

Report of the Assistant Director of Resources (Deputy s73 Officer for Police, Fire and Crime Functions) to the Chair and Members of the Fire Audit Committee

25th June 2024

Executive and Presenting Officer: Mr M Porter
Status: For Decision

Title: Statement of Accounts 2023/24 (Subject to Audit)

1 Purpose

1.1 The York and North Yorkshire Combined Authority Order 2023 was passed in December 2023 which among many other legislative changes set out the abolition of the North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCC FRA), with effect from the 7th May 2024, and the transfer of the FRA's functions, property, rights and liabilities to the York and North Yorkshire Combined Authority. (N&NYCA)

1.2 In line with the abolition of the previous PFCC FRA, the legislation also set out details on the extension of the financial year for the Fire and Rescue Authority, which was as follows:

*The requirement in section 3(3) of the Local Audit and Accountability Act 2014 (general requirements for accounts)(103) to prepare a statement of accounts for each financial year ending on 31st March is modified so that the **period ends with 6th May 2024.***

1.3 Further to this the legislation also set out the following:

*The requirement in regulation 15(1)(a) of the Accounts and Audit Regulations 2015 (commencement of the period for the exercise of public rights)(104) is modified so that the responsible financial officer must ensure that the commencement of the period for the exercise of public rights takes place on such a day that ensures that the period referred to in regulation 14(1) of those Regulations (period for the exercise of public rights) **begins on 18th June 2024.***

- 1.4 The exercise of public rights just 42 days after the end of the extended year end, is an exceptional short period of time. This has been recognised as an error within the legislation but as it was within the secondary legislation it was not possible to change this.
- 1.5 In a 'normal' year end there would be 61 days from the end of March to the end of May to conclude the final accounts process, while past practice for an extended year end period, such as the transfer to the West Yorkshire Combined Authority provided an extra month to produce their Statement of Accounts (i.e. their date for public notification was the 19th July)
- 1.6 We have therefore not really been afforded sufficient time to undertake the significant amount of work that results from a year end that did not end of the 31st March.
- 1.7 That being said these deadline have been met through working weekends, Bank Holidays and excessively long hours. This is especially the case for Clare Godfrey, the Chief Accountant who has overseen and delivered all of the work for the accounts that are appended to this report.
- 1.8 The role of the Audit Committee in this process is set out in the terms of reference for this Committee and includes:
- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the PFCC (now Mayor) or Chief Fire Officer, any concerns or issues.
 - To consider whether appropriate accounting policies have been followed and any changes to them
- 1.9 Attached to this report are the Statement of Accounts for the PFCC FRA covering the period 1st April 2023 to 6th May 2024.

2 Recommendations

Members are asked:

- 2.1 To review the accounting policies as set out in the Statement of Accounts on pages 25 to 37 inclusive.
- 2.2 To review the Annual Statement of Accounts and make recommendations or bring to the attention of the Mayor or Chief Fire Officer, any concerns or issues.
- 2.3 Formally recognise the significant hard work and dedication of Clare Godfrey in producing these accounts, in the very challenging timeframes allocated for these accounts.

3 Reasons

- 3.1 The Statement of Accounts are a valuable source of information for a range of Stakeholders including, but not limited to:
 - Public – Accountability
 - Lenders – Security of Investments
 - Partners – spending
 - Government – spending levels and financial position
- 3.2 Preparation and publication is governed by legislation, regulations and Codes of Practice. (Over recent years there has been a concerted effort to bring UK public sector accounting in line with International Financial Reporting Standards (IFRS))
 - Primary Legislation – eg. Local Government Finance Act
 - Statutory Regulations – eg. Account and Audit Regulations
 - Code of Practice – eg. International Financial Reporting Standards Code
- 3.3 The role of the Audit Committee in reviewing the statement of accounts is essentially to provide assurance to the Mayor and Chief Fire Officer and to the wider stakeholder base that they conform to proper practices.
- 3.4 The York and North Yorkshire Combined Authority Order 2023 modified the Local Audit and Accountability Act 2014 (general requirements for accounts)(103) to extend the financial year to the 6th May 2024, and in effect require the accounts to be produced by the 17th June 2024
- 3.5 The accounts are prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair presentation of the financial position of the PFCCFRA.
- 3.6 The Statement of Accounts is presented subject to audit. The audited accounts and any amendments resulting from the audit will be presented to a future meeting of this Committee depending on the timeframes of the conclusion of the Audit.
- 3.7 Sections 25 and 26 of the Local Audit and Accountability Act 2014 ('the Act') provide local government electors, journalists and citizen journalists with the right to inspect and make copies of the statement of accounts, accounting records and all documents relating to those records.
- 3.8 Rights to inspect the accounts and relevant accounting records will be advertised in accordance with the legislation.

3.9 This legislation was modified by the North and Yorkshire York and North Yorkshire Combined Authority Order 2023 resulting in different dates from a 'normal' financial year, however within none of the rights or time period impacted.

3.10 As a result, under section 26 of the Act, a local government elector may question the auditor about the accounting records for the financial year ended 6th May 2024 and, under section 27 of the Act, a local government elector may make an objection to the auditor which:

- concerns a matter in respect of which the auditor could make a public interest report under section 24 of the Act; or
- concerns an item of account in respect of which the auditor could apply for a declaration that the item is unlawful under section 28 of the Act.

3.11 Formal notice has been provided on the website of the PFCC.

3.12 Critical Judgements that have been adopted by management

3.13 As these Statement of Accounts cover the period from 1st April 2023 to 6th May 2024, a period of 13 months and 6 days). In preparing the Balance Sheet as at 6th May 2024, the following critical judgements were adopted by management:

- IAS19 pension entries for the period ended 6th May 2024 are based upon reports obtained from the PFCC's pension actuaries as at the balance sheet date.
- Non-current asset valuations as at 6th May 2024 are based upon reports obtained from the PFCC's external valuers as at 31st March 2024. The valuation of a Fire Station is undertaken on a depreciated replacement cost (DRC) basis using average build costs, then adjusted by obsolescence factors. Management considered the movement in the Building Cost Information Service (BCIS) indices between 31st March and 6th May 2024 to determine whether the valuations as at 31st March 2024 are a reasonable proxy for that as at 6th May, and concluded the difference within the 36 day period is not material to the financial statements. In line with this judgement, CIES costs in respect of non-current assets are actual costs as at 31st March 2024.
- Loan and investment balances reported are actuals as at 6th May 2024.
- Cash and cash equivalents reported are actuals as at 6th May 2024.

- PFI unitary charge and balance sheet entries are accounted for on the basis of the actual position as at 6th May 2024.
- Insurance provisions were based upon claims as at the balance sheet date.
- Collection Fund adjustments are accounted for on the basis of the actual position as 31st March 2024 as provided by Billing Authorities.
- Accumulated absences were accounted for on the basis of the actual position as at 31st March 2024 for accrued annual leave balances. Management judgement is that the difference in the actual position between 31st March and 6th May 2024 is not material to the financial statements.
- Usable reserves are accounted for on the basis of the actual position as at 6th May 2024.
- Transactions for the period 1st April 2024 and 6th May 2024 were examined and the following items deemed material and accrued into the statements for the 36 day period:
- Pay and associated employer costs are accrued on the basis of actual costs to 6th May 2024 where available, and expected costs where necessary.
- Non pay costs are accrued on the basis of 36 days expected costs
- Precept and Grant funding on the basis of actual receipts where available, and expected income where necessary.
- Pension income and expenditure is accrued in the Firefighters Pension Fund Account on the basis of actual costs/receipts where available, and expected costs/income where necessary

4 Implications

4.1 Finance

There are no financial implications other than those mentioned above.

4.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to Members attention.

4.3 Human Rights Act

There are no Human Rights Act Implications from this report.

4.4 Sustainability

This report is part of the governance arrangements to oversee and assess the sustainable financial position of the Mayor.

4.5 Risk

Incorrectly prepared Statement of Accounts may materially misrepresent the financial position of the PFCC FRA, giving rise to risks to reputation, service and financial planning processes, as well as exposure to additional costs. Adherence to proper practices, the closure processes undertaken within the Authority, combined with reviews by the Assistant Director of Resources are designed to mitigate such risks.

5 Conclusion

The role of the Audit Committee in reviewing the statement(s) of accounts is set out in the agreed terms of reference. This report is to provide Members of the Committee with the required information for them to discharge this role.

The Assistant Director of Resources was content to release these accounts for Audit having taken into account the responsibilities that he has for this process as set out on page 19 of the Accounts.