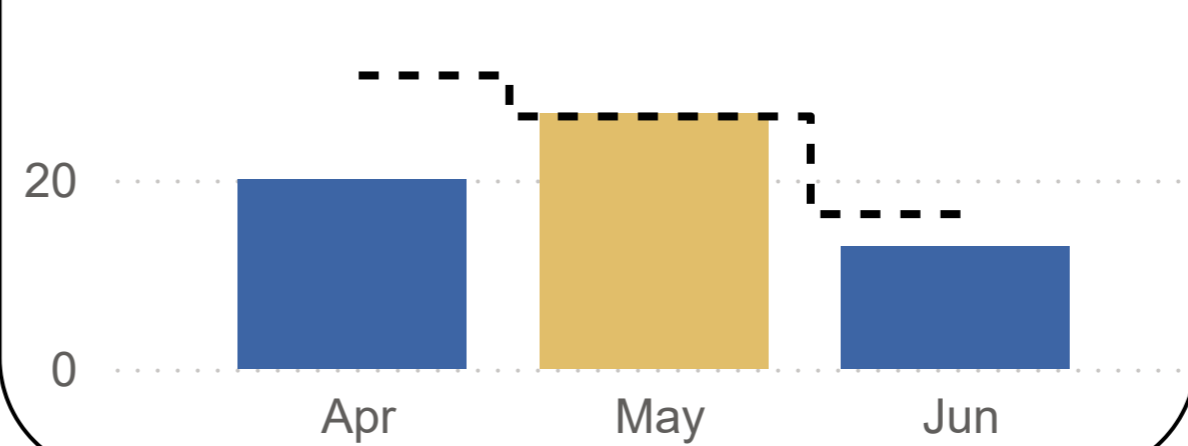
*Road Traffic Collisions are a subset of Non-fires

False Alarms

False Alarms



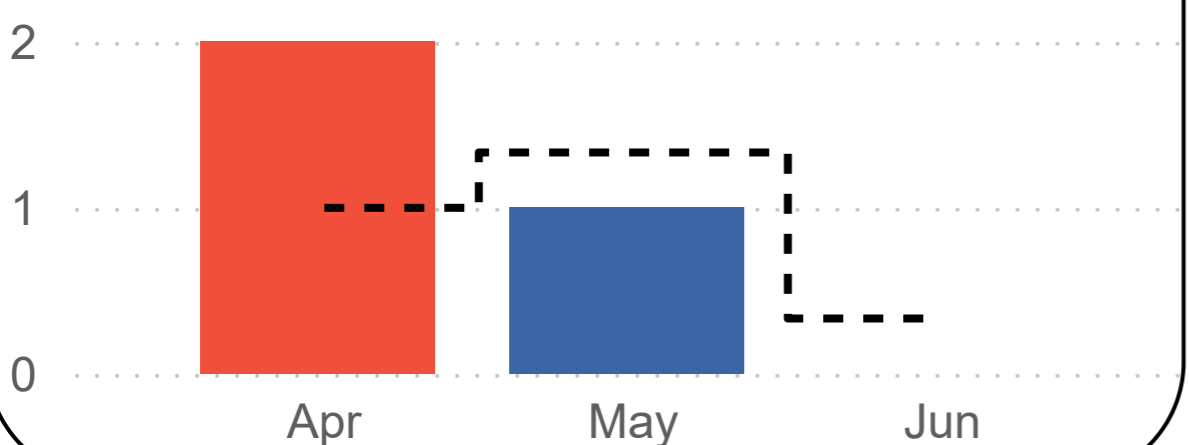
Malicious False Alarms



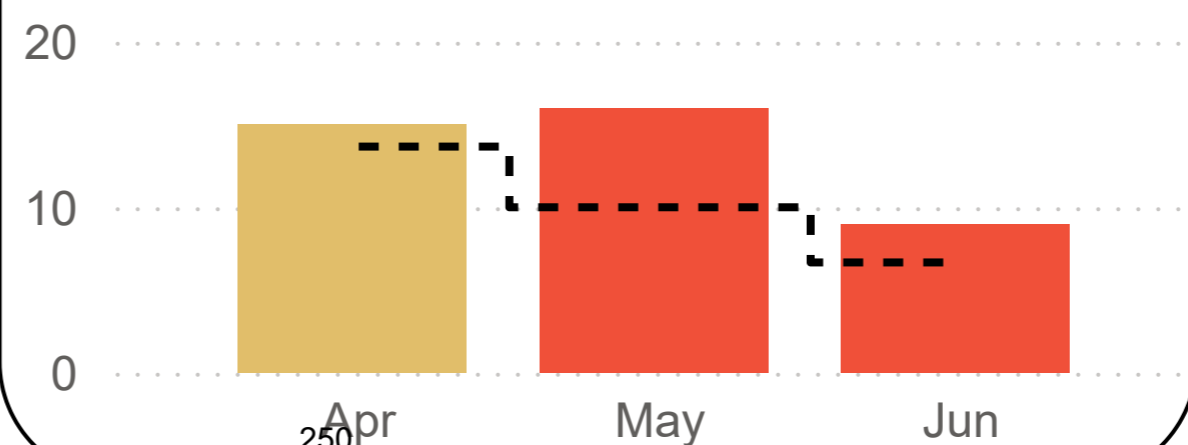
*Malicious False Alarms are a subset of False Alarms

Fire Related Injuries and Fatalities

Fire Related Fatalities



Fire Related Injuries



OFFICIAL

Agenda item: 11

Risk Management Strategy Group Update

Audit Committee

Date:	26/07/2024
Submitted by:	Director of Corporate Services
Purpose:	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in June 2024 and highlight any future risks or risk related areas.
Recommendations:	That Members note the report
Summary:	The overall responsibility of the RMSG is to maintain the Authority's risk management capabilities and to develop strategies to effectively manage new and existing risks. The RMSG meet on a quarterly basis and the group is chaired by the Deputy Chief Fire Officer/Director of Service Delivery. The RMSG is one element that supports the Authority's Code of Corporate Governance in terms of risk management and internal control.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	John Tideswell, Risk Management Officer. john.tideswell@westyorkshire.gov.uk ; T: 01274 682311
Background papers open to inspection:	Risk Management Strategy and Policy
Annexes:	None.

1. Introduction

- 1.1 The Authority's Risk Management Strategy and Policy provides a clear and defined strategy to enable risk management objectives to be met.

The Risk Management Strategy Group (RMSG) has the responsibility of maintaining the Authority's risk management capabilities and developing strategies to effectively manage new and existing risks. The group meet every three months at which time a summary of risk reviews that have occurred in the past three months is provided by each risk owner.

- 1.2 The group is also responsible for sharing and promoting experience of risk management and strategies across the Authority.

2. Information

- 2.1 The Risk Management Strategy Group last met in June 2024. The Audit Manager from Kirklees Council attends RMSG meetings and provides an update on recent internal audit activity.

- 2.2 Below is a summary of key areas:

- Between the March 2024 and June 2024 RMSG meetings, 15 risks have been reviewed by their respective owners.
- A new risk review process will be introduced that will see all risks that have not moved up or down on the risk matrix over a three-year period, be subject to an annual review in March each year. At the same meeting, any risks scoring six or less will also be reviewed to determine if they can be removed from the risk matrix, if there is evidence/rationale to do so.
- A review has been undertaken to determine if there are any additional risks associated with the new HQ building, which is expected to become operational later in the year. No additional risks have been identified and the risk relating to the Control function should reduce as once the new mobilising system is introduced it will be possible to operate this from any suitable fallback location.
- A gap analysis/tracking tool has been created to ensure the Business Continuity Strategy and Policy (which is aligned to the relating ISO standard) is fully implemented. At the current time the strategy/policy is 91% implemented.
- WYFRS are currently liaising with the Emergency Planning College to develop a crisis management training/workshop for all members of Management Team. The training/workshop is expected to be delivered early 2025.

2.3 There are currently 43 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	September 2023	December 2023	March 2024	June 2024
Very High (15-25)	8	8	8	8
High (9-14)	19	17	17	16
Medium (4-8)	16	18	18	19
Low (1-3)	1	1	1	0
Total number of risks	44	44	44	43

The 8 'very high' risks are:

- LRGG1.S - Loss or reduction in government grant.
- WAFL1.S - Wide area flooding and swift water rescue.
- ECON1.S - Impact on the Authority of the national and international economic downturn.
- INDA1.S - Industrial dispute resulting in reduced levels of service and effect on reputation.
- MTAE1.S - Responding to a marauding terrorist attack event.
- PAY1.S - Pay increases in excess of the amount included in contingencies.
- CYBS1.S - A digital attack or an unauthorised attempt to access WYFRS systems that impacts on the integrity, confidentiality, or availability of systems and / or the information within them.
- PRMS1.S - Failure to provide an effective commercial premises risk management system for operational response, which could have a significant impact on fire fighter safety, operational effectiveness, and organisational reputation.

All risks on the corporate risk matrix are reviewed at least once per year, which includes their relating mitigating actions/control measures.

3. Financial Implications

There are no financial implications arising from this report.

4. Legal Implications

The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

There are no human resources and diversity implications arising from this report.

6. Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

There are no health and safety implications arising from this report.

8. Environmental Implications

There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

This report links with the Community Risk Management Plan 2022-25 strategic priorities below:

- Improve the safety and effectiveness of our firefighters.
- Plan and deploy our resources based on risk.

10. Conclusions

That Members note the report.

West Yorkshire Fire & Rescue Service Audit Progress Report and Sector Update

Year ending 31 March 2024

17 July 2024



Contents

Section	Page
1. Progress Update & Impact of Backstop	3
2. 2023-24 Expected Timings	4
3. Commitment to Delivery	5

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1. Progress Update & Impact of Backstop

2023-24 Financial Statement Audit – Potential Impact of Local Government Accounts Backstop

From our liaison meetings with the Chief Finance Officer, we understand that the 2022-23 accounts audit remains open. Timings of our 2023-24 audit remain dependent on the timings of the 2022-23 audit and whether this will be impacted by the Local Government Accounts Backstop. This legislation was expected to set a compulsory deadline of 30 September 2024 for issuing opinions relating to financial years 2022-23 and earlier, and if audits are not completed by this date, a qualified or disclaimer would be expected to be issued, however, this legislation has been delayed due to the general election. The current expectation is that a 2022-23 accounts backstop date will be set, potentially at the end of December 2024 or early into 2025. We cannot confirm whether this will impact WYFRS but we understand that discussions remain ongoing between the incumbent auditors and WYFRS finance personnel.

Our firm has been planning an audit approach approach for cases where prior year accounts have been backstopped and a disclaimer opinion issued in the prior year, which may be relevant for WYFRS depending on the outcome of your 2022-23 accounts audit. Whilst this debate is ongoing with the approach to be firmed up in coming months, the current expectation is that some level of work will be required on opening balances (1 April 2023) should the 2022-23 accounts not be subject to a full unqualified opinion. This approach may reduce the additional audit time required on opening balances during the 2023-24 audit fieldwork, when compared with the potential for a full audit of opening balances, however, this is expected to result in a number of carried forward qualifications in respect of opening balances, the impact of which may continue to be reported for several years thereafter. As we have discussed with your Chief Finance Officer during recent liaison meetings, we would consider it favourable if some level of work were to be completed on the 2022-23 accounts and formally reported to Audit Committee, which could be then used by us to obtain some partial assurances on the opening balance position as at 1 April 2023.

2023-24 Value for Money arrangements audit work

We are pleased to report that we have a fully resourced value for money specialist team in place to deliver our report on your 2023-24 arrangements in place in respect of securing economy, efficiency and effectiveness in its use of resources. Our VFM team will be led by Sarah Jassal who has wide-ranging experience in assessing and reporting on arrangements at fire and rescue authorities. We are targeting completion of our value for money work by the end of the 2024 calendar year, and to prepare a draft report for discussion with officers in December and present the final Auditor's Annual Report on VFM arrangements at Audit Committee on 7 February 2025.

Client liaison meetings

We continue to meet with your Chief Fire Officer and Chief Finance Officer to discuss national sector developments, the finance position and the recent His Majesty's Inspectorate of Constabulary and Fire & Rescue Services inspection. As part of our quarterly liaison meetings, we continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

2. 2023-24 expected timings

Financial Statement 2023-24 Audit – Timings

As highlighted on the previous page, there has been a delay to the implementation of a backstop date, previously expected to be set at 30 September 2024. This change to the backstop date, combined with uncertainty over the timing and scope of the 2022-23 audit by our predecessors, is expected to lead to our audit fieldwork commencing later than originally anticipated and communicated to Audit Committee.

Given the expectation for the backstop date to now be set at December 2024 or thereafter, our revised plan is to formally commence our detailed fieldwork procedures in Q1 2025. Our Audit Findings (ISA260) would then be presented to Audit Committee in April 2025 and we have updated the table below to reflect this change. We expect to maintain regular dialogue with the Chief Finance Officer and the finance team as to the progress of the 2022-23 accounts audit so that we can adjust and tailor the timings of our 2023-24 audit resourcing position accordingly.

2023-24 Deliverables

	Planned Date	Status
Accounts Audit Plan: We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give our opinion on the 2023-24 financial statements, and our consideration of your value for money arrangements.	April 2024	Complete and reported to the Audit Committee on 26 April 2024.
Auditor’s Annual Report on WYFRS value for money arrangements: The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report (AAR). The AAR will be taken to the February 2025 Audit Committee.	February 2025	Not due yet
Audit Findings (ISA260) Report on the 2023-24 financial statements: In light of the continuing uncertainty regarding a backstop date for prior year audits, and the ongoing discussions WYFRS is having with our predecessor external auditors, the Audit Findings (ISA260) Report is now expected to be reported to the April 2025 Audit Committee. See comments at the top of this page.	April 2025	Not due yet
Auditors Report This is our signed opinion on your financial statements, narrative report and annual governance statement. It is now expected to be issued in April 2025.	April 2025	Not due yet

3. Our commitment to Delivery

Our Firm's Delivery & Commitment across the Local Government, Fire & Rescue and Police sectors:

- At GT we had signed 65% of local authority audits by May 2024
- We expect to complete 75% of prior year audits (2022-23 and earlier) by 30 September 2024
- Locally in Yorkshire, we only have one prior year audit ongoing - this is expected to conclude by 30 Sept
- Our 2022-23 audits transferring to other firms, our completion rate is closer to 90%
- The level of 2022-23 audits signed by other firms as at May 2024 stood at 7%.

