



OFFICIAL

Abridged Performance Management Report

Audit Committee

Date: 28 July 2023

Agenda Item:

06

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 the 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

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Background papers open to inspection: None

Annexes: Abridged Performance Management Report

1 Introduction

1.1 The Performance Management and Activity Report, which is presented quarterly to the Full Authority meeting outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. These are detailed in three categories as shown below:

- Key Performance Indicators
- Service Delivery Indicators
- Corporate Health Indicators

1.2 The Performance Management and Activity Report is monitored quarterly by Management Team and the Full Authority.

1.3 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 report highlights the key performance indicators where the targets are not being achieved.

2.2 Information regarding reasons why performance is not at the required level, together with actions being taken to address this, is provided within the report.

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 Measurement against key indicators on human resources and diversity are included in the Performance Management Report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
Date EIA Completed	N/A
Date EIA Approved	N/A

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

7 Health, Safety and Wellbeing Implications

7.1 There are no health and safety 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;

- 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.

Performance Management and Activity Report (Abridged) 2022/23

Period covered: 1 April – 31 March 2023
Date Issued: 21 April 2023



Table of Contents

1.	Introduction/Summary	2
2.	Service Delivery Targets	3
3.	Service Delivery Indicators – Performance compared to previous year	4
4.	Service Delivery Indicators – WYFRS not achieving target	5

1. Introduction/Summary

The purpose of this report is to provide information regarding the performance of West Yorkshire Fire and Rescue Service against selected performance indicators for which performance has decreased compared with the same period the previous year.

The first section provides a summary of performance against all performance indicators detailed within the full Performance Management and Activity Report which is presented to Full Authority Committee meetings.

In this report, appropriate and progressive monthly statistics have been utilised to identify trends in performance, with corresponding information regarding the action being taken to address areas of under-performance.

All data, unless specified, is for the reporting period 1 April – 31 March 2023.

A traffic light system has been employed to provide straightforward visual indication of performance against each specific indicator.

If further data is available following the last Performance Management Report presented to the Full Authority, this has been included to show the performance trend.

2. Service Delivery Targets

	Not achieving target (by more than 10%)
	Satisfactory performance (within 10% of target)
	Achieving or exceeding target

	Actual Data (2012/13)	Three Year Average Target (2019/22)	Actual Data to date (2021/22)	Actual Data to date (2022/23)	Performance Against Three Year Average (2022/23)	End of Year (2022/23)
Arson	8723	6383	5654	6592	3.3%	6592
Actual Rescues	821	1621	1189	1204	-25.7%	1204
Total Activity	30103	24209	25017	26660	10.1%	26660
Dwelling Fires	1492	1144	1070	1079	-5.7%	1079
Non-Domestic Building Fires	493	406	358	361	-11.1%	361
Prevalence of False Alarms	14714	10558	11265	11303	7.1%	11303
Fire-Related Injuries	282	181	134	153	-15.5%	153
Road Traffic Collisions	874	645	588	591	-8.4%	591
Malicious False Alarms	641	358	378	345	-3.6%	345

3. Service Delivery Indicators – Performance compared to previous year

Description	2021-22	2022-23
Accidental Dwelling Fires (per 10,000 dwellings)	9.23	9.15
Number of deaths arising from accidental fires in dwellings (per 100,000 population)	0.35	0.22
Number of Fire-Related Deaths (per 100,000 population) arising from fires other than Accidental Dwelling Fires	0.30	0.09
Number of Injuries arising from accidental fires in dwellings (per 100,000 population)	3.94	4.55
(a) Number of Serious Injuries (per 100,000 population)	0.87	0.48
(b) Number of Slight Injuries (per 100,000 population)	3.08	4.07
The percentage of dwelling fires attended where there was a working smoke alarm which activated	60.37%	58.29%
The percentage of dwelling fires attended where a working smoke alarm was correctly fitted but did not activate	17.94%	20.11%
The percentage of dwelling fires attended where a smoke alarm, because it was faulty or incorrectly sited, did not activate	2.90%	3.06%
The percentage of dwelling fires attended where no smoke alarm was fitted	18.79%	18.54%
Number of calls to malicious false alarms (per 1000 population) – attended	0.16	0.15
False alarms caused by automatic fire detection equipment (per 1000 non-domestic properties)	38.80	37.68
False alarms caused by automatic fire detection equipment (per 1000 domestic properties)	4.49	4.43
Fires in non-domestic premises (per 1000 non-domestic premises)	4.25	4.28
Number of Primary Fires (per 100,000 population)	124.97	133.26
Number of Fire Casualties – excluding Precautionary Checks (per 100,000 population)	5.16	6.33
Arson Incidents – All Deliberate Fires (per 10,000 population)	24.51	28.57
Arson Incidents – Deliberate Primary Fires (per 10,000 population)	4.59	5.40
Arson Incidents – Deliberate Secondary Fires (per 10,000 population)	19.92	23.18

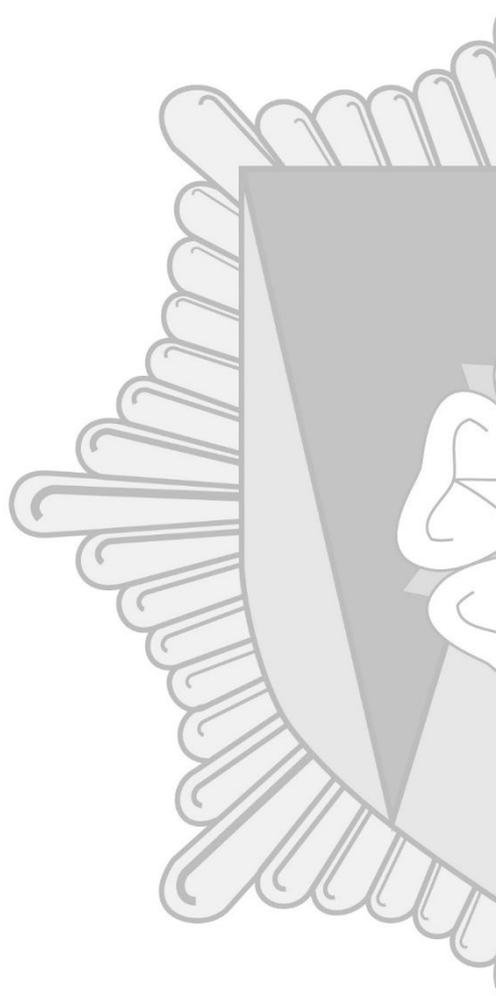
4. Service Delivery Indicators – WYFRS not achieving target.

Description	Cumulative Year to Date Performance												Performance in 2021-22
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
The percentage of dwelling fires attended where a working smoke alarm was correctly fitted but did not activate	13.92% (11)	16.84% (33)	18.01% (49)	23.13% (65)	34.73% (91)	21.45% (118)	23.19% (131)	27.95% (149)	20.49% (166)	22.02% (183)	25.15% (203)	20.11% (217)	17.94% (192)
Comments: This should not be taken as indicator that smoke alarms are not doing their job. We are finding detectors present and working in the home, however as we see more home working, fires are being found sooner and often before smoke reaches the detector. Advice provided to people regarding closing doors when they leave the home or go to bed does restrict the spread of smoke and fire, meaning only more developed fires cause actuation.													

Description	Cumulative Year to Date Performance												Performance in 2021-22
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
Number of Fire Casualties – excluding Precautionary Checks (per 100,000 population)	0.35 (8)	1.04 (24)	1.82 (42)	2.12 (49)	2.56 (59)	2.90 (67)	3.25 (75)	3.77 (87)	4.25 (98)	4.98 (115)	5.94 (137)	6.33 (146)	5.16 (119)
Comments: Towards the back end of the year we responded to several incidents which resulted in a large numbers of people being evacuated. The majority of the people who went to hospital were treated for symptoms of smoke inhalation and released the same day. It has been identified that there are inconsistencies in how we record severity of injuries across the service and this is something we will work to improve on.													

Description	Cumulative Year to Date Performance												Performance in 2021-22
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
Arson Incidents – All Deliberate Fires (per 10,000 population)	3.15 (726)	5.84 (1347)	9.08 (2094)	12.76 (2943)	17.36 (4005)	19.79 (4566)	21.52 (4965)	22.98 (5302)	23.96 (5528)	24.99 (5766)	27.03 (6235)	28.57 (6592)	24.51 (5654)
Comments: The heatwave experienced through the summer led to an unprecedented increase in demand through July and August. A large proportion of these incidents involved refuse, grass and scrub land. This increase in activity was reflected across the country. Performance against this indicator improved to a level we would expect for the last six months of the year, however as the indicator is cumulative we were unable to bring the performance to within 10% of the target.													

PREVENTING PROTECTING RESPONDING



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Risk Management Strategy Group Update

Audit Committee

Date: 28 July 2023

Agenda Item:

07

Submitted By: Director of Corporate Services

Purpose	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in July 2023 and highlight any future risks or risk related areas.
Recommendations	That the Audit Committee 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.

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Background papers open to inspection: Risk Management Strategy and Policy

Annexes: None.

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.
- 1.2 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.
- 1.3 The group is also responsible for sharing and promoting experience of risk management and strategies across the Authority.

Information

- 2.1 The Risk Management Strategy Group last met in July 2023. 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 2023 and July 2023 RMSG meetings, 22 risks have been reviewed by their respective owners.
 - Risk SWNF1.S 'Severe weather other than flooding resulting in increased costs, activity, loss/damage, fuel costs, increased calls to spate conditions and restricted mobility of staff and appliances', has an increased score from 9 (3x3) to 12 (4x3) due to wildfire being the main future threat. Wildfires are becoming more severe, however, WYFRS are changing how they respond to them in terms of resources, training and vehicles.
 - Risk FCON1.S 'Failure to provide an effective control function which has a significant impact on service delivery and organisational reputation', there was an issue with incoming 999 calls on the 25 June. A number of actions were implemented at the time by WYFRS Control and BT. Ofcom are currently investigating the issue as it was a national event.
- 2.3 There are currently 44 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	September 2022	December 2022	March 2023	July 2023
Very High (15-25)	8	8	8	8
High (9-14)	19	19	19	19
Medium (4-8)	16	16	16	16
Low (1-3)	1	1	1	1
Total number of risks	44	44	44	44

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.

Financial Implications

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

Legal Implications

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

Human Resource and Diversity Implications

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

Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorksfire.gov.uk))	No
Date EIA Completed	DD/MM/YY
Date EIA Approved	DD/MM/YY

The EIA is available on request from the report author or from diversity.inclusion@westyorksfire.gov.uk

Health, Safety and Wellbeing Implications

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

Environmental Implications

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

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.
- Plan and deploy our resources based on risk.

Conclusions

10.1 That the Audit Committee note the report



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Revenue Outturn 2022/23

Audit Committee

Date: 28 July 2023

Agenda Item:

08

Submitted By: Chief Finance and Procurement Officer

Purpose

To report on the financial outturn for 2022/23
To report on the payment of Members allowances in 2022/23

Recommendations

That members note the report

Summary

The report presents details of the Authority's financial outturn for 2022/23 and Members' allowances payments in 2022/23.

Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: Unaudited Statement of Accounts

Annexes: Unaudited Statement of Accounts

Appendix A – Members Allowances 2022/23

1 Introduction

The purpose of this report is to present a review of the financial activity of the Authority for the financial year 2022/23 looking at the following areas.

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.

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.

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.

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, these were:

1. The collection fund data from Leeds City Council was not received by the 31st of May.
2. The Local Government Pension Scheme (LGPS) investment position was not available at the 31st of May.

2 Information

2.1 Revenue Expenditure

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.

Following the approval of the budget in February 2022, £0.511m of additional revenue bids were identified before the beginning of the financial year. These additional costs were scrutinised and then duly approved by both Management Board and Management Team and were subsequently included in the 2022/23 base revenue budget. This shortfall of £0.511m was funded by savings on setting cash flat budgets (i.e.) the same budget level as in 2021/22 without an inflationary increase and a 7.5% efficiency saving across on non-contractual, non-employee budgets, this generated additional budget resource of £0.599m.

In addition, during the financial year it became apparent that some of the assumptions underlying the calculation of the 2022/23 revenue budget had changed which resulted in a net transfer of £0.873m of underspends to contingencies during the year. These were approved at Finance and Resources Committee in July and October 2022 and February 2023.

In addition, £16.231m of capital schemes were slipped into 2022/23 and a net £0.181m was removed from the capital plan at the same committees. In addition £15.330m was slipped from 2022/23 into 2023/24 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 revenue expenditure outturn for 2022/23 are shown in the table below:

Description	Revised Revenue Budget	Outturn	Planned Transfer to/from reserves	Variance
	£000	£000	£000	£000
<u>Employees</u>				
Operational Staff	58,496	58,333		-163
Support Staff	12,017	11,637		-380
Pensions	1,700	1,900	-200	0
Training	754	944		190
Other Employee expenses	443	445		2
Premises	5,014	4,922		-92
Transport	2,478	2,503		25
Supplies and Services	6,234	5,834	70	-330
Contingency	2,486	0	2,486	-
Support Services	313	307		-6
Capital Charges	8,983	8,983	0	-
Expenditure	98,918	95,808	2,356	-754
Income	-3,267	-3,335	-	-68
Net Cost of Service	95,651	92,473	2,356	-822
Additional Contribution to capital financing		2,080		
Increase in Earmarked Reserves		3,608		
Overall Financial Position		98,161		
Funding		98,161		
Net Financial Position		-		

A brief explanation of the major variances against budget are as follows:

Operational Staff (£0.163m)

The underspend of £0.163m is due to the timing of the retirement of operational employees. The budget is calculated based on an expected retirement date which considers the date the employee begins employment with the service and when they reach retirement age. Due to the changes in the fire fighters pension scheme in 2015, the predictability of a retirement date is becoming difficult to accurately forecast. This underspend is attributable to employees retiring before their budgeted retirement date.

Support Staff (£0.380m)

The Authority has experienced difficulties in filling vacancies within its support departments, resulting in an underspend of £0.380m. This is due to low levels of unemployment and high levels of demand for skilled professionals including ICT, Finance, and Fire Safety staff.

Training £0.190m

The training budget was overspent by £0.190m in 2022/23 which is due to an uptake in training after moving out of the pandemic and an increase in the cost of external training courses. During the pandemic, the majority of external training courses were cancelled, so in 2022/23 departments have been catching up with this missed training. There has also been an increase from individuals and departments for continuous development training which aligns with the NFCC leadership framework.

Supplies and Services (£0.330m)

The continued issues with the supply chain have impacted the Authority's ability to deliver on planned projects, resulting in underspends in ICT maintenance and support costs and WAN provision.

Contingency (£2.486m)

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.

2.9 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.

2.10 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 15th of October 2022 and is also reviewed as part of the budget approval process in February 2023. 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 2023:

31 March 2022 £'000		31 March 2023 £'000
5,000	General Fund	5,000
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,301	Business Rate Appeals	1,301
24,348	Capital Finance Reserve	25,090
563	Control Room	84
27	Council Tax Reform	27
674	COVID19	45
62	Data Transparency	70
202	Enhanced Logistics	192
258	ESMCP	258
388	Insurance Claims	392
2,000	Medium-Term Funding Impact	2,000
2,127	Pay and Prices	1,561
5,022	Pensions Equalisation	3,822
248	Service Support	50
604	Tax Income Guarantee	302
145	Pensions Admin Remedy	142
-	Industrial Action	610
85	Capital Receipts Reserve	85
38,094	Total Earmarked Reserves	36,071
43,094	Total Usable Reserves	41,071

2.12 General Fund Balances

The General Fund Balance has been maintained at £5m, 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.

2.13 Earmarked Reserves

The Authority has used its earmarked reserves to fund the following expenditure in 2022/23:

- the development of the FSHQ site,
- preparation for industrial action,
- the payment of back pay resulting from the need to include overtime earned in the calculation of an employees' holiday pay which is a requirement of the Bear Scotland Ltd v Fulton case.
- 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 £2.023m from 2021/22 to 2022/23.

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.

2.14 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 £11.726m on capital during 2022/23 against an approved capital plan of £17.598m, details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2022/23 £'000	Slippage 2021/22 £'000	Approved Virements and Additions 2022/23 £'000	Revised Capital Plan 2022/23 £'000	Outturn 2022/23 £'000	Variance £'000
Property	1,199	1,062	-17	2,244	1,408	-836
CRMP	8,539	9,343	-8,114	9,768	6,689	-3,079
Information Communications and Technology	718	998	-320	1,396	903	-493
Employment Services	-	18	230	248	0	-248
Transport	3,750	3,650	-5,855	1,545	1,153	-392
Operations	2,272	1,159	-1,434	1,997	1,112	-885
Fire Safety	400	-	-	400	461	61
TOTAL	16,878	16,230	-15,510	17,598	11,726	-5,872

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 £8.169m 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 £30.01m in 2022/23.

During 2022/23, capital expenditure of note, was spent on:

- commencement of the redevelopment of the FSHQ site totalling £6.214m
- commencement of the rebuild of Keighley Fire Station costing £0.460m
- the refurbishment of Odsal and Todmorden fire stations costing £0.779m
- refresh of ICT station equipment, Uninterrupted Power Supply (UPS) and the Wide Area Network (WAN) totalling £0.756m
- completion of the replacement of operational PPE and the replacement of wildfire vehicles costing £0.166m

2.15 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 2023 was £43.937m of which £41.937m was owed to the Public Works Loans Board and £2m in the form of a LOBO with Dexia.

In terms of investments, the Authority had £15.000m of investments and £31.304m in cash and cash equivalents as of the 31st of March 2023, which earned £0.834m in investment income. The investment income earned was £0.738m higher than that in 2021/22, this is due to the large increase in interest rates during the course of the year.

3 Financial Implications

These are included within the 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 resource and diversity implications.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? (EIA guidance and form 2020 form.docx (westyorkfire.gov.uk))	Yes / No
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7 Health, Safety and Wellbeing Implications

There are no health, safety, and wellbeing implications.

8 Environmental Implications

There are no environmental implications.

9 Your Fire and Rescue Service Priorities

Budget monitoring and reporting underpins all the fire and rescue priorities.

10 Conclusions

This report has provided a summary of revenue outturn, reserves, and capital expenditure for 2022/23. The report also includes details of members allowances.

Appendix A

	Basic Allowance	Special Responsibility Allowance	Expenses
Cll Adam Zaman	£2,951.83		
Cllr Andrew Hutchison	£635.60	£57.85	
Cllr Angela Tait	£8.85	£9.77	
Cllr Cahal Burke	£707.24		
Cllr Caroline Anderson	£3,974.04		
Cllr Charles Keith	£3,392.23		£104.00
Cllr Darren O'Donovan	£3,974.04	£21,924.48	£50.10
Cllr David Hall	£3,974.04		
Cllr David Jenkins	£9.22		
Cllr David Kirton	£3,974.04		
Cllr Fozia Shaheen	£3,974.04	£4,368.90	£101.35
Cllr Gohar Almas	£3,974.04	£4,386.00	£291.75
Cllr Ian Sanders	£974.16		£193.05
Cllr Jeanette Sunderland	£592.31	£163.29	
Cllr John Illingworth	£3,964.82	£1,091.58	
Cllr Joshua Fenton-Glynn	£9.03	£2.49	
Cllr Karen Renshaw	£3,974.04	£4,386.00	
Cllr Louisa Cunningham	£9.22		
Cllr Lynne Whitehouse	£26.47		
Cllr Michael Pollard	£3,974.04		
Cllr Mirelle Midgley	£3,964.82	£811.01	
Cllr Mohammad Fazal	£3,402.73		
Cllr Mussarat Pervaiz	£3,774.04	£1,095.84	
Cllr Nicholas Farmer	£2,984.39		
Cllr Nussrat Mohammed	£3,974.04	£1,091.58	
Cllr Paul Burnham	£125.00		
Cllr Peter Harrand	£3,974.04	£4,386.00	£225.07
Cllr Riaz Ahmed	£3,339.72		£55.00
Cllr Richard Hunt	£15.49		
Cllr Ruth Wood	£3,350.22		£31.83
Cllr Ryk Downes	£3,974.04	£811.01	£127.40
Cllr Sarfraz Nazir	£493.97		
Cllr Stephen Tulley	£3,974.04	£10,962.72	£594.40
Cllr Susan Press	£467.76	£127.17	£22.00
Cllr Tracy Austin	£9.22	£2.53	
Cllr Zara Hussain	£3,268.71		
Cllr Ishaq Mahmood	£375.00		£76.50
Mr Michael Wilkinson	£250.00		



West Yorkshire Fire & Rescue Service

2022/23 ANNUAL STATEMENT OF ACCOUNTS (DRAFT)

WEST YORKSHIRE FIRE & RESCUE SERVICE | OAKROYD HALL, BRADFORD ROAD, BIRKENSHAW, WEST YORKSHIRE BD11 2DY

	Page
Narrative Report	2-20
Annual Governance Statement	21-37
Statement of Responsibilities	38
Audit Opinion	39-42
<u>Main Financial Statements</u>	
Comprehensive Income and Expenditure Statement (Followed by the Expenditure and Funding Analysis)	43 44
Movement in Reserves Statement	45
Balance Sheet	46
Cash Flow Statement	47
<u>Notes to the Main Financial Statements</u>	
Index to Notes	48-49
Notes	50-112
West Yorkshire Fire & Rescue Pension Account	113-116
Glossary of Terms	117-123

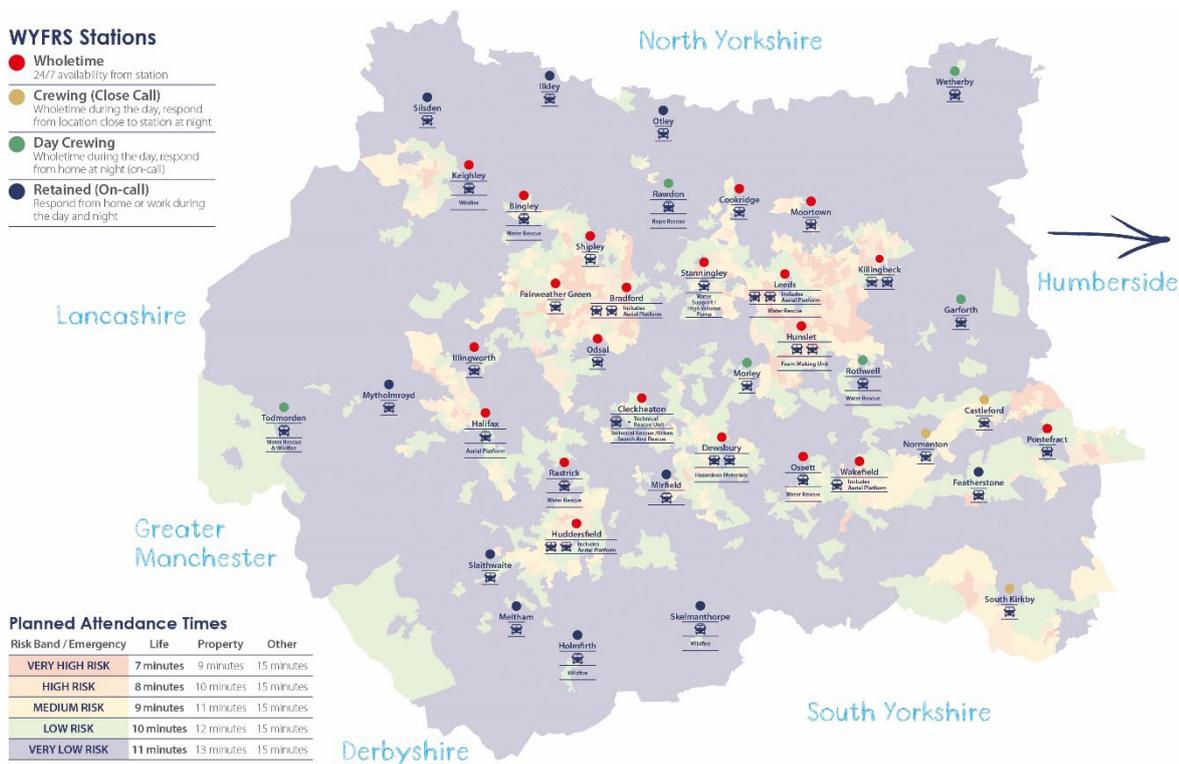
Narrative Report

Purpose

The purpose of this statement is to present a picture of the performance of West Yorkshire Fire and Rescue Authority for 2022/23. 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 2.2m 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 retained. The distribution of these fire stations is shown in the map below.



The Authority employed 923 full time equivalent (FTE) wholetime firefighters, 147 on call firefighters, 46 (FTE) control staff and 271 (FTE) support staff on the 31st of March 2023.

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.

Narrative Report

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.

Narrative Report

- 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 2022/23 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 (to replace the existing Cleckheaton fire station).
- Prepare and respond effectively to incidents caused by extreme weather.
- Implement learning from the Grenfell Inquiry to improve how we respond to high-rise emergencies.
- Use Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service (HMICFRS) inspection and assessment programme as a foundation to implement our improvement action plans to deliver an outstanding service.
- Implement the new, approved Fire Standards to ensure the Authority is demonstrating its commitment to continuous improvement.
- Embed and share the learning from the Coronavirus pandemic internally and with our partners.
- 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 innovative fire station and fire engine design.
- 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.

Cultures 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.

However, 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

Narrative Report

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 late 2022, almost 700 colleagues (49% of our workforce) completed our latest Employee Engagement Survey, using a new approach, based on 'engagement scores'. We scored well, except in questions around reward and recognition (57%), which was not surprising as at the time the survey was held unions were balloting for strike action and pay was still not settled.

Our employees rated us across the six engagement themes at 66%, this rating means we're good (over 60%), but not excellent yet (80% plus). 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 really good levels of job satisfaction too (69%).

Though we are 'good', there's lots of opportunity for improvement, the staff survey system enables the Authority to do ad hoc pulse surveys so that we can gauge the current feeling of the organisation.

Performance and Activity

In terms of overall operational activity for 2022/23, the service responded to 26,661 incidents, an increase of 6.57% from 2021/22, the following table details the type of incidents attended:

Incident Type	2021/22	2022/23	% Variance
Arson	5,654	6,593	16.61%
Actual Rescues	1,189	1,203	1.18%
Dwelling Fires	1,070	1,080	0.93%
Non Domestic Building Fires	358	360	0.56%
Prevalence of False Alarms	11,264	11,303	0.35%
Fire Related Injuries	134	153	14.18%
Road Traffic Collisions	588	593	0.85%
Malicious False Alarms	378	345	-8.73%
Other Incidents not formally reported	4,382	5,031	14.81%
Total Incidents	25,017	26,661	6.57%

In 2022/23, we have seen a significant spike in incidents recorded as arson. The primary reason for this was the heatwave and extreme weather warnings through July and August. During this two-month period alone we responded to 1,124 additional fires compared to the previous year.

The service continues to learn from these events and continues to adapt to the challenges presented by climate change. The planned further investment in wildfire equipment, personal protective equipment, and training alongside prevention campaigns will ensure the service is able to respond to these incident types effectively.

The Authority provides a Safe and Well programme to improve the safety and wellbeing of people in their homes. This is focused on individuals who are most vulnerable from fire risk which could be due to factors such as smoking, living alone, mobility issues, mental health, hoarding, poor housekeeping,

Narrative Report

misuse of alcohol and recreational drugs. During these visits other risks facing the safety of the individual are also assessed which include mobility, social isolation, and crime.

During 2022/23, service delivery teams undertook the following:

Visit Type	2021/22	2022/23	% Variance
Safe & Well Visits	10,951	12,336	12.65%
School Visits	43	215	400.00%
Operational Risk Visits	907	1,270	40.02%
Total Visits	11,901	13,821	16.13%

In 2022/23 we have seen emerging risks in the form of Lithium-Ion battery devices and the cost-of-living crisis which have required the service to develop new approaches to support and educate those most in need. The service provided support to Ukrainian refugees living with families in our communities. This work has seen the number of safe and well visits undertaken increase by 12.65% and our education in schools increase by 400%.

This increase in prevention work coincided with the hottest summer ever experienced and temperatures hitting 40c were seen for the first time. The summer heatwave resulted in the total response activity for the service increase significantly and we have invested in wildfire equipment and training to improve our response and 2023 onwards.

Throughout 2022/23 the Youth Intervention Team continued to deliver the Princes Trust Programme, Educational Interventions, Targeted Days, and specialist support to known fire setters. In total, 1621 young people were engaged with the service.

In 2023 / 24 we will take learning from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services and proactively target vulnerable members of our communities to further improve our reach. We will do this by applying a data led approach to underpin a direct approach to higher risk households.

Key risk reduction campaigns focussed on water safety, wildfire, road safety and the impact of the cost-of-living crisis. These will continue into 2023/24 in order to contribute to our ambition of 'Making West Yorkshire Safer'.

Tragically, despite the work of the service, there were seven fire related deaths in the year, this is a decrease in one in the previous year. Five of these deaths are considered Accidental Dwelling Fires, although this in an improvement of three recorded from the previous year it is obvious there is still work to be done.

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

In addition to the operational activity the service also provided a proactive Fire Safety and Fire Protection programme using both firefighters and specialist support staff. Our Fire Protection Team utilise specialist inspectors who carry out audits and inspections of the 82,000 buildings within the county where fire safety legislation applies. The team works with building owners to ensure premises are safe for those who use them. This work also includes delivering our 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.

Narrative Report

Over the last 12 months we have completed a significant project in assessing every high-rise building in West Yorkshire, our Inspectors have worked with operational colleagues and local authorities to ensure that crews, together with our protection department and the government, have the most up to date information on residential buildings over 18m high.

As we progress in to 2023 we are delivering on our plans to strengthen our protection team, we are doing the twofold, firstly by developing roles within the team for operational Watch Managers who are currently training to become inspectors, and secondly by developing new Advisor roles within the team, these new roles will provide us with the opportunity to develop our staff and increase the number of inspectors we have in the future, ensuring that our Protection team is robust and resourced adequately, ready to manage future demand.

Key Achievements in 2022/23

Although the Authority moved to back to business as usual following the effects of the pandemic in the previous financial years, supply chain and inflation pressures caused by economic instability and the war in Ukraine had an impact on the Authority in 2022/23. This predominately affected our fleet replacement programme, whereby none of our planned appliance replacements went ahead in 2022/23, this is due to the lead times for chassis delivery. The delivery of the first chassis is expected in May 2023, followed by a further twenty in 2023/24.

The highest inflation in forty years caused pressures on utilities and vehicle fuel budgets, resulting in the need to increase these two budgets by some £0.620m during 2022/23. The development of the Headquarters site and the rebuild of Keighley Fire Station which building work commenced in August 2022 and January 2023 respectively, saw an increase of 40% in cost from initial estimates.

Nonetheless, the Authority successfully delivered a number of key capital schemes in 2022/23:

- Completion of the refurbishment of Odsal and Todmorden Fire Stations and the creation of dormitories at Ilkley Fire Station.
- Installation of personal protective equipment (PPE) storage shelter at 30 fire stations, the shelters are used to gas off contaminated clothing outside of the building, thus increasing firefighter safety and eliminating harmful contaminants from the fire station.
- Replacement of ICT station end equipment which involved the installation of a fully integrated screen on each fire station which offers a range of functionalities to enhance the training facilities on fire stations. These screens support a more modern ways of training which includes virtual training and improved conferencing facilities. Due to the complexity and logistics of this project, the scheme has spanned a couple of years.
- Replacement of Uninterrupted Power Supply (UPS) on stations which provides resilience in the event of power outages which ensures the continuity of network switches, routers, wireless access points and telephones.
- Continuation of the roll out of replacement operational uniform, also known as Personal Protective Equipment (PPE).

One of the largest projects that West Yorkshire has undertaken for decades, the redevelopment of the Fire Service Head Quarters (FSHQ) site commenced in August 2022. 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

Narrative Report

administrative building. The project is progressing well, and the site is expected to be handed over to the Authority in Winter 2024.

At the same time, the Authority will be replacing its existing command-and-control system which will coincide with the move of the control room from Bramley to FSHQ in Birkenshaw. The Authority has successfully completed the tender process and implementation of the new system will begin in June 2023.

During 2022/23, there were 36 whole-time firefighter retirements and 55 wholetime recruits which resulted in a whole-time strength of 923 on the 1st of April 2023. In addition, the Authority recruited 20 retained firefighters to improve resilience at retained 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 16 female firefighters in 2022/23 however, there is still more positive action work to do in order to recruit more minority ethnic firefighters.

The Authority had its second inspection by Her Majesty's Inspection of Constabulary and Fire and Rescue Service (HMICFRS) in October 2021. The inspection is split into three pillars; efficiency, effectiveness, and people, these are then broken down into eleven areas of focus. At the first inspection in June 2019, HMICFRS graded the Authority as good across the three pillars. This was maintained in the second inspection as the Authority once again received a good rating on all three pillars. Preparation is underway for the Authority's third inspection which will commence in October 2023.

During 2022/23, the Authority continued to work closely with the Home Office on the Emergency Services Network (ESN) replacement as one of five Assurance Partners across the whole emergency services sector. The ESN is a critical communication system used by the emergency services in Great Britain, unfortunately the programme has suffered implementation delays and on the 1st of April 2023, the Home Office decided to pause work on the new ESN system for between 12 and 18 months. Although this is a setback, the Authority will continue to prepare and will continue with internal project boards and regional meetings so that when the Home Office restarts the programme, the service will be in a state of readiness to transition to the new system.

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.

Our priorities also reflect the challenges and opportunities presented by the HMICFRS inspection in which the Authority was awarded good across all areas of review.

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.

Narrative Report

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 2022/23. 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 2022/23 Programme of Change is detailed below:

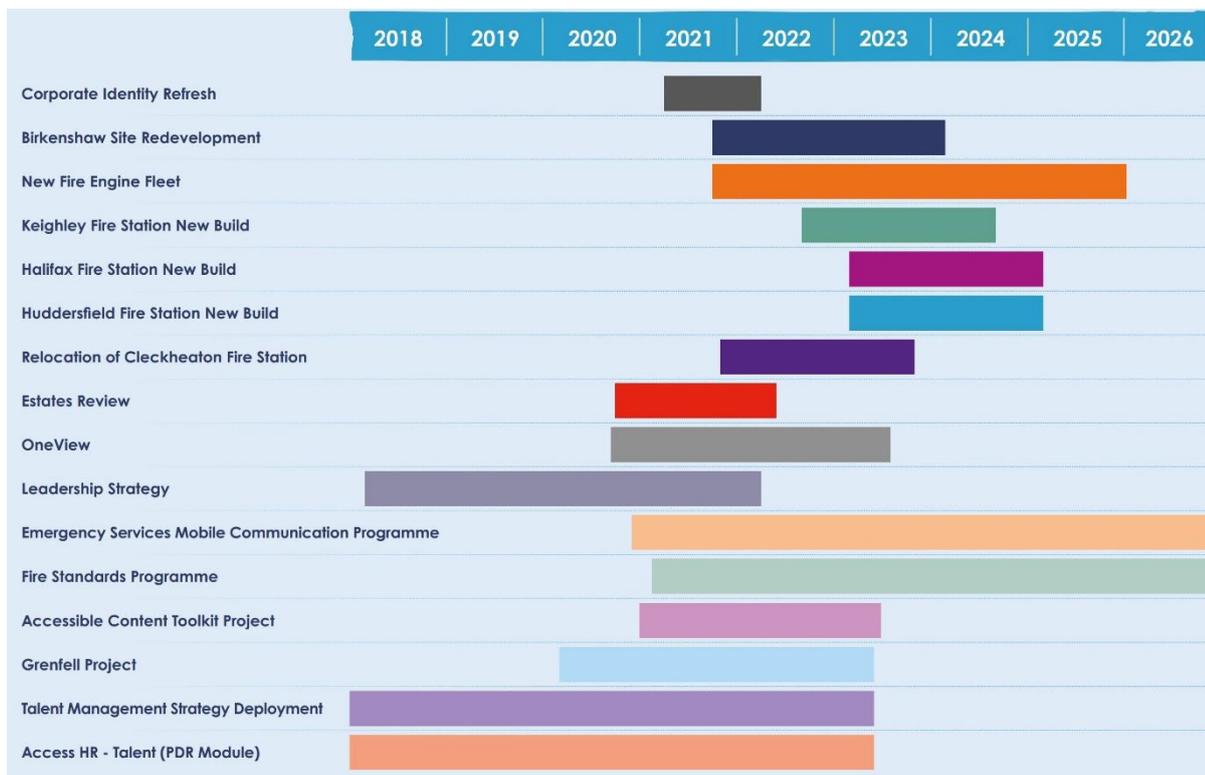
Programme of Change 2022/23

Moving forward with our programme of continuous improvement, we will focus on efficiency and effectiveness without compromising public safety.

We will update this plan annually to include our approved 'Programme of Change'.

Corporate Identity Refresh Redesign of existing corporate identity to present a more contemporary, relevant and engaging image of the Service.	Birkenshaw Site Redevelopment Modern, energy-efficient Headquarters, and Training Centre 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.	Keighley Fire Station New Build The construction of a new fire station on the existing site to replace an oversized and outdated fire station.
Hallifax 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.	Relocation of Cleckheaton Fire Station The construction of a new fire station on our site in Birkenshaw to replace an oversized and outdated fire station.	Estates Review Feasibility study at all our fire stations to improve diversity and inclusion and contamination management within the workplace.
OneView Performance management programme to provide a transparent, timely and flexible method of sharing performance data with our colleagues, partners, and the communities.	Leadership Strategy A new approach that will develop and enhance leadership and our service values at all levels and allow for continuous improvement.	Emergency Services Mobile Communication Programme Provision of a national radio scheme utilising mobile phone technology.	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.	Talent Management Strategy Deployment A new approach designed to identify people within the organisation with talent (transparently and systematically) and develop them to progress and/or enhance skills to fill current and future skills gaps.	Access HR - Talent (PDR Module) In two phases, the project is designed to upgrade the systems used to record Annual Appraisals and integrate them within the Access-HR system, supplementing current approaches with an opportunity to capture better quality talent information.

The diagram below shows the current progress of each project within the programme of change for 2022/23:



Narrative Report

The corporate identity refresh, the estates review, the talent management strategy deployment, and the Access HR – Talent (PDR Module) were completed during 2022/23 and are now business as usual.

All projects are currently on track, with the exception of the Halifax and Huddersfield New Builds, which due to increased cost implications have been pushed back to 2024/25. Initial feasibility studies will be undertaken and the establishment of project boards to manage the projects will be progressed in 2023/24.

During 2022/23 the following projects that were included within the 2021/22 Programme of Change have been completed and are now classed as business as usual and no longer report to the Change Management Board:

- Sharepoint 2016
- Leadership Strategy
- Mobilising Control System
- Vehicle CCTV project
- Promotion Project Watch Manager (WM) to Group Manager (GM)

COVID19 Pandemic

Although, the service is back to normal in terms of service delivery, the pandemic has changed the working patterns of our non-operational employees. Prior to the pandemic the majority of our support staff worked in the office on a permanent basis, this has changed, with 67% of employees choosing to work a hybrid working contract.

The Authority received a total of £2.736m in COVID19 grant funding from Central Government since the start of the pandemic in March 2020, there is currently £0.045m of the grant remaining which will be fully spent in 2023/24. The Authority has used this grant primarily to fund overtime costs and the buy-back of annual leave associated with the pandemic. Although this grant was not ring fenced it has been allocated to a separate earmarked reserve called COVID19 on the Balance Sheet.

COVID19 continues to have an effect on the collection fund deficits at the five district councils within West Yorkshire. In 2021/2022 the Government announced measures to assist local authorities for dealing with forecast collection fund deficits that had arisen as a result of measures announced to deal with Covid19. For eligible 2020/2021 deficits these could be charged to the general fund over a 3-year period (2021/2022 to 2023/2024). The government gave a grant to local authorities including fire to provide financial support for collection fund deficits. This is called the Tax Guarantee Grant, it is held in a separate earmarked reserve, and £0.207m was applied in 2022/23. The collection fund is currently in surplus in 2022/23 (£0.37m) as the Authority has not yet received the information from Leeds City Council.

Industrial Action

The Authority made a 4% provision in the 2022/23 budget for pay awards for all staff groups. When the budget was calculated in December 2021, a provision of 4% was considered to be reflective of expected inflation going forward. However, issues in the global economy have seen inflation rise to its highest level in forty years.

A pay offer of 2% was made to firefighters and control employees by the National Joint Council (NJC), which was then increased to 5% in October 2022, this was subject to a ballot for industrial action by the Fire Brigades Union (FBU), which received an acceptance to strike on the 30th of January. On the

Narrative Report

9th of February the NJC increased the pay offer to 7% for 2022/23 and 5% for 2023/24, which was accepted by members of the FBU. The financial impact of the pay award was significant, the cost of the pay award above budgetary provision in 2022/23 was £1.257m, and the full year effect in 2023/24 will be £1.827m. The cost in 2022/23 has been met from budget review savings during the year and the financial impact in 2023/24 has been met from an increase in the precept.

Budgetary provision of 5% has been included within the 2023/24 revenue budget for the agreed 5% firefighters pay award payable from the 1st of July 2023.

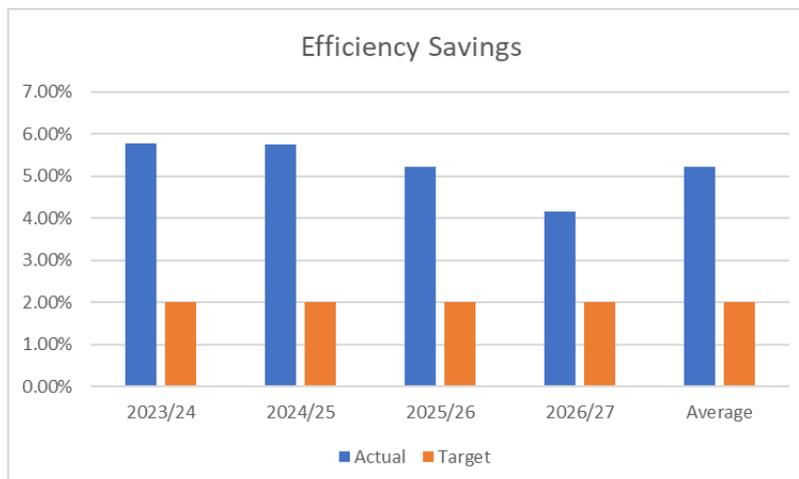
Due to the potential industrial action, an industrial action reserve of £1.0m was created, this was approved at Finance and Resources Committee in October 2022. By the 31st of March, £0.390m has been spent against the reserve, this was on the training of contingency resilience crews and the associated provision of equipment and uniform.

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.westyorkshire.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 seek 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,

Narrative Report

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 retained firefighters by nearly 500. The Fire Authority in 2022/23 had 40 fire stations, 46 fire engines and employed 923 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 2022/23 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.

Due to the economic effects that the pandemic had created on government finances, the planned Comprehensive Spending Review in Summer 2021, which would have delivered a multi-year funding settlement was postponed, instead the Authority received another one-year funding settlement.

The core funding settlement for 2022/23 was calculated by taking the prior year's settlement and uplifting it by September 2021 CPI which was 3.05%. This resulted in an additional £0.417m of income received from Revenue Support Grant. As in previous years base line funding, also known as business rates, was frozen meaning that the amount of grant received was at the same level in 2021/22. Authorities are compensated for this government policy to freeze local business rates by way of a section 31 grant, this grant is called the Under Index Grant.

The Secretary of State granted permission for the eight lowest-charging fire and rescue authorities to be able increase the precept by £5 in 2022/23. The Authority considered its budget options in February 2022 and approved a precept increase of £5, raising the annual precept to £67.18. The additional income generated by this increase was used to fund the recruitment of an additional 34 wholetime firefighters, the first time the establishment has grown in 12 years.

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

The revenue budget included areas of growth, provision for foreseen cost pressures and efficiency savings, totalling £4.135m. The Authority set a balanced budget for 2022/23 meaning that planned expenditure was matched by funding without the need to use reserves.

Our funding in 2022/23 from Central and Local Government came from the following sources:

Narrative Report

Funding Source	£000's
Business Rates Top Up	17,129
Local Business Rates	7,226
Section 31 Grant	5,355
Services Grant	1,705
Revenue Support Grant	14,048
Pension Grant	4,286
Council Tax Precept	48,232
Business Rates Deficit	-289
Collection Fund Surplus	262
TIG	207
Total	98,161

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

Collection Fund Surplus – This is the amount of income received by the Authority which is above the Council Tax Precept levied on the five billing Authorities in West Yorkshire.

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.

Following the approval of the budget in February 2022, £0.511m of additional revenue bids were identified before the beginning of the financial year. These additional costs were scrutinised and then duly approved by both Management Board and Management Team and were subsequently included in the 2022/23 base revenue budget. This shortfall of £0.511m was funded by savings on setting cash flat budgets (i.e.) the same budget level as in 2021/22 without an inflationary increase and a 7.5% efficiency saving across on non-contractual, non-employee budgets. This generated additional budget resource of £0.599m.

In addition, during the financial year it became apparent that some of the assumptions underlying the calculation of the 2022/23 revenue budget had changed which resulted in a net transfer of £0.873m of underspends to contingencies during the year. These were approved at Finance and Resources Committee in July and October 2022 and February 2023. In addition, £16.231m of capital schemes were slipped into 2022/23 and a net £0.181m was removed from the capital plan at the same committees. In addition £15.330m was slipped from 2022/23 into 2023/24 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.

Narrative Report

Details of net expenditure outturn for 2022/23 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	58,496	58,333		-163
Support Staff	12,017	11,637		-380
Pensions	1,700	1,900	-200	0
Training	754	944		190
Other Employee expenses	443	445		2
Premises	5,014	4,922		-92
Transport	2,478	2,503		25
Supplies and Services	6,234	5,834	70	-330
Contingency	2,486	0	2,486	-
Support Services	313	307		-6
Capital Charges	8,983	8,983	0	-
Expenditure	98,918	95,808	2,356	-754
Income	-3,267	-3,335	-	-68
Net Cost of Service	95,651	92,473	2,356	-822
Additional Contribution to capital financing		2,080		
Increase in Earmarked Reserves		3,608		
Overall Financial Position		98,161		
Funding		98,161		
Net Financial Position		-		

A brief explanation of the variances more than £0.250m against budget are as follows:

Support Staff (£0.380m)

The Authority has experienced difficulties in filling vacancies within its support departments, resulting in an underspend of £0.380m. This is due to low levels of unemployment and high levels of demand for skilled professionals including ICT, Finance and Fire Safety staff.

Supplies and Services (£0.330m)

The continued issues with the supply chain have impacted the Authority's ability to deliver on planned projects, resulting in underspends in ICT maintenance and support costs and WAN provision.

Contingency (£2.486m)

Both the employee and the general contingency budgets are held to manage any changes in

Narrative Report

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 £0.822m 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 £73.211m. 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;

Total Net Expenditure in Outturn Report	£000's
	94,829
Accumulated Absences	87
Capital items	-2,080
Grant Funded Activities	2,089
Transfer to reserve	-2,361
Pension Costs	-19,353
Cost of Services CIES	73,211

General Fund Balances

The Authority's opening general fund balance on the 1st of April 2022 was £5.00m. This remained the same as of the 31st of March 2023.

Description	Opening Balance 01/04/2022 £'000	Movements 2022/23 £'000	Closing Balance 31/03/2023 £'000
General Fund	5,000	-	5,000
Earmarked Reserves	38,094	-2,023	36,071
TOTAL	43,094	-2,023	41,071

Narrative Report

Earmarked Reserves

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

- the development of the FSHQ site,
- preparation for industrial action,
- the payment of back pay resulting from the need to include overtime earned in the calculation of an employees' holiday pay which is a requirement of the Bear Scotland Ltd v Fulton case.
- the use of consultants on the One View project
- the outstanding payments for our existing command and control system

Details on all the Authority's reserves are detailed in Notes 28 to 30 to 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 £11.726m on capital during 2022/23 against a revised approved capital plan of £17.598m, details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2022/23 £'000	Slippage 2021/22 £'000	Approved Virements and Additions 2022/23 £'000	Revised Capital Plan 2022/23 £'000	Outturn 2022/23 £'000	Variance £'000
Property	1,199	1,062	-17	2,244	1,408	-836
CRMP	8,539	9,343	-8,114	9,768	6,689	-3,079
Information Communications and Technology	718	998	-320	1,396	903	-493
Employment Services	-	18	230	248	0	-248
Transport	3,750	3,650	-5,855	1,545	1,153	-392
Operations	2,272	1,159	-1,434	1,997	1,112	-885
Fire Safety	400	-	-	400	461	61
TOTAL	16,878	16,230	-15,510	17,598	11,726	-5,872

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 2022/23, capital expenditure of note, was spent on:

- commencement of the redevelopment of the FSHQ site totalling £6.214m
- commencement of the rebuild of Keighley Fire Station costing £0.460m
- the refurbishment of Odsal and Todmorden fire stations costing £0.779m
- refresh of ICT station equipment, UPS and the Wide Area Network (WAN) totalling £0.756m

Narrative Report

- completion of the replacement of operational PPE and the replacement of wildfire vehicles costing £0.166m

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

Funding	£000's
Revenue Contributions	3,388
Capital Contributions	50
Earmarked Reserves	6,411
Capital Receipts	38
Internal Borrowing	1,839
TOTAL	11,726

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 £8.684m 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 £30.01m in 2022/23.

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 2023 was £43.937m of which £41.937m was owed to the Public Works Loans Board and £2m in the form of a LOBO with Dexia.

The Authority earned £0.834m in income from its investments during 2022/23 (£0.096m 2021/22). The significant increase in investment income is due to the rise in interest rates during the course of 2022/23. The final balance of short-term investments as of the 31st March 2023 was £15.000m (£15.000m 2021/22).

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 Chief Finance and Procurement Officer.

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.

Narrative Report

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 £2.023m to £41.071m whilst the deficit of Unusable Reserves has reduced by £457.881m principally because of adjustments to the IAS19 Pensions Reserve.

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 2023 and includes the figures on 31st March 2022 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 £1,016m, however this includes the liabilities under the unfunded firefighters pension schemes totalling £1,115m 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 £98.790m

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 £31.304m.

Narrative Report

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 99-109.

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 by September 2023 CPI, although this provides some certainty around central government grants, RSG only makes up 30% of government funding. Certainty around the continuation of grants outside core funding continues to remain uncertain. In June 2022, the Authority received notification from the Home Office that 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.

There are several cost pressures that the Authority is facing:

- Although, the remedy for the age discrimination case of McCloud/Sargeant has been determined by Central Government, it still impacts on the Authority's longer term financial security. The costs associated with correcting the age discrimination are to be met by Government, but the past employer contribution costs relating to the remedy period that are owed by fire and rescue authorities will be recouped in the upcoming pension valuation to be undertaken by the Government Actuary Department (GAD). New employer contribution rates are expected to be implemented from April 2025, and if based on the last valuation in 2016 where employer rates increased by an average 12.6%, this would increase ongoing revenue costs by £5.68m per annum. The government has funded 90% of the increased pension liability from the 2016 valuation, but this level of funding cannot be guaranteed until we receive confirmation on funding from government.
- Economic factors, particularly inflation is currently having an impact on the Authority's finances, in March 2023, CPI was running at 10.1% and an expected reduction in the inflation rate has yet to materialise. The current economic environment is such that certain parts of the economy are experiencing either a shortfall in availability or a hike in prices. Within this Authority we have seen issues with supplies, including increased lead times for the delivery of certain goods, in particular vehicles. There has been a need to increase both utility and vehicle fuel budgets by a total of £0.638m during the course of 2022/23, due to large increases in prices. The Authority does not receive any assistance under the non-domestic energy bill relief scheme as consumption is below the threshold for assistance.
- There have been large increases in the cost of capital schemes during 2022/23, with both the re-development of the FSHQ site and the rebuild of Keighley Fire Station realising a 40% increase in cost against estimates. This could impact on our plans to rebuild Halifax and Huddersfield Fire Stations in 2024/25.

A large proportion of the capital budget in 2022/23 has been slipped to 2023/24, but further slippage may occur if there are further delays in the supply chain.

Narrative Report

Although, our operational employees have agreed the 2023/24 pay award, the pay offer for our support staff has to yet be settled. Although the Authority has made a provision in its revenue budget for a 5% pay award for all employees, this maybe an underestimate for our support staff and any additional costs would have to be met from within existing budgets.

- There are other pressures facing the Authority, which include the outcomes of the Grenfell enquiry, the issues identified in the HMICFRS State of Fire report and the implementation of the Fire Reform Agenda. The Authority received £0.378m of grant in 2022/23 from Government to continue to drive significant improvement in the protection function and tackling risk in the built environment arising from the Fire Safety Act, the Building Safety Bill and respond to the findings from the HMICFRS State of Fire reports. Although this grant is welcomed it is not included within base funding levels, so any spending commitments that extend beyond the grant provision will have to be met from within existing budgets.

A range of funding scenarios were presented to Fire Authority members in February to show the impact of these cost pressures detailed above. The Authority has a strategy to use its earmarked reserves in the short term to fund any shortfall until efficiency plans can be implemented.

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

The Fire Authority approved a revenue budget in February 2023 which includes several service developments and savings to be implemented in 2023/24. The Authority approved £3.385 of budget growth and savings and £4.490m 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.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 and accompanies the 2022/23 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 cultures 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.

Annual Governance Statement

The governance framework has been in place at West Yorkshire Fire and Rescue Authority for the year ending 31st March 2023 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.

Annual Governance Statement

The Authority's systems of internal control conform to the standards of financial governance set out in 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)

Annual Governance Statement

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.

Review of Members Allowances

During the year the Authority commissioned an independent review of its Members' Allowances Scheme in accordance with sections 1-3 of the *Local Authorities (Members' Allowances) (England) Regulations 2003* that apply to joint authorities.

The review considered the model of indexation applied to the Authority's Allowance Scheme, the Special Responsibility Allowances applied to the various governance roles it performs, all of which were benchmarked from the perspective of similar roles undertaken in the constituent local authorities and other fire and rescue authorities.

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

Annual Governance Statement

- Chief Finance and Procurement Officer
- Chief Employment Services Officer
- 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 both the operational (service delivery) and non-operational (support) sides 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 Autumn 2022) 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 31st of March 2022. This resulted in the Authority maintaining full compliance against all 57 elements of the standard of which 29 achieved compliance plus, demonstrating excellent performance and continuous improvement in relation to customer-focused service delivery. The next external assessment of compliance to the Customer Service Excellence Standard will be in November 2023.

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 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. 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.

Annual Governance Statement

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 Her 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 10 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 2022/23 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.

Annual Governance Statement

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 of 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 withing 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. This is developing work given the relative infancy of the new legislation and the service is engaged at a West Yorkshire level as a new approach is developed and implemented.

- Industrial Action Planning

Much of the public sector is currently experiencing an unsettled period of industrial relations as issues predominantly linked to pay and conditions are of significant concern to employees. The Fire & Rescue Sector is no different. Whilst there are a number of recognised trade unions available to our staff, West Yorkshire Fire and Rescue Service (WYFRS) has a very strong Fire Brigades Union (FBU) membership, in respect of its operational staff, and a sizeable cohort of our support staff who are with UNISON.

The period to the end of March 2023 saw significant activity in respect of planning for what was a very likely FBU strike which would have provided a significant business continuity challenge to the service. Significant effort and resource were committed to the development, training and employment of a cohort of contingency firefighters who would have supported the delivery of a compromised level of service. This dispute was settled with a two year pay agreement. Whilst there were support staff issues during that same period they did not manifest to a comparable level.

As we enter into the period from April 2023, the industrial relations climate remains challenging. The latest pay claim from Unison who represent our support staff is significant and may well lead to industrial action given the level of the claim and its affordability. Likewise our operational staff (and some support staff) are likely to fall in scope of the newly designed Minimum Service Levels legislation which is progressing through Parliament. To date this has not been met with anything other than challenge from trade unions. The publication of the Fire Reform White Paper may also present issues where significant change is required and this will require some level of consultation and negotiation at both a national and local level, therein lie potential problems in respect of ongoing industrial relations issues.

- 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

Annual Governance Statement

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 Chief Finance and Procurement Officer presents to the Finance and Resources Committee every quarter an update on the financial position of the Authority covering both revenue and capital expenditure. 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 Chief Finance and Procurement Officer 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 for 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.

Annual Governance Statement

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 assist 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. In October 2022, an update on compliance to the code was presented to Finance and Resources Committee, this identified one outstanding area for improvement regarding engaging with key stakeholders in developing the Authority's long-term financial strategy. An action plan to address this is in place, with the first step been consultation in January 2023 on the increase in council tax precept by £5. Compliance to the code 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 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 organisational planning day 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.

The roll-out of OneView, the organisation's new performance management system is progressing well. Live reporting data for a variety of operational incidents is now available and work progresses regarding

Annual Governance Statement

inputting prevention and protection activities. OneView as a programme has focussed recently on OSARIS data to enable better reporting for the Protection and Prevention departments.

Further work has taken place to provide data solutions in our human resources system, AccessHR, which are now ready to be implemented and will enable the organisation to report on qualifications and training aligned to competencies from Competency Dashboard.

Engagement sessions with Districts and Watch Managers have been very positive and the data is being used well operationally. The first draft of the Fire Authority report is now out for feedback.

- 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 presents its budget proposals to the District Council Political Leaders and provides representatives of the business community with the opportunity to comment on them.

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 pillar workshops. Governance of the process sits within the two groups, the Operations and Training Interface Group and the HMICFRS Action Plan Workshops. An evaluation of the first year of Reality Testing has recently been carried out and shared with Management Team. A number of improvements have been identified which have been actioned.

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

Annual Governance Statement

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.

- Her 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 Authority has acknowledged the work required in tackling culture across the fire sector.

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.

An independent audit of the action plan has been conducted by Kirklees Audit Team.

HMICFRS 'Good Characteristics' are also being used to carry out a SWOT analysis to inform decision making and plan improvements.

- 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 2022/23, ten audits were completed, and four 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. In 2022/23, our internal audit provider was subject to an external assessment by way of a peer review from Doncaster City Council which concluded with the highest opinion that it "Generally Conforms" with the PSIAS and Code of Ethics and a small number of actions were agreed to further enhance this position.

The Audit Charter and Strategy was re-approved at Audit Committee in April 2023, 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.

Annual Governance Statement

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 2022/23.

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.

Annual Governance Statement

- External Review

Following the Public Sector Audit Appointments tender process, Deloitte LLP have been the Authority's external auditors since the 1st of April 2018.

Deloitte LLP 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 2022/23
- 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. The Audit Committee received the first Value for Money report in April 2022, which did not identify any significant areas of improvement. There were a number of suggested minor improvements mainly around administrative processes which have been reviewed and implemented where deemed necessary.

The existing contract with Deloitte LLP will end on the 31st of March 2023. The Authority gave approval in December 2021 to sign up to the Public Sector Audit Appointments who managed the tender process for the appointment of new external auditors on our behalf. Grant Thornton have been appointed as the Authority's new external auditors from the 1st of April 2023.

- 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 Chief Finance and Procurement Officer 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 Chief Financial Officer and/or the Monitoring Officer

Annual Governance Statement

Review of Governance Issues Identified in the previous Annual Governance Statement

- Financial Uncertainty

There remains uncertainty regarding Central Government funding, although the Authority was allowed to increase the precept by £5 for 2023/24 there are a number of cost pressures that the Authority faces, these are predominately around inflation. The impact of these were presented to the Fire Authority in February 2023. A full comprehensive spending review is scheduled to commence in Summer 2023 which is expected to result in a multi-year funding deal from April 2024 onwards.

- 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.

- Election of the West Yorkshire Mayor

The Mayor of West Yorkshire was elected on the 6th of May 2021. The Mayor chairs and leads the West Yorkshire Combined Authority and has subsumed the office and powers of the West Yorkshire Police and Crime Commissioner. The governance impact on West Yorkshire Fire and Rescue has yet to be determined and may be subject to change once the government responds to the outcome of the consultation on the Fire Service Reform White Paper further referenced below.

Annual Governance Statement

- 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.

Additionally, the Home Office launched a consultative White Paper on fire reform in May 2022, called "Reforming Our Fire and Rescue Service ". The Government's vision for reform seeks to drive change and improvement in three key areas: People, Professionalism and Governance. The governance implications for West Yorkshire Fire have been considered but the impact will be unknown until the Government responds to the consultation which ended in summer 2022. An outcome to this consultation is expected before the parliamentary recess in summer 2023.

- Performance Management System

The Authority is currently developing a Performance Management System, this project is progressing and is due to be fully implemented within the next 24 months. This system will support the Performance Management Framework information by developing a suite of key performance indicators which will be monitored, analysed, reported, and reviewed at set intervals to inform decision making and deliver benefits to the organisation.

The above governance issues are still outstanding in the Annual Governance Statement for 2022/23.

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:

- Implementation of the Recommendations from the Values and Cultures Report

In March 2023, the HMICFRS published a spotlight report on the Value and Culture in Fire and Rescue Services (FRS) which focuses on the values and culture of all forty-four fire and rescue services and draws on evidence collected through the HMICFRS inspections since 2018. The report includes thirty-five recommendations which are around improvements to values and culture which need to be implemented by each FRS in a time frame spanning from April 2023 to January 2025. Some of the recommendations are the responsibility of the Government, the Local Government Association and the National Fire Chiefs Council which are outside the direct influence of the Fire Authority but nineteen of these recommendations are the direct responsibility of the Chief Fire Officer. These need

Annual Governance Statement

to be implemented between April 2023 and March 2024. An action plan has been put in place to ensure that these recommendations are implemented within the required time scales.

- Minimum Service Levels for Fire and Rescue Services

The Home Office published a consultation in February 2023 on Minimum Service Levels (MSL) in the Fire and Rescue Service. 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 Strikes (Minimum Service Levels) Bill will include powers for the Secretary of State to set MSL for services within specified key sectors through regulation. There are six sectors which will be covered by the legislation, one of which is the Fire and Rescue Service. The Fire Authority and the National Fire Chief Council will respond to the consultation. The bill has yet to receive parliamentary approval and as such the impact on the service is unknown at this current time.

- 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.

The Retained EU Law (Revocation and Reform) Bill allows the United Kingdom to take the next step in reasserting the sovereignty of Parliament. It will end the special status of retained EU law in the UK statute book and will enable retained EU law to be more easily amended, revoked, and replaced.

On the 10th of May an amendment was tabled to replace the current sunset in the Bill with a list of the retained EU laws that the Government intend to revoke under the Bill at the end of 2023. The list covers each piece of legislation being revoked and the reason it is being removed from the statute book at the end of 2023.

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

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: 31st May 2023



Alison Wood

Chief Finance and Procurement Officer

Dated: 31st May 2023



Cllr O'Donovan

Chair West Yorkshire Fire & Rescue Authority

Dated: 31st May 2023

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 Chief Finance and Procurement Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

The Chief Finance and Procurement Officer's Responsibilities

The Chief Finance and Procurement Officer 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 Chief Finance and Procurement Officer 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 Chief Finance and Procurement Officer 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 43-116 present a true and fair view of the financial position of the West Yorkshire Fire and Rescue Authority as at 31st March 2023, and its income and expenditure for the year then ended.



Alison Wood CPFA
Chief Finance and Procurement Officer
Dated: 31st May 2023



Authority Approval of Accounts
Cllr K Renshaw
Chair of Audit Committee
Dated: 31st May 2023

Audit Opinion
(LEAVE INTENTIONALLY BANK)

Main Financial Statements

Comprehensive Income and Expenditure Statement for the year ended 31st March 2023

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.

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
50,925	-3,220	47,705	Service Delivery	52,805	-2,809	49,996
12,823	-1,180	11,643	Service Support	14,485	-729	13,756
4,633	-242	4,391	Employment Services	5,531	-135	5,396
232	-1	231	Chief Fire Officer	207		207
2,535	-316	2,219	Finance and Procurement	3,024	-418	2,606
862	-6	856	Corporate Services and Governance	1,257	-7	1,250
72,010	-4,965	67,045	Cost of Services	77,309	-4,098	73,211
-53	-	-53	Other Operating Expenditure (Note 11)	634	-38	596
33,133	-96	33,037	Financing and Investment Income & Expenditure (Note 12)	43,171	-834	42,337
-	-92,283	-92,283	Taxation and Non-Specific Grant Income (Note 13)		-98,161	-98,161
105,090	-97,344	7,746	Deficit on Provision of Services	121,114	-103,131	17,983
		-2,491	Impairment losses on non-current assets charged to the Revaluation Reserve			-2,175
		-15,755	Remeasurement of the Net Defined Benefit Liability			-471,666
		-18,246	Other Comprehensive Income and Expenditure			-473,841
		-10,500	Total Comprehensive Income and Expenditure			-455,858

Main Financial Statements

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 10.

Expenditure and Funding Analysis 2022/23	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis (Note 8) £'000	Net Expenditure in the Comprehensive and Income Expenditure Statement (Note 9) £'000
Service Delivery	66,669	-16,673	49,996
Service Support	10,341	3,415	13,756
Employment Services	4,960	436	5,396
Chief Fire Officer	175	32	207
Finance and Procurement	7,300	-4,694	2,606
Corporate Services and Governance	1,076	174	1,250
Net Cost of Services	90,521	-17,310	73,211
Other Income and Expenditure	-88,498	33,270	-55,228
Deficit on Provision of Services	2,023	15,960	17,983
Opening General Fund Balance as at 31st March 2022	43,094		
Surplus on General Fund in year	-2,023		
Closing General Fund Balance (Including Earmarked reserves) at 31 March 2023	41,071		

Expenditure and Funding Analysis 2021/22	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis (Note8) £'000	Net Expenditure in the Comprehensive and Income Expenditure Statement (Note 9) £'000
Service Delivery	60,991	-13,286	47,705
Service Support	8,106	3,537	11,643
Employment Services	3,962	429	4,391
Chief Fire Officer	221	10	231
Finance and Procurement	7,339	-5,120	2,219
Corporate Services and Governance	726	130	856
Net Cost of Services	81,345	-14,300	67,045
Other Income and Expenditure	-87,041	27,742	-59,299
Deficit on Provision of Services	-5,696	13,442	7,746
Opening General Fund Balance as at 31st March 2021	37,398		
Surplus on General Fund in year	5,696		
Closing General Fund Balance (Including Earmarked reserves) at 31 March 2022	43,094		

Main Financial Statements

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 28-30.

Movement in Reserves during 2022/23	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance 01 April 2022		43,009	85	-	43,094	-1,515,253	-1,472,159
Total Comprehensive Income & Expenditure		-17,983	38	-	-17,983	473,841	455,858
Adjustments between accounting basis & funding basis under regulations	10	16,048	-38	-50	15,960	-15,960	-
Increase/Decrease in 2022/23		-1,935	-	-50	-2,023	457,881	455,858
Balance at 31 March 2023 carried forward		41,074	85	-	41,071	-1,057,372	-1,016,301

Movement in Reserves during 2021/22	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	TOTAL AUTHORITY RESERVES £'000
Balance 01 April 2021		37,313	85	-	37,398	-1,520,057	-1,482,659
Total Comprehensive Income & Expenditure		-7,746	-	-	-7,746	18,246	10,500
Adjustments between accounting basis & funding basis under regulations	10	13,442	-	-	13,442	-13,442	-
Increase/Decrease in 2021/22		5,696	-	-	5,696	4,804	10,500
Balance at 31 March 2022 carried forward		43,009	85	-	43,094	-1,515,253	-1,472,159

Main Financial Statements

Balance Sheet as at 31st March 2023

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 2022 £'000		Notes	31 March 2023 £'000
93,713	Property, Plant and Equipment	14	100,120
198	Intangible Assets	16	155
93,911	Long Term Assets		100,275
15,000	Short Term Investments		15,000
740	Inventories	20	721
8,077	Short Term Debtors	21	11,210
32,178	Cash and Cash Equivalents	22	31,304
55,995	Current Assets		58,235
-1,526	Short Term Borrowing		-5,447
-10,868	Short Term Creditors	26	-11,471
-770	Provisions (<1yr)	27	-848
-13,164	Current Liabilities		-17,766
-43,937	Long Term Borrowing		-41,937
-22	Capital Grants received in Advance		-22
-1,564,942	Net liability related to defined Benefit Pension Schemes	39	-1,115,086
-1,608,901	Long Term Liabilities		-1,157,045
-1,472,159	Net Liabilities		-1,016,301
43,094	Usable Reserves	28	41,071
-1,515,253	Unusable Reserves	30	-1,057,372
-1,472,159	Total Reserves		-1,016,301

Main Financial Statements

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.

2021/22 £'000		Notes	2022/23 £'000
-7,746	Net (deficit) on the provision of services		-17,983
25,097	Adjustment to deficit on the provision of services for non-cash movements	23	29,699
5,000	Adjustment for items included in the net deficit on the provision of services that are investing and financing activities	23	-88
22,351	Net Cash flows from operating activities		11,628
-3,474	Net Cash flows from Investing Activities	24	-9,747
-3,233	Net Cash flows from Financing Activities	25	-2,755
15,644	Net increase or (decrease) in cash and cash equivalents		-874
16,534	Cash and cash equivalents at the beginning of the reporting period	22	32,178
32,178	Cash and cash equivalents at the end of the reporting period		31,304

Notes to the Main Financial Statements

Contents

Note 1. Accounting Policies	51
Note 2. Accounting Standards that have been issued but not yet applied.....	65
Note 3. Prior Period Adjustments	65
Note 4. Critical Judgements in Applying Accounting Policies	66
Note 5. Assumptions made about the future and other major sources of estimation uncertainty..	66
Note 6. Material Items of Income and Expense	67
Note 7. Events after the Balance Sheet Date	67
Note 8. Note to the Expenditure and Funding Analysis.....	68
Note 9. Expenditure and Income Analysed by Nature	70
Note 10. Adjustments between Funding and Accounting Basis.....	70
Note 11. Other Operating Expenditure	73
Note 12. Financing and Investment Income & Expenditure	73
Note 13. Taxation and Non-Specific Grant Income	73
Note 14. Property, Plant and Equipment	74
Note 15. Revaluations and Impairments	75
Note 16. Intangible Assets	76
Note 17. Assets Held for Sale	76
Note 18. Financial Instruments	77
Note 19. Nature and Extent of Risks arising from Financial Instruments	80
Note 20. Inventories.....	84
Note 21. Short Term Debtors.....	85
Note 22. Cash and Cash Equivalents	85
Note 23. Cash Flow Statement – Operating Activities.....	86
Note 24. Cash Flow Statement – Investing Activities	86
Note 25. Cash Flow Statement – Financing Activities	87
Note 26. Short Term Creditors	87
Note 27. Provisions	87
Note 28. Usable Reserves	89
Note 29. Transfers to/from Earmarked Reserves	89
Note 30. Unusable Reserves	92
Note 31. Members’ Allowances	95
Note 32. Officers’ Remunerations.....	96
Note 33. External Audit Costs	97
Note 34. Grant Income	97

Notes to the Main Financial Statements

Note 35. Related Parties	97
Note 36. Capital Expenditure and Financing	98
Note 37. Leases	99
Note 38. Termination Benefits	100
Note 39. Defined Benefit Pension Schemes	100
Note 40. Contingent Liabilities	111
West Yorkshire Fire and Rescue Authority Pension Fund	114

Notes to the Main Financial Statements

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31st March 2023.

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 2022/23 and the Service Reporting Code of Practice 2022/23. 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 such 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 IFRS15. 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.

Notes to the Main Financial Statements

- 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.

Notes to the Main Financial Statements

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:

Notes to the Main Financial Statements

- 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.

Notes to the Main Financial Statements

- 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 2022/23 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 2022/23 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.

Notes to the Main Financial Statements

- 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

Notes to the Main Financial Statements

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 election 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.

Notes to the Main Financial Statements

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.

Notes to the Main Financial Statements

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 2022/23.

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

Notes to the Main Financial Statements

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.

Notes to the Main Financial Statements

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

Notes to the Main Financial Statements

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 2022/23 are shown in the notes to the main financial statements.

Notes to the Main Financial Statements

Provisions, Contingent Liabilities and Contingent Assets

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

Notes to the Main Financial Statements

there is no impact on Council Tax. The Authority uses this approach for the installation of smoke and carbon monoxide alarms within premises.

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 2023
- Provision for impairments of debtors in relation to Council Tax and Business rates retention arrears as at 31st March 2023
- 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.

Notes to the Main Financial Statements

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 2023/24 code are:

- IFRS 16 (Leases) – for those local Authorities that have decided to adopt IFRS in 2023/24
- Definition of Accounting Estimates (amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

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

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 recognition for low-value and short-term leases).

As 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.

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 will allow for early adoption of the standard if the Authority considers it is able to do so. The Authority has not adopted IFRS16 in 2022/23.

Note 3. Prior Period Adjustments

Prior period adjustments have been made to the Authority's 2021/22 published Annual Statement of Accounts in relation to the following:

Comprehensive Income and Expenditure Statement

During 2022/23 the Authority re-structured its management reporting structure. The Corporate Services and Governance Directorate was created, comprising of Corporate Governance and Legal Services (formely reported under Chief Fire Officer), Corporate Services (formerly reported under Employment Services) and Service Improvement and Assurance (formerly reported under Service Support). The Corporate Communications Directorate was reconfigured to Service Delivery.

Notes to the Main Financial Statements

To aid the understanding of the accounts and to make information comparable, the Authority has recalculated 2021/22 figures on the basis of the 2022/23 management reporting structure. The net effect of this on the cost of services is nil.

	Presentation as per 2021/22 Management Reporting Structure			Presentation of 2021/22 as per 2022/23 Management Reporting Structure		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Service Delivery	50,456	-3,220	47,236	50,925	-3,220	47,705
Service Support	13,256	-1,180	12,076	12,823	-1,180	11,643
Employment Services	4,772	-245	4,527	4,633	-242	4,391
Chief Fire Officer	521	-4	517	232	-1	231
Finance and Procurement	2,534	-316	2,218	2,535	-316	2,219
Corporate Communications	471	-	471	-	-	-
Corporate Services and Governance	-	-	-	862	-6	856
Cost of Services	72,010	-4,965	67,045	72,010	-4,965	67,045
Other Operating Expenditure (Note 11)	-53	-	-53	-53	-	-53
Financing and Investment Income & Expenditure (Note 12)	33,133	-96	33,037	33,133	-96	33,037
Taxation and Non-Specific Grant Income (Note 13)	-	-92,283	-92,283	-	-92,283	-92,283
Deficit on Provision of Services	105,090	-97,344	7,746	105,090	-97,344	7,746
Impairment losses on non-current assets charged to the Revaluation Reserve			-2,491			-2,491
Remeasurement of the Net Defined Benefit Liability			-15,755			-15,755
Other Comprehensive Income and Expenditure			-18,246			-18,246
Total Comprehensive Income and Expenditure			-10,500			-10,500

Note 4. 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 5. 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Notes to the Main Financial Statements

Item	Uncertainties	Effect If actual results differs from Assumptions
Property, Plant and equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance on individual assets.</p> <p>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.</p>	<p>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 £0.420m for every year that the useful lives have to be reduced.</p>
Provisions	<p>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.</p>	<p>As at the 31st March 2023 the provision for the non payment of council tax debtors and National Non Domestic Rates (NNDR) is £2.789m (£4.041m 2021/22). This may rise in the current economic climate due to inability to pay Council Tax.</p>
Pensions Liability	<p>The estimation of the net liability to pay pensions depends on a number of 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.</p>	<p>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 £75.0 million.</p> <p>However, the assumptions interact in complex ways and changes to other estimates and actuarial assumptions may produce a different impact on the total liability.</p>
Fair Value Measurements	<p>At the 31 March 2023 the Authority had a balance of sundry debtors for £0.405m. 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.</p>	<p>The amount of debt exceeding 3 months was £0.093m as at the 31st March 2023. This is to be monitored and a provision would have to be funded from revenue reducing the level of general fund reserves.</p>

Note 6. 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 2022/23.

Note 7. Events after the Balance Sheet Date

The Draft Statement of Accounts were completed and available for use as authorised by the Chief Finance and Procurement Officer on the 31st May 2023. Where events taking place before this date provided information about conditions existing at the 31st March 2023, 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 2023 that need to be disclosed.

Notes to the Main Financial Statements

Note 8. 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 (2022/2023)	Adjustment for Capital Purposes (1) £'000	Net Change for the Pensions Adjustments (2) £'000	Other Differences (3) £'000	Total Adjustments £'000
Service Delivery	4,082	-21,302	547	-16,673
Service Support	2,336	1,079	-	3,415
Employment Services	-	436	-	436
Chief Fire Officer	21	11	-	32
Finance and Procurement	-4,943	249	-	-4,694
Corporate Services and Governance	-	174	-	174
Net Cost of Services	1,496	-19,353	547	-17,310
Other Operating Expenditure - a	596	-	-	596
Finance and Investment Income and Expenditure - b	-	41,163	-62	41,101
Taxation and Non-Specific Grant Income and Expenditure - c	-6,461	-	-1,966	-8,427
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-4,369	21,810	-1,481	15,960

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts (2021/2022)	Adjustment for Capital Purposes (1) £'000	Net Change for the Pensions Adjustments (2) £'000	Other Differences (3) £'000	Total Adjustments £'000
Service Delivery	2,029	-15,568	253	-13,286
Service Support	2,471	1,066	-	3,537
Employment Services	20	409	-	429
Chief Fire Officer	-	10	-	10
Finance and Procurement	-5,351	231	-	-5,120
Corporate Services and Governance	-	130	-	130
Net Cost of Services	-831	-13,722	253	-14,300
Other Operating Expenditure - a	-53	-	-	-53
Finance and Investment Income and Expenditure - b	-	31,129	-61	31,068
Taxation and Non-Specific Grant Income and Expenditure - c	-157	-	-3,116	-3,273
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-1,041	17,407	-2,924	13,442

Notes to the Main Financial Statements

(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.

Notes to the Main Financial Statements

Note 9. Expenditure and Income Analysed by Nature

Expenditure/Income	2021/22 £'000	2022/23 £'000
Expenditure:		
Employees	52,219	53,002
Other Service Expenses	10,554	15,212
Support Services	3,462	3,542
Capital Charges	5,775	5,553
Disposal of Fixed Assets	-53	634
Interest Payments	33,133	43,171
Total Expenditure	105,090	121,114
Income:		
Government Grants and Contributions	-3,678	-2,576
Customer and Client Receipts	-1,287	-1,522
Fixed Assets Sales Proceeds	-	-38
Interest Receivable and Similar Income	-96	-834
Taxation and Non-Specific Grant Income	-92,283	-98,161
Total Income	-97,344	-103,131
Deficit on the Provision of Services	7,746	17,983

Note 10. 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.

Notes to the Main Financial Statements

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)	21,810	-	-
Financial Instruments (Transferred to the accumulated financial Instruments adjustments account)	-62	-	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	-1,966	-	-
Holiday Pay (Transferred to the accumulated absences reserve)	87	-	-
Reversal of Entries included in the surplus or deficit on the provision of Services in relation to the capital expenditure	7,536	-	-
Total adjustments to revenue reserve	27,405	-	-
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	-	-38	-
Application of capital grants to finance capital expenditure	-	-	-50
Total Capital Resources	-	-38	-50
Total Adjustments 2022/23	16,048	-38	-50

Notes to the Main Financial Statements

2021/22	General Fund Balance	Capital Receipts Reserve	Capital Grants Applied
	£'000	£'000	£'000
Adjustments to revenue resources			
Pensions Costs (Transferred to (or from) the pension reserve)	17,407	-	-
Financial Instruments (Transferred to the accumulated financial Instruments adjustments account)	-61	-	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	-3,116	-	-
Holiday Pay (Transferred to the accumulated absences reserve)	-121	-	-
Reversal of Entries included in the surplus or deficit on the provision of Services in relation to the capital expenditure	4,848	-	-
Total adjustments to revenue reserve	18,957	-	-
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 from the capital adjustment account)	-2,846	-	-
Capital expenditure financed from Revenue balance (transfer to the capital adjustment account)	-2,669	-	-
Total adjustments between revenue & capital resources	-5,515	-	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	-	-
Application of capital grants to finance capital expenditure	-	-	-
Total Capital Resources	-	-	-
Total Adjustments 2021/22	13,442	-	-

Notes to the Main Financial Statements

Note 11. Other Operating Expenditure

2021/22 £'000		2022/23 £'000
-53	Net Book value of non current assets	634
-	Sale Proceeds	-38
-53	(Gains)/Losses on the disposal of non current assets	596

Note 12. Financing and Investment Income & Expenditure

2021/22 £'000		2022/23 £'000
2,004	Interest Payable and similar charges	2,008
31,129	Pensions interest cost	41,163
-96	Interest Receivable and similar income	-834
33,037	TOTAL	42,337

Interest receivable and similar income represents the amount of interest earned on the Authority's revenue balances in 2022/23.

Note 13. Taxation and Non-Specific Grant Income

2021/22 £'000		2022/23 £'000
-44,597	Council Tax Income	-48,494
-6,509	Non Domestic rates	-7,144
-41,177	Non ring fenced Government Grants	-42,523
-92,283	TOTAL	-98,161

Notes to the Main Financial Statements

Note 14. Property, Plant and Equipment

Movements 2022/23	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Assets under Construction £'000	Surplus Assets £'000	Total £'000
Cost or Valuation					
1 April 2022	77,940	36,875	-	1,118	115,933
Additions	1,373	1,988	7,878	-	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
Derecognition - Other	-	-	-	-	-
Assets reclassified (to)/from Assets Under Construction	-	-	-	-	-
Other movements in Cost or Valuation	-2,814	-	2,814	-	-
31 March 2023	74,913	37,531	10,692	1,118	124,254
Depreciation & Impairment					
1 April 2022	-136	-22,084	-	-	-22,220
Depreciation charge	-2,063	-2,959	-	-	-5,022
Accumulated Depreciation write out to gross carrying amount	1,925	-	-	-	1,925
Derecognition - Disposals	68	1,115	-	-	1,183
Other movements in Depreciation and Impairment	40	-	-40	-	0
31 March 2023	-166	-23,928	-40	-	-24,134
Net Book Value					
31 March 2022	77,804	14,791	-	1,118	93,713
31 March 2023	74,747	13,603	10,652	1,118	100,120

Movements 2021/22	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Assets under Construction £'000	Surplus Assets £'000	Total £'000
Cost or Valuation					
1 April 2021	76,981	38,934	150	-	116,065
Additions	714	2,386	-	130	3,230
Accumulated Depreciation & Impairment write out to gross carrying amount	-2,133	-	-	-	-2,133
Revaluation recognised in the Revaluation Reserve	2,491	-	-	-	2,491
Revaluation recognised in the Deficit on the provision of services	875	-	-	-	875
De-recognition - Disposals	-	-4,590	-	-	-4,590
Derecognition - Other	-	-5	-	-	-5
Assets reclassified (to)/from Assets Under Construction	-	150	-150	-	-
Other movements in Cost or Valuation	-988	-	-	988	-
31 March 2022	77,940	36,875	-	1,118	115,933
Depreciation & Impairment					
1 April 2021	-106	-23,451	-	-	-23,557
Depreciation charge	-2,163	-3,146	-	-	-5,309
Accumulated Depreciation write out to gross carrying amount	2,133	-	-	-	2,133
Derecognition - Disposals	-	4,513	-	-	4,513
31 March 2022	-136	-22,084	-	-	-22,220
Net Book Value					
31 March 2021	76,875	15,483	150	-	92,508
31 March 2022	77,804	14,791	-	1,118	93,713

Notes to the Main Financial Statements

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 2023, the Authority has several contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years. The major commitments as at the 31st March 2023 are;

- £0.128m to replace treadmills.
- £0.224m for the replacement of operational uniforms.
- £5.496m in relation to the new Keighley Station build.
- £14.706m relating to the purchase of new fire appliances as part of the Vehicle Replacement Programme.
- £19.464m in relation the new Fire Service Headquarters including the new Training Arena, Fire Station and upgrades to the existing BA Block and TRTC Building.

Note 15. 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:

- Assets under construction – historical cost
- 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.

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 2023 by a RICS registered Valuer within the Valuation Consultancy Department.

In 2022/23, 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.

Notes to the Main Financial Statements

The net revaluation gain shown below was recognised within net cost of services, within the directorate which most consumes the asset.

2021/22 £'000		2022/23 £'000
875	Revaluation gains/(losses) recognised in deficit on provision of services	-1,350
2,491	Revaluation gains / (Impairment losses) on non current assets charged to the revaluation reserve	2,175
3,366		825

Note 16. Intangible Assets

The carrying amount of Intangible assets are amortised on a straight-line basis. The amortisation of £0.070m charged to revenue in 2022/23 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:

	2021/22 Software £'000	2022/23 Software £'000
Balance at start of year:		
Gross carrying amounts	982	805
Accumulated Amortisation	-692	-607
Net carrying amount at start of year	290	198
Purchases	-	27
Amortisation for the period	-92	-70
Net carrying amount at the end of year	198	155
Comprising:		
Gross Carrying Amounts	805	755
Accumulated Amortisation	-607	-600
	198	155

As at the 31st March 2023 there were no capital commitments in relation to intangible assets.

Note 17. 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.

Notes to the Main Financial Statements

- 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 2023 WYFRS had no assets held for sale.

Note 18. 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 measurement 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 and the overdraft position on the bank account.

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2022 £'000	31 March 2023 £'000						
Fair Value through profit or loss	-	-	-	-	10,634	106	-	-
Amortised Cost	-	-	-	-	36,544	46,198	365	573
Total Financial Assets	-	-	-	-	47,178	46,304	365	573

Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2022 £'000	31 March 2023 £'000						
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Amortised Cost	43,937	41,937	-	-	1,526	5,447	2,176	4,862
Total Financial Assets	43,937	41,937	-	-	1,526	5,447	2,176	4,862

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:

Notes to the Main Financial Statements

	<u>2021/22</u>	<u>2022/23</u>
	Surplus or deficit on the provision of services £'000	Surplus or deficit on the provision of services £'000
Financial Liabilities measured at amortised cost	61	62
Total net gains	61	62
Interest revenue: Financial Assets measured at amortised cost	-96	-834
Interest Expense: Financial Liabilities measured at amortised cost	1,940	1,943
Total Interest expense	1,844	1,109
Fee expense: Financial liabilities that are not at fair value through	3	3
Total Fee expense	3	3
Net gain	1,908	1,174

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, short term debtors and creditors are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Notes to the Main Financial Statements

	Input Level in fair value hierarchy	Valuation technique used to measure fair value	2021/22	2022/23
			£'000	£'000
Financial Liabilities				
Financial Liabilities held at fair value through profit or loss				
Short Term Creditors	Level 1	Quoted prices (unadjusted) in active markets for identical liabilities	2,176	4,862
Total			2,176	4,862
Financial Assets				
Financial Assets held at fair value through profit or loss				
Money Market Funds	Level 2	Observable inputs	10,634	106
Short Term Debtors	Level 1	Quoted prices (unadjusted) in active markets for identical assets	365	573
Total			10,999	679

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

	31 March 2022		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Fixed Term investments	15,000	14,951	15,000	15,000
Cash and Cash Equivalents	21,607	21,604	31,013	31,013
Total	36,607	36,555	46,013	46,013

Notes to the Main Financial Statements

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

	31 March 2022		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Borrowings held at amortised cost				
PWLB	43,016	55,295	41,937	40,876
LOBO	2,000	2,646	2,000	1,642
Short term borrowing	-	-	3,000	3,000
Total	45,016	57,941	46,937	45,518

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 2023) 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 19. 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 Senior Finance Manager and Chief Finance & Procurement Officer. Policies are approved by Members in the Annual Treasury Management Strategy and the Treasury Management Policy Statement and Practices.

Notes to the Main Financial Statements

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 £31.1m (£32.2m 31st March 2022) as well as some longer and fixed term deposits with banks and Local Authorities of £15.0m (£15.0m 31st March 2022). 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 2022/23.

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

This table does not include accrued interest £0.472m (£0.019m 31st March 2022) or the bank account overdraft balances as at 31st March 2023 (£0.280m) and 31st March 2022 (£0.079m). This accounts for the variance between the total investments of £46.112m shown in the table below (£47.238m 31st March 2022) and the investments of £15.000m (£15.000m 31st March 2022) and Cash and Cash Equivalents of £31.304m (£32.178m 31st March 2022) totaling £46.304m (£47.178m 31st March 2022).

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 2022 £'000	31 March 2023 £'000
A+	5,012	5,012
AA-	25,595	41,001
A	6,000	-
AAAm	10,631	99
Total Investments	47,238	46,112

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 2023 that this was likely to occur.

Notes to the Main Financial Statements

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 2022 £'000	31 March 2023 £'000
Less than three months	49	214
Three to six months	152	21
Six months to one year	53	13
More than one year	7	157
	261	405

(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 2022 £'000	31 March 2023 £'000
Less than one year	3,254	6,862
Between one and two years	2,000	1,000
Between two and five years	2,500	2,500
Between five and ten years	3,500	3,000
Between ten years and fifteen years	3,200	4,075
More than fifteen years	30,738	29,363
	45,192	46,800
Uncertain date	2,000	2,000

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

The Authority has a £2 million “Lenders Option, Borrowers Option “(LOBO) loan from Dexia Credit Local which was taken out in 2006 for a period of 60 years. The terms of the loan states the lender has the option to increase the interest rate payable. The Authority has the option to accept the new rate or repay the loan without penalty. The option to increase the interest rate was not taken by Dexia at the last option date of May 2021.

Notes to the Main Financial Statements

Market Risk

	£'000
Increase in interest receivable on variable rate	-467
Impact on Surplus or Deficit on the Provision of	-467

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 2023, £41.9m of borrowing through the PWLB was at fixed rates (£43.0m as at 31st March 2022). 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. However, it should be noted the option to increase this rate has not been exercised since the loan was taken out in 2006.

The fair value of fixed rate borrowings would decrease by around £4.8m 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.

Notes to the Main Financial Statements

If interest rates had been 1% higher with all other variables held constant, the financial effect would be an additional interest received of £0.467m resulting in a corresponding £0.467m 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 2023 that this was likely to occur.

Note 20. Inventories

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

2022/23	Clothing & Uniforms	Operational Equipment	Petrol & Derv	Vehicle Spares	Total
	£'000	£'000	£'000	£'000	£'000
Balance Outstanding as at 1st April	142	333	83	182	740
Purchases	291	254	706	240	1,491
Recognised as an expense in the year	-291	-267	-727	-225	-1,510
Balance Outstanding as at 31st March	142	320	62	197	721

2021/22	Clothing & Uniforms	Operational Equipment	Petrol & Derv	Vehicle Spares	Total
	£'000	£'000	£'000	£'000	£'000
Balance Outstanding as at 1st April	202	334	72	205	813
Purchases	159	278	481	208	1,126
Recognised as an expense in the year	-219	-279	-470	-231	-1,199
Balance Outstanding as at 31st March	142	333	83	182	740

Notes to the Main Financial Statements

Note 21. Short Term Debtors

The table below shows the amount of short-term debtors as at the 31st March 2023:

	31 March 2022 £'000	31 March 2023 £'000
Trade receivables	260	405
Prepayments	1,758	1,501
Other receivable amounts	3,249	6,623
Council Tax Debtors	6,210	4,310
Impairment allowance for doubtful debt	-3,509	-2,409
Business Rates Debtors	640	1,160
Impairment allowance for doubtful debt	-531	-380
Total	8,077	11,210

The Authority does not have a bad debt provision due to the low level of amounts written off in year which amounted to £2.0k in 2022/23, (£16.4k in 2021/22). This is in relation to the non-payment of debtor invoices to customers which were not viable to pursue.

Note 22. Cash and Cash Equivalents

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

31 March 2022 £'000		31 March 2023 £'000
32,257	Instant Access interest accounts and Money Market Funds	31,584
-79	Bank Current Account	-280
32,178	Total Cash and Cash Equivalents	31,304

Notes to the Main Financial Statements

Note 23. 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 2022 £'000		31 March 2023 £'000
5,309	Depreciation	5,022
-875	Impairment and downward valuations	1,350
92	Amortisation	70
863	Increase/(decrease) in creditors	1,099
2,620	(Increase)/decrease in debtors	251
73	(Increase)/decrease in inventories	19
17,407	Movement in pension liability	21,810
-392	Other non-cash items charged to the net surplus or deficit on the provision of services	78
25,097		29,699

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

31 March 2022 £'000		31 March 2023 £'000
5,000	Proceeds from short term and long term investments	-
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-38
-	Any other items for which the cash effects are investing or financing cash flows	-50
5,000		-88

Note 24. Cash Flow Statement – Investing Activities

31 March 2022 £'000		31 March 2023 £'000
-3,474	Purchase of property, plant and equipment, investment property and intangible assets	-9,735
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	38
-	Other receipts from investing activities	-50
-3,474	Net cash flows from investing activities	-9,747

Notes to the Main Financial Statements

Note 25. Cash Flow Statement – Financing Activities

31 March 2022 £000		31 March 2023 £000
-	Cash receipts of short and long term borrowing	3,000
-157	Repayments of short- and long-term borrowing	-1,078
-3,076	Other payments for financing activities	-4,677
-3,233	Net cash flows from financing activities	-2,755

Note 26. Short Term Creditors

The table below shows the amount of short-term creditors as at the 31st March 2023:

	31 March 2022 £'000	31 March 2023 £'000
Trade payables	257	385
Other payables	6,426	8,918
Council Tax Creditors	3,089	1,928
Business Rates Creditors	1,096	240
Total	10,868	11,471

Note 27. 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 2022	68	10	65	88	539	770
Additional Provisions made in 2022/23	-	-	135	-	564	699
Amounts used in 2022/23	-	-1	-45	-29	-	-75
Unused Amounts reversed in 2022/23	-4	-3	-	-	-539	-546
Balance at 31 March 2023	64	6	155	59	564	848

Notes to the Main Financial Statements

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 Authority commissioned a review of its current arrangements in respect of its obligations in the payment of current and future claims, with a decrease of £0.004m to reflect the provision required as at 31st March 2023.

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 resulted in an additional on-going annual employer pension cost of £0.118m, with £0.475m being owed in back pension payments. During 2022/23, £0.001m was due for pensionable pay employer contributions.

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 £0.029m in 2022/23

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.

The Authority resolved a dispute with a supplier for telephony services in 2022/23. Settlement of the remaining outstanding invoices took place resulting in a decrease to the provision of £0.045m.

HMRC have concluded a review of the Authority's taxation arrangements and have indicated they will seek tax and national insurance due on understated benefits from 2019/20 and 2020/21. Agreement has been reached on the amounts owed and a provision of £0.135m has been set aside to cover these costs.

NNDR / Business Rates Appeals

There is a provision set aside for potential future claims against Business rates due to the rateable values of premises.

Notes to the Main Financial Statements

Note 28. 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 2022 £'000		31 March 2023 £'000
5,000	General Fund	5,000
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,301	Business Rate Appeals	1,301
24,348	Capital Finance Reserve	25,090
563	Control Room	84
27	Council Tax Reform	27
674	COVID19	45
62	Data Transparency	70
202	Enhanced Logistics	192
258	ESMCP	258
388	Insurance Claims	392
2,000	Medium-Term Funding Impact	2,000
2,127	Pay and Prices	1,561
5,022	Pensions Equalisation	3,822
248	Service Support	50
604	Tax Income Guarantee	302
145	Pensions Admin Remedy	142
-	Industrial Action	610
85	Capital Receipts Reserve	85
38,094	Total Earmarked Reserves	36,071
43,094	Total Usable Reserves	41,071

Note 29. Transfers to/from Earmarked Reserves

	Balance at 31/03/21 £'000	Transfers out 2021/22 £'000	Transfers in 2021/22 £'000	Balance at 31/03/22 £'000	Transfers out 2022/23 £'000	Transfers in 2022/23 £'000	Balance at 31/03/23 £'000
Earmarked Reserve:							
Body Bag Decontamination	40	-	-	40	-	-	40
Business Rate Appeals	1,114	-	187	1,301	-	-	1,301
Capital Finance Reserve	18,306	-157	6,198	24,347	-6,231	6,974	25,090
Control Room	563	-	-	563	-479	-	84
Council Tax Reform Credits	27	-	-	27	-	-	27
COVID19	1,355	-680	-	675	-630	-	45
Data Transparency	54	-	8	62	-	8	70
Enhanced Logistics	202	-	-	202	-10	-	192
ESMCP	258	-	-	258	-	-	258
Insurance Claims	419	-202	171	388	-	4	392
Medium-Term Funding Impact Reserve	2,000	-	-	2,000	-	-	2,000
Pay and Prices	2,127	-	-	2,127	-566	-	1,561
Pension Equalisation	4,583	-	439	5,022	-1,200	-	3,822
Service Support	343	-95	-	248	-198	-	50
Tax Income Guarantee	922	-318	-	604	-207	-95	302
Pensions Admin Remedy	-	-	145	145	-3	-	142
Industrial Action	-	-	-	-	-390	1,000	610
Capital Receipts Reserve	85	-	-	85	-38	38	85
Total	32,398	-1,452	7,148	38,094	-9,952	7,929	36,071

Notes to the Main Financial Statements

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.

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 has received £2.736m in total since the start of the pandemic in March 2020 of which £0.045m remains in the reserve at 31st March 2023.

£0.630m was used during 2022/23 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.

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.

Notes to the Main Financial Statements

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 £0.004m following the review of the Authority's MMI obligations and reduction in the provision for existing and future claims.

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 2022/23 this includes the additional costs incurred resulting from the Bear Scotland ruling, changes to the terms and conditions for employees who were formally members of the Organisational Resource Pool and to fund the cost of under declared taxation and national insurance contributions.

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.

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 2022/23 to support the continuing workstreams within the ICT digital and data review and to support a reward scheme for employees.

Tax Income Guarantee

This is grant from Central Government to compensate local authorities and precepting authorities for irrecoverable council tax losses. The deficits are to be 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 2022/23.

Pensions Admin Remedy

This is a grant from Central Government for pensions administration costs that are incurred.

Notes to the Main Financial Statements

Note 30. 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 2022 £'000		31 March 2023 £'000
12,618	Revaluation Reserve	14,470
40,246	Capital Adjustment Account	44,478
-441	Financial Instruments Adjustment Account	-379
-1,564,942	Pensions Reserve	-1,115,086
-2,017	Collection Fund Adjustment Account	-51
-717	Accumulating Compensated Absences Adjustment Account	-804
-1,515,253	Total Unusable Reserves	-1,057,372

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.

2021/22 £'000		2022/23 £'000
10,427	Balance at 1 April	12,618
-300	Difference between fair value depreciation and historical cost depreciation	-323
10,127	Amount written off to the Capital Adjustment Account	12,295
-277	Downward Revaluations	-116
2,768	Upward Revaluations	2,291
12,618	Balance at 31 March	14,470

Notes to the Main Financial Statements

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.

2021/22 £'000		2022/23 £'000
39,279	Balance as at 1 April	40,246
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-5,309	Charges for depreciation and impairment of non current assets	-5,022
-1,299	Revaluation losses on property, plant and equipment	-2,169
2,174	Revaluation gains on property, plant and equipment	820
-92	Amortisation of intangible assets	-70
-375	Revenue expenditure funded from capital under statute	-461
53	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	-634
-4,848		-7,536
300	Adjusting amounts written out of the Revaluation Reserve	323
-4,548	Net written out amount of the cost of non current assets consumed in the year	-7,213
	Capital financing applied in the year:	
-	Use of the Capital Receipts Reserve to finance new capital expenditure	38
-	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	50
2,669	Revenue Contributions to Capital outlay	8,468
2,846	Statutory and voluntary provision for the financing of capital investment charged against the General Fund	2,889
5,515		11,445
40,246	Balance as at 31 March	44,478

Notes to the Main Financial Statements

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.

2021/22 £'000		2022/23 £'000
-502	Balance as at 1 April	-441
61	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	62
-441	Balance as at 31 March	-379

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.

2021/22 £'000		2022/23 £'000
-1,563,290	Balance at 1 April	-1,564,942
15,755	Re-measurements of the net defined liability/(asset)	471,666
-64,774	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	-69,512
47,367	Employer's pensions contributions and direct payments to pensioners payable in the year	47,702
-1,564,942	Balance as at 31 March	-1,115,086

Notes to the Main Financial Statements

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 Tax payers and Business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. There is a significant movement between the two financial years due to the large deficit positions created on the collection fund in 2020/21 due to the economic hardship to ratepayers caused by COVID19.

2021/22 £'000		2022/23 £'000
-5,133	Balance at 1 April	-2,017
3,116	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate	1,966
-2,017	Balance as at 31 March	-51

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.

2021/22 £'000		2022/23 £'000
-838	Balance at 1 April	-717
838	Settlement or cancellation of accrual made at the end of the preceding year	717
-717	Amounts accrued at the end of the current year	-804
-717	Balance as at 31 March	-804

Note 31. Members' Allowances

The Authority paid the following allowances and expenses to Members of the Fire Authority during the year:

2021/22 £'000		2022/23 £'000
139	Allowances	147
3	Expenses	5
142		152

Notes to the Main Financial Statements

Note 32. Officers' Remunerations

Post Holder Information	Year	Salary (including fees & allowances)	Bonuses	Expense Allowances	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)	2021/22	£172,065	-	-	£7,523	£179,588	£49,588	£229,176
	2022/23	£177,551	-	-	£7,868	£185,419	£50,003	£235,422
Director Of Service Delivery	2021/22	£146,255	-	-	£6,638	£152,893	£54,589	£207,482
	2022/23	£158,542	-	-	£6,898	£165,440	£44,858	£210,298
Director of Service Support	2021/22	£129,075	-	-	£6,595	£135,670	£36,753	£172,423
	2022/23	£136,943	-	£245	£6,898	£144,086	£39,440	£183,526
Director of Corporate Services ⁽¹⁾	2021/22	-	-	-	-	-	-	-
	2022/23	£71,763	-	£4,168	-	£75,931	£11,835	£87,766
Chief Finance & Procurement Officer	2021/22	£89,613	-	£5,148	-	£94,761	£15,243	£110,004
	2022/23	£114,666	-	£5,182	-	£119,848	£19,039	£138,887
Chief Employment Services Officer	2021/22	£89,613	-	£349	£4,710	£94,672	£15,243	£109,915
	2022/23	£112,654	-	£3,063	£2,173	£117,890	£19,039	£136,929

Notes

(1) The Director of Corporate Services commenced employment on 23rd May 2022.

(2) The Executive Committee approved the local pay arrangements for Brigade Managers in January 2022. This was implemented in March 2023 with all Principal Officers listed in the table above receiving an increase in salary, backdated to 1st January 2022.

A further pay award was implemented in March 2023 and backdated to 1st July 2022. The Chief Fire Officer elected to remain at current salary levels and did not receive the pay award effective from 1st July 2022.

The backdated salary and employer pension contributions for the period 1st January 2022 to 31st March 2023 have not been included within these totals. The total backdated salary payment for all Officers is £7,834 and the total backdated employer pension contribution for all Officers is £1,425.

Remuneration Band	Number of Employees 2021/22	Number of Employees 2022/23
£50,000 - £54,999	59	90
£55,000 - £59,999	42	59
£60,000 - £64,999	12	27
£65,000 - £69,999	4	19
£70,000 - £74,999	8	8
£75,000 - £79,999	2	8
£80,000 - £84,999	-	3
£85,000 - £89,999	2	1
£90,000 - £94,999	-	2
	129	217

The above numbers exclude senior officers who are included in the previous table.

Notes to the Main Financial Statements

Note 33. External Audit Costs

2021/22 £'000		2022/23 £'000
28	Fees payable to Deloitte with regard to external audit services.	30
-5	Public Sector Audit Appointments refund	-
-	Additional Fees for VFM Audit 2020/21	7
23		37

Note 34. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23.

2021/22 £'000		2022/23 £'000
	Credited to Taxation and non specific Grant Income	
43,952	Council Tax Income	48,232
16,922	Business Rates Top Up Grant	17,129
-486	Collection Fund and NNDR Surplus / (Deficit)	275
7,624	Business Rates Retention (Local Share)	7,226
5,161	Business Rates Reduction (Section 31 Grant)	5,355
15	Tax Income Guarantee	-95
-	Services Grant	1,705
13,631	Revenue Support Grant	14,048
4,286	Pensions Grant	4,286
1,178	Local Council Tax Support Schemes Grant	-
92,283	Total	98,161
	Credited to Services	
187	Apprenticeship Levy	128
207	COVID19	1
134	Local Resilience Forum (LRF)	204
1,441	New Dimension Programme	1,376
8	Transparency Code Set Up	8
55	Marauding Terrorist Firearms Attack (MTFA)	20
743	Emergency Services Mobile Communications Programme (ESMCP)	434
39	Grenfell	-
655	Fire Protection (Building Risk Review)	378
17	Sales, Fees & Charges - Income Support	-
187	Pensions Admin	-
-	Redmond Review	7
5	Kickstart	20
3,678	Total	2,576

Note 35. 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

Notes to the Main Financial Statements

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 2022/23 is shown in Note 31. 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 2022/23 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 2023 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 grounds maintenance and advertising of staff vacancies. The amounts paid to Kirklees Council in 2022/23 are detailed below.

2021/22 £'000		2022/23 £'000
286	Financial Support Services	246
8	Other Services	7
294		253

Note 36. 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.

Notes to the Main Financial Statements

	2021/22 £'000	2022/23 £'000
Opening Capital Financing Requirement	43,090	41,045
Capital Investment :		
Property, Plant and Equipment	3,095	11,239
Intangible Assets	-	26
Revenue Expenditure Funded from Capital under Statute	375	461
Sources of Finance :		
Capital Receipts	-	-38
Government Grants and Contributions		-50
Sums set aside from revenue :		
Direct Revenue Contributions	-2,669	-8,468
MRP/loan fund principal	-2,846	-2,889
Closing Actual Capital Financing Requirement	41,045	41,326
Explanation of Movement in Year :		
Increase in underlying need to borrow (unsupported by Government financial assistance)	-2,045	281
Increase in Capital Financing Requirement	-2,045	281

In 2022/23 the Capital Financing Reserve helped to fund £6.230m of capital expenditure, the Control Room Reserve funded £0.180m of capital expenditure and transfers from the revenue underspend contributed towards funding £2.058m of direct revenue contributions.

Note 37. Leases

Authority as a lessee

Finance Lease

The Authority has no finance leases.

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:

	2021/22 £'000	2022/23 £'000
Not later than one year	652	696
Later than one year but not later than five years	889	626
	1,541	1,322

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2021/22 £'000	2022/23 £'000
Minimum lease payments	771	769
	771	769

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

Notes to the Main Financial Statements

to place a value on these leases.

Note 38. Termination Benefits

Within 2022/23 one employee had their contract terminated due to retirement.

Details of these payments are detailed 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	
	2021/22 £	2022/23 £	2021/22 £	2022/23 £	2021/22 £	2022/23 £	2021/22 £	2022/23 £
£0 - £20,000	-	-	1	1	1	1	15,279	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,0001 +	-	-	-	-	-	-	-	-
TOTAL	-	-	1	1	1	1	15,279	0

Termination benefits are comprised of redundancy costs and the cost relating to enhanced early pension contributions.

This is summarised in the table below:

	2021/22 £	2022/23 £
Redundancy Costs	-	-
Enhanced Pension Costs	15,279	-
TOTAL	15,279	-

There were no additional costs to the Authority in 2022/23.

Note 39. 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

Notes to the Main Financial Statements

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 a retained 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

Notes to the Main Financial Statements

the 1st April 2014 but 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 regards 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 has been unpaused 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:

Notes to the Main Financial Statements

Comprehensive Income and Expenditure Statement

There has been no plan amendments, curtailments or settlements.

Comprehensive Income & Expenditure Statement - 2022/23	Local Government Pension Scheme 2022/23 £'000	Firefighters 1992 (FPS) Pension Scheme 2022/23 £'000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £'000	Firefighters 2015 (FPS) Pension Scheme 2022/23 £'000	Firefighters Compensation Pension Scheme 2022/23 £'000	Total 2022/23 £'000
Service Cost Comprising:						
Current Service Cost	-4,863	420	10	-18,840	-460	-23,733
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	-843	-34,570	-1,810	-3,230	-710	-41,163
Total Post Employment Benefits charged to	-5,712	-60,790	-4,790	2,950	-1,170	-69,512
Return on plan assets (excluding the amount included in net interest)	-1,024					-1,024
Actuarial gains and losses arising on changes in demographic assumptions	-378	26,180	4,720	20,210	460	51,192
Actuarial gains and losses arising on changes in financial assumptions	46,860	377,170	30,000	61,470	6,330	521,830
Actuarial gains and losses due to liability experience	-11,022	-86,360	-2,210	-220	-520	-100,332
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	34,436	316,990	32,510	81,460	6,270	471,666
Total	28,724	256,200	27,720	84,410	5,100	402,154

Comprehensive Income & Expenditure Statement - 2021/22	Local Government Pension Scheme 2021/22 £'000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £'000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £'000	Firefighters 2015 (FPS) Pension Scheme 2021/22 £'000	Firefighters Compensation Pension Scheme 2021/22 £'000	Total 2021/22 £'000
Service Cost Comprising:						
Current Service Cost	-4,595	-280	-50	-23,760	-560	-29,245
Cost covered by employee contributions		-470	-80	-3,850		-4,400
Past Service Cost						
Financing and Investment Income and Expenditure:						
Net Interest Expense	-909	-26,160	-1,340	-2,170	-550	-31,129
Total Post Employment Benefits charged to	-5,504	-26,910	-1,470	-29,780	-1,110	-64,774
Return on plan assets (excluding the amount included in net interest)	6,759					6,759
Actuarial gains and losses arising on changes in demographic assumptions	1,199					1,199
Actuarial gains and losses arising on changes in financial assumptions	8,196	14,440	1,260	2,300	260	26,456
Actuarial gains and losses due to liability experience	-329	-13,830	190	-4,770	80	-18,659
Total Post Employment Benefits charged to	15,825	610	1,450	-2,470	340	15,755
Total	10,321	-26,300	-20	-32,250	-770	-49,019

Notes to the Main Financial Statements

Movement in Reserves Statement

Movement in Reserves Statement - 2022/23	Local Government Pension Scheme 2022/23 £'000	Firefighters 1992 (FPS) Pension Scheme 2022/23 £'000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £'000	Firefighters 2015 (FPS) Pension Scheme 2022/23 £'000	Firefighters Compensation Pension Scheme 2022/23 £'000	Total 2022/23 £'000
Reversal of net charges to the Surplus or Deficit for the provision of services for post employment benefits in accordance with the code	-5,712	-60,790	-4,790	2,950	-1,170	-69,512
Employer's contributions payable to scheme	1,872	-111	11	10,238	1,837	13,847
Retirement benefits payable to pensioners		41,114	2	-7,455	194	33,855
	-3,840	-19,787	-4,777	5,733	861	-21,810

Movement in Reserves Statement - 2021/22

Movement in Reserves Statement - 2021/22	Local Government Pension Scheme 2021/22 £'000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £'000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £'000	Firefighters 2015 (FPS) Pension Scheme 2021/22 £'000	Firefighters Compensation Pension Scheme 2021/22 £'000	Total 2021/22 £'000
Reversal of net charges to the Surplus or Deficit for the provision of services for post employment benefits in accordance with the code	-5,504	-26,910	-1,470	-29,780	-1,110	-64,774
Employer's contributions payable to scheme	1,678	587	101	9,046	1,327	12,739
Retirement benefits payable to pensioners	-	42,649	143	-8,164	-	34,628
	-3,826	16,326	-1,226	-28,898	217	-17,407

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:

2022/23	Local Government Pension Scheme 2022/23 £'000	Firefighters 1992 (FPS) Pension Scheme 2022/23 £'000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £'000	Firefighters 2015 (FPS) Pension Scheme 2022/23 £'000	Firefighters Compensation Pension Scheme 2022/23 £'000	Total 2022/23 £'000
Present Value of the defined benefit obligation	88,762	1,014,620	39,130	39,270	20,570	1,202,352
Fair Value of plan assets	-87,266					-87,266
Sub total	1,496	1,014,620	39,130	39,270	20,570	1,115,086
Other movements in the liability (asset) if applicable	-	-	-	-	-	-
Net liability arising from defined benefit obligation	1,496	1,014,620	39,130	39,270	20,570	1,115,086

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 £9.13m.

Notes to the Main Financial Statements

2021/22	Local Government Pension Scheme 2021/22 £'000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £'000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £'000	Firefighters 2015 (FPS) Pension Scheme 2021/22 £'000	Firefighters Compensation Pension Scheme 2021/22 £'000	Total 2021/22 £'000
Present Value of the defined benefit obligation	118,485	1,312,140	67,050	126,480	27,180	1,651,335
Fair Value of plan assets	-86,393					-86,393
Sub total	32,092	1,312,140	67,050	126,480	27,180	1,564,942
Other movements in the liability (asset) if applicable	-	-	-	-	-	-
Net liability arising from defined benefit obligation	32,092	1,312,140	67,050	126,480	27,180	1,564,942

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 £1.55m.

The cumulative amount of the re-measurement of the net defined liability recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2023 is a gain of £471.666m (2021/22 gain of £15.8m). The net liability relating to the defined Benefit Pension Schemes recognised in the Balance Sheet at 31st March 2023 is -£1,115.1m (2021/22 -£1,564.9m), which is made up of scheme liabilities totaling -£1,202.3m (2021/22 -£1,651.3m) less scheme assets £87.2m (2021/22 £86.4m).

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 2023.

Reconciliation of Present Value of the Scheme Assets (Defined Benefit Obligations)

2022/23	Local Government Pension Scheme 2022/23 £'000	Firefighters 1992 (FPS) Pension Scheme 2022/23 £'000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £'000	Firefighters 2015 (FPS) Pension Scheme 2022/23 £'000	Firefighters Compensation Pension Scheme 2022/23 £'000	Total 2022/23 £'000
Opening fair value of scheme assets	86,393	-	-	-	-	86,393
Interest income	2,327	-	-	-	-	2,327
Re-measurement gain (loss):						
The return on plan assets, excluding the amount included in the net interest expense	-1,055	-	-	-	-	-1,055
Contributions from employers	1,872	-	-	-	-	1,872
Contributions from employees into the scheme	720	-	-	-	-	720
Benefits paid	-2,991	-	-	-	-	-2,991
Closing fair value of scheme assets	87,266	-	-	-	-	87,266

Notes to the Main Financial Statements

2021/22	Local Government Pension Scheme 2021/22 £'000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £'000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £'000	Firefighters 2015 (FPS) Pension Scheme 2021/22 £'000	Firefighters Compensation Pension Scheme 2021/22 £'000	Total 2021/22 £'000
Opening fair value of scheme assets	79,062	-	-	-	-	79,062
Interest income	1,649	-	-	-	-	1,649
Re-measurement gain (loss):						
The return on plan assets, excluding the amount included in the net interest expense	6,759	-	-	-	-	6,759
Contributions from employers	1,687	-	-	-	-	1,687
Contributions from employees into the scheme	626	-	-	-	-	626
Benefits paid	-3,390	-	-	-	-	-3,390
Closing fair value of scheme assets	86,393	-	-	-	-	86,393

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

2022/23	Local Government Pension Scheme 2022/23 £'000	Firefighters 1992 (FPS) Pension Scheme 2022/23 £'000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £'000	Firefighters 2015 (FPS) Pension Scheme 2022/23 £'000	Firefighters Compensation Pension Scheme 2022/23 £'000	Total 2022/23 £'000
Opening Balance at 1 April	-118,485	-1,312,140	-67,050	-126,480	-27,180	-1,651,335
Current Service Cost	-4,863	420	10	-18,840	-460	-23,733
Transfers In				-170		-170
Interest Cost	-3,170	-34,570	-1,810	-3,230	-710	-43,490
Contributions from scheme participants	-720	-230	-40	-4,340		-5,330
Re-measurement gain (loss):						
Actuarial (gains)/losses arising from changes in demographic assumptions	-378	26,180	4,720	20,210	460	51,192
Actuarial (gains)/losses arising from changes in financial assumptions	46,891	377,170	30,000	61,470	6,330	521,861
Actuarial (gains)/losses on liabilities - experience	-11,022	-86,360	-2,210	-220	-520	-100,332
Past Service Cost	-6	-26,410	-2,950	29,360		-6
Benefits paid	2,991	41,320	200	2,970	1,510	48,991
Closing Balance 31 March	-88,762	-1,014,620	-39,130	-39,270	-20,570	-1,202,352

2021/22	Local Government Pension Scheme 2021/22 £'000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £'000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £'000	Firefighters 2015 (FPS) Pension Scheme 2021/22 £'000	Firefighters Compensation Pension Scheme 2021/22 £'000	Total 2021/22 £'000
Opening Balance at 1 April	-123,162	-1,328,830	-67,270	-95,480	-27,610	-1,642,352
Current Service Cost	-4,595	-280	-50	-23,760	-560	-29,245
Transfers In	-	-	-	-70	-	-70
Interest Cost	-2,558	-26,160	-1,340	-2,170	-550	-32,778
Contributions from scheme participants	-626	-470	-80	-3,850	-	-5,026
Re-measurement gain (loss):						
Actuarial (gains)/losses arising from changes in demographic assumptions	1,199	-	-	-	-	1,199
Actuarial (gains)/losses arising from changes in financial assumptions	8,196	14,440	1,260	2,300	260	26,456
Actuarial (gains)/losses on liabilities - experience	-329	-13,830	190	-4,770	80	-18,659
Past Service Cost	-	-	-	-	-	-
Benefits paid	3,390	42,990	240	1,320	1,200	49,140
Closing Balance 31 March	-118,485	-1,312,140	-67,050	-126,480	-27,180	-1,651,335

Notes to the Main Financial Statements

Local Government Pension Scheme Assets

For more information on the scheme's assets, please visit www.wyph.org.uk/MemberInvestments

The significant assumptions used by the actuary in 2022/23 have been:

2022/23	Local Government Pension Scheme 2022/23	Firefighters 1992 (FPS) Pension Scheme 2022/23	Firefighters 2006 (NFPS) Pension Scheme 2022/23	Firefighters Compensation Pension Scheme 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 2022/23	Firefighters 1992 (FPS) Pension Scheme 2022/23	Firefighters 2006 (NFPS) Pension Scheme 2022/23	Firefighters 2015 (FPS) Pension Scheme 2022/23	Firefighters Compensation Pension Scheme 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 significant assumptions used by the Actuary in 2021/22 were:

2021/22	Local Government Pension Scheme 2021/22	Firefighters 1992 (FPS) Pension Scheme 2021/22	Firefighters 2006 (NFPS) Pension Scheme 2021/22	Firefighters Compensation Pension Scheme 2021/22
Long term expected rate of return on assets				
Equity investments	79.8%			
Bonds	12.2%			
Other	8.0%			

Notes to the Main Financial Statements

Mortality assumptions :	Local Government Pension Scheme 2021/22	Firefighters 1992 (FPS) Pension Scheme 2021/22	Firefighters 2006 (NFPS) Pension Scheme 2021/22	Firefighters 2015 (FPS) Pension Scheme 2021/22	Firefighters Compensation Pension Scheme 2021/22
Longevity at 65 for current pensioners :					
- Men	21.8	21.5	21.5	21.5	21.5
- Women	24.6	21.5	21.5	21.5	21.5
Longevity at 65 for future pensioners :					
- Men	22.5	23.2	23.2	23.2	23.2
- Women	25.7	23.2	23.2	23.2	23.2
	%	%	%	%	%
Rate of inflation CPI	3.00	3.00	3.00	3.00	3.00
Rate of increase in salaries	4.25	4.75	4.75	4.75	4.75
Rate of increase in pensions	3.00	3.00	3.00	3.00	3.00
Rate for discounting scheme liabilities	2.70	2.65	2.65	2.65	2.65
Pensions account revaluation rate	3.00	4.75	4.75	4.75	4.75
Take up option to convert annual pension into retirement lump sum.	75.00	25.00	17.50	17.50	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	<u>Impact on the Defined Benefit obligation in the scheme</u>	
	Increase in assumption £000's	Decrease in assumption £000's
Longevity (increase or decrease in 1 year)	90,773	-86,173
Rate of general increase in salaries (increase or decrease by 0.1%)	88,650	-88,296
Rate of increase in pensions (increase or decrease by 0.1%)	89,889	-87,057
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	86,880	-90,066

Notes to the Main Financial Statements

Firefighters Pension Scheme 1992

Firefighters Pension Scheme 1992	<u>Impact on the Defined Benefit obligation in the scheme</u>	
	Increase in assumption £000's	Decrease in assumption £000's
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%)	66,000	-66,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-66,000	66,000

Firefighters Pension Scheme 2006

Firefighters Pension Scheme 2006	<u>Impact on the Defined Benefit obligation in the scheme</u>	
	Increase in assumption £000's	Decrease in assumption £000's
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	<u>Impact on the Defined Benefit obligation in the scheme</u>	
	Increase in assumption £000's	Decrease in assumption £000's
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%)	-5,000	5,000

Notes to the Main Financial Statements

Asset and Liability Matching (ALM) Strategy

West Yorkshire Pension Fund who manage 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:

Local Government Pension Scheme

The objectives of the scheme are to keep employers' contributions at a constant rate 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 2022/23 the Authority expects to make contributions of £12.021m across all schemes.

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 2022/23 plus the remainder of the 2021/22 grant. The amount received in July 2022 was £30.0 million which the Authority uses to manage its pension cash flows during the year.

Note 40. Contingent Liabilities

At 31 March 2023, 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 estimated that the present value of the benefits that would accrue over the remedy period under each member's legacy and the CARE scheme and determined that the member would choose the scheme that had the highest present value. 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

Notes to the Main Financial Statements

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 Retained 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.

A Retained 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.

Notes to the Main Financial Statements

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.

West Yorkshire Fire and Rescue Authority Pension Fund

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.

2021/22 £'000	Contributions Receivable	2022/23 £'000
	From employer	
-9,734	Normal	-10,138
-131	Ill Health	-323
-4,394	From members	-4,603
-14,259		-15,064
	Transfers in	
-72	Individual transfers in from other schemes	-168
	Benefits Payable	
40,158	Pensions	41,309
3,945	Lump Sums	3,199
	Payments to and on account leavers	
442	Individual transfers out to other schemes	-
30,214	Net amount payable for the year	29,276
-30,214	Top Up Grant payable by the Government	-29,276
-		-

The table below presents the net asset statement as at 31st March 2023.

2021/22 £'000	Net current assets and Liabilities	2022/23 £'000
	Current Assets	
2,238	Top Up Grant receivable from Government	1,495
-	Recoverable overpayments of pension	4,771
	Current Liabilities	
-2	Pensionable Pay Creditor to Home Office	-1
-1,281	Unpaid pension benefits	-
-955	Cash (Overdrawn)	-6,265
-		-

West Yorkshire Fire and Rescue Authority Pension Fund

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 39 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 Retained 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 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 £0.002m 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

West Yorkshire Fire and Rescue Authority Pension Fund

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:

	2021/22 1992 (FPS)	2021/22 2006 (NFPS)	2021/22 2015 Scheme
Employer	37.30%	27.40%	28.80%
Employee	11% - 17%	8.5% - 12.5%	11% - 14.5%

West Yorkshire Fire membership of the Pension Fund as at 31st March 2023 is as follows:

Category of Member	1992 (FPS)	2006 (NFPS)	2015 Scheme
Contributors	13	1	962
Deferred Pensioners	111	153	160
Pensioners	2,409	18	7

West Yorkshire Fire and Rescue Authority Pension Fund

Accounting Policies

The Pension Fund Accounts for the year ended 31st March 2023 are presented in the format as laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2023 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 2023.

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.

Glossary of Terms

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.

Glossary of Terms

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.

Glossary of Terms

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.

Glossary of Terms

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.

Glossary of Terms

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.

Glossary of Terms

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.



OFFICIAL

Internal Audit Quarterly Report

Audit Committee

Date: 28 July 2023

Agenda Item:

09

Submitted By: Chief Finance and Procurement Officer

Purpose	To present the Internal Audit Quarterly Report April to June 2023
Recommendations	That members note the content of the report
Summary	The report provides a summary of the audit activity for the period April to June 2023 and to report the findings to the Committee

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Simon Straker

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Background papers open to inspection: Individual Internal Audit Reports

Annexes: Internal Audit Quarterly Report

1 Introduction

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.

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

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

Audit Work

This report contains an update on the remaining audits from the 2022/23 audit plan which were completed in the first quarter of 2023/24, plus details of new audit work from the current 2023/24 audit plan.

In the period April to June, five audits have been completed, all of which received a positive assurance opinion.

3 Financial Implications

There are no financial implications associated with 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 resource or diversity implications with this report.

6 Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? ([EIA guidance and form 2020 form.docx \(westyorksfire.gov.uk\)](#))

Yes / No

7 Health, Safety and Wellbeing Implications

There are no health, safety or wellbeing implications with this report

8 Environmental Implications

There are no environmental implications with this report.

9 Your Fire and Rescue Service Priorities

The provision of internal audit satisfies all the fire and rescue service priorities.

10 Conclusions

This report has updated members with the internal audits conducted within the first quarter of 2023/24, April to June 2023.



INTERNAL AUDIT QUARTERLY REPORT

2023/24

April to June 2023

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 2023/24 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 2023/24, covering the current Plan approved by the Committee, plus the remainder of last year’s Plan completed since year end (as shown in the table overleaf).

Each audit so far has produced a positive assurance opinion, albeit that several recommendations have been agreed to strengthen the control environment.

2. SPECIAL INVESTIGATIONS & REVIEWS

None during this time.

3. KEY FINANCIAL SYSTEMS & RISKS

System	Findings	Audit Opinion
Chief Finance & Procurement Officer		
Accounts Receivable	<p>While the internal controls and processes are broadly sufficient, there are a few areas in which improvements can be made. Many of the issues could at least partially be identified and solved by a more robust monitoring process and increased input from both the Fire Service and Kirklees Council’s Debt Recovery Team.</p> <p>The total level of debt owed stood at £405,000 in respect of transactions such as annual licence fees, charges for false activations, lift rescues, special service calls and employee related debts. The level of aged debt had increased significantly from the previous audit, both in nominal terms and as a percentage of total debt.</p> <p>Audit testing revealed that the monitoring process and communication, especially if debt is deemed to be irrecoverable, needs significant improvement. Aside from year end procedures/reports, little evidence exists to prove that active monitoring of debts take place. Overall levels of write offs are relatively low and immaterial.</p>	Adequate Assurance

Total debt figures are somewhat distorted by 3 large credit balances totalling £50,000. These balances have existed for many years indicating that these are not being regularly reviewed and actioned as per the recommendations agreed during the previous audit.

4. OTHER FINANCIAL SYSTEMS & RISKS

System	Findings	Audit Opinion
Chief Finance & Procurement Officer / Director of Service Support		
2022/23 Leased Car Scheme	<p>The Scheme was found to have robust processes in place to control the completeness and accuracy of deductions via payroll and subsequently no errors were identified in testing in either Transport or Payroll for either deductions or mileage claims. However, there is still potential for improvement in the administration of these processes by extending this rigour to all drivers of leased cars, to include signed legal documentation for temporary Flexible Duty System postholders and those that have extended their contracts.</p> <p>Several instances were identified where Scheme Guidance had not been applied; including excess private mileage that has not been recharged to individuals for several years, and mileage claims for the first and last journey to and from a tour of duty are now allowed as commuting mileage. Guidance has not been amended in many years, so it has been agreed to conduct a review ensuring that each specific example raised in the audit findings is addressed at that point.</p>	Adequate Assurance
2022/23 Asset Disposal	<p>Overall, it was found that an established procedure exists for asset disposals across the Service and officers do comply with the appropriate Financial and Contract Procedure Rules. Nevertheless, there is some room for improvement in individual service areas following a review and discussions with auditees on specific systems and processes, for example, disposal reports are not currently sent to Finance on a quarterly basis and this can create issues in ensuring timely returns and assessments of the various asset registers and any issues may impact Finance's end of year reconciliation.</p>	Adequate Assurance

	<p>A full audit trail was not always in evidence concerning the operations equipment area, and testing of sample IT equipment noted omissions in disposals being recorded on the asset management system. A refresh of process notes and training may be required accordingly. No issues were identified as regards the Transport fleet.</p>	
<p>Energy Supply Contracts</p>	<p>There are contracts in place for each of the 3 types of energy supplied, with both Electricity and Liquid Fuel procured under framework agreements. Management Board have previously recognised that the Gas contract procurement which dates from 2018 did not comply with Standing Orders relating to Contracts at that time. The Procurement team and Management Board carried out extensive work involving external legal advice and have concluded that the costs of terminating the contract exceed the benefits of doing so and so the most appropriate action was to remain within the contract until it expires.</p> <p>There is a robust process in place to interrogate each gas and electricity invoice that re-performs the invoiced fuel charge calculation to ensure that invoices are charged accurately in line with the contracted rates and that the consumption invoiced is reasonable in line with actual meter readings obtained from stations and other sites. This monitoring allows management to pursue their goal of driving down energy usage and there are many examples of attempts to achieve this through simple measures.</p> <p>Large scale initiatives to drive energy costs downwards are built into the Estates Strategy as well as the Environment Strategy and are part of the integral plan for each refurbishment and station new build, including the new build for HQ. However, energy saving initiatives that could potentially be carried out across the full estate, such as a full programme of replacement of lighting with LED, are hampered by the lack of access to current SALIX funding for public sector de-carbonisation schemes, which is being addressed in conjunction with the NFCC.</p>	<p>Substantial Assurance</p>
<p>Income Management System</p>	<p>Audit in Progress</p>	

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.

Risk	Findings	Audit Opinion
Director of Service Support		
2022/23 Cyber Risk	<p>The audit provided overall assurance that cyber security risk is currently adequately managed across the Authority, mainly by the Infrastructure Team and the Information Governance Team. There is an embedded risk management regime and cyber security issues are reported to the Corporate Information Management Group and the Information Governance & Security Group.</p> <p>Review of the management actions contained within the Corporate Risk Matrix identified that some areas of cyber security are not specifically referred to in the Matrix, e.g., Asset management, Data Security, Identity and Access Management and Supply Chain Security, the risk would benefit from a review to align it with the NCSC guidance to ensure all elements of cyber security are recognised, whether managed by ICT or other departments.</p> <p>The Authority has formulated a Cyber response plan and Business Continuity arrangements are in place. They also have access to the NFCC Business Continuity Group who have provided Cyber Resilience guidance for FRSs.</p> <p>Cyber security is an area which is constantly evolving by its nature and needs to be constantly monitored for developing threats. Therefore the audit opinion more so than with most other audit areas, reflects to control position at a given point in time during the audit. The Authority has recognised this, and plans are already in place to further strengthen the cyber security arrangements by implementing Microsoft Sentinel operated via an existing external providers Security Operations Centre. There is also a recognition that addition of a</p>	<p>Substantial Assurance</p>

	Security Engineer post would be beneficial to the organisation given the growth in cyber-attacks and threats.	
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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.

A request to extend one Merits Attention classified recommendation in last year's audit of the management of the Severe Weather Risk was approved on 15 June. The action concerning review of the Tactical Response Plan in line with other documentation that is itself under review will remain open until 30 October this year.

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, 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 commissioned.

10. **AUDIT PLAN 2023/24 DELIVERY**

Performance Indicators	22/23 Actual	23/24 Target	23/24 Actual
Audits completed within the planned time allowance	80%	90%	80%
Draft reports issued within 10 days of fieldwork completion	90%	90%	90%
Client satisfaction in post audit questionnaires	90%	90%	n/a
Chargeable audit days		160	33
QA compliance sample checks – percentage pass	100	100	100
Planned Audits Completed	14	13	2
Planned Audits in Progress			1
Planned Audit Deferred			0
Planned Audits Postponed			0
2022/23 Planned Work Completed			3
Unplanned Work Completed			0
Unplanned Work in Progress			0



OFFICIAL

Annual Governance Statement

Audit Committee

Date: 28 July 2023

Agenda Item:

10

Submitted By: Chief Finance and Procurement Officer

Purpose	To present the Annual Governance Statement 2022/23
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 2022/23 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 2022/23

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 Chief Finance & Procurement Officer.
- 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

- 2.1 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 2022/23.
- 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 2023/24 are:

1. Implementation of the recommendations from the Values and Culture Report
2. Minimum Services Level Bill for Fire and Rescue Services
3. Changes to European Legislation

In addition, the following governance issues remain from 2021/22

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 election of the West Yorkshire Mayor.
5. Implementation of the performance management system.

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 resources and diversity implications associated with this report.

6 Health and Safety Implications

- 6.1 There are no health and safety implication associated with this report.

7 Environmental Implications

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

8 Your Fire and Rescue Service Priorities

- 8.1 This report underpins all the Service's priorities as detailed in the "Your Fire and Rescue Service" document.

9 Conclusions

- 9.1 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 and accompanies the 2022/23 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 cultures 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 2023 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 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.

Review of Members Allowances

During the year the Authority commissioned an independent review of its Members' Allowances Scheme in accordance with sections 1-3 of the *Local Authorities (Members' Allowances) (England) Regulations 2003* that apply to joint authorities.

The review considered the model of indexation applied to the Authority's Allowance Scheme, the Special Responsibility Allowances applied to the various governance roles it performs, all of which were benchmarked from the perspective of similar roles undertaken in the constituent local authorities and other fire and rescue authorities.

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
- Chief Finance and Procurement Officer
- Chief Employment Services Officer
- 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 both the operational (service delivery) and non-operational (support) sides 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

Autumn 2022) 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 31st of March 2022. This resulted in the Authority maintaining full compliance against all 57 elements of the standard of which 29 achieved compliance plus, demonstrating excellent performance and continuous improvement in relation to customer-focused service delivery. The next external assessment of compliance to the Customer Service Excellence Standard will be in November 2023.

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 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. 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.

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 Her 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 10 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 2022/23 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 of 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 withing 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. This is developing work given the relative infancy of the new legislation and the service is engaged at a West Yorkshire level as a new approach is developed and implemented.

- Industrial Action Planning

Much of the public sector is currently experiencing an unsettled period of industrial relations as issues predominantly linked to pay and conditions are of significant concern to employees. The Fire & Rescue Sector is no different. Whilst there are a number of recognised trade unions available to our staff, West Yorkshire Fire and Rescue Service (WYFRS) has a very strong Fire Brigades Union (FBU) membership, in respect of its operational staff, and a sizeable cohort of our support staff who are with UNISON.

The period to the end of March 2023 saw significant activity in respect of planning for what was a very likely FBU strike which would have provided a significant business continuity challenge to the service. Significant effort and resource was committed to the development, training and employment of a cohort of contingency firefighters who would have supported the delivery of a compromised level of service. This dispute was settled with a two year pay agreement. Whilst there were support staff issues during that same period they did not manifest to a comparable level.

As we enter into the period from April 2023, the industrial relations climate remains challenging. The latest pay claim from Unison who represent our support staff is significant and may well lead to industrial action given the level of the claim and its affordability. Likewise our operational staff (and some support staff) are likely to fall in scope of the newly designed Minimum Service Levels legislation which is progressing through Parliament. To date this has not been met with anything other than challenge from trade unions. The publication of the Fire Reform White Paper may also present issues where significant change is required and this will require some level of consultation and negotiation at both a national and local level, therein lie potential problems in respect of ongoing industrial relations issues.

- 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 7 new fire stations to replace 11 old fire stations delivering over £31m in ongoing revenue savings.

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

The procurement manager 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 Chief Finance and Procurement Officer 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 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 for 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 assist 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. In October 2022, an update on compliance to the code was presented to Finance and Resources Committee, this identified one outstanding area for improvement regarding engaging with key stakeholders in developing the Authority's long-term financial strategy. An action plan to address this is in place, with the first step been consultation in January 2023 on the increase in council tax precept by £5. Compliance to the code 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 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 organisational planning day 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.

The roll-out of OneView, the organisation's new performance management system is progressing well. Live reporting data for a variety of operational incidents is now available and work progresses regarding inputting prevention and protection activities. OneView as a programme has focussed recently on OSARIS data to enable better reporting for the Protection and Prevention departments.

Further work has taken place to provide data solutions in our human resources system, AccessHR, which are now ready to be implemented and will enable the organisation to report on qualifications and training aligned to competencies from Competency Dashboard.

Engagement sessions with Districts and Watch Managers have been very positive and the data is being used well operationally. The first draft of the Fire Authority report is now out for feedback.

- 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 5 Local Authorities' / District boundaries in West Yorkshire, provide for close interaction with the Local District Councils on service delivery and joint working.

The Authority presents its budget proposals to the District Council Political Leaders and provides representatives of the business community with the opportunity to comment on them.

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 pillar workshops. Governance of the process sits within the two groups, the Operations and Training Interface Group and the HMICFRS Action Plan Workshops. An evaluation of the first year of Reality Testing has recently been carried out and shared with Management Team. A number of improvements have been identified which have been actioned.

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.

- Her 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 Authority has acknowledged the work required in tackling culture across the fire sector.

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.

An independent audit of the action plan has been conducted by Kirklees Audit Team.

HMICFRS 'Good Characteristics' are also being used to carry out a SWOT analysis to inform decision making and plan improvements.

- 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 2022/23, ten audits were completed, and four 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. In 2022/23, our internal audit provider was subject to an external assessment by way of a peer review from Doncaster City Council which concluded with the highest opinion that it "Generally Conforms" with the PSIAS and Code of Ethics and a small number of actions were agreed to further enhance this position.

The Audit Charter and Strategy was re-approved at Audit Committee in April 2023, 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 2022/23.

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, Deloitte LLP have been the Authority's external auditors since the 1st of April 2018.

Deloitte LLP 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 2022/23
- 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. The Audit Committee received the first Value for Money report in April 2022, which did not identify any significant areas of improvement. There were a number of suggested minor improvements mainly around administrative processes which have been reviewed and implemented where deemed necessary.

The existing contract with Deloitte LLP will end on the 31st of March 2023. The Authority gave approval in December 2021 to sign up to the Public Sector Audit Appointments who managed the tender process for the appointment of new external auditors on our behalf. Grant Thornton have been appointed as the Authority's new external auditors from the 1st of April 2023.

- 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 Chief Finance and Procurement Officer 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 Chief Financial Officer 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, although the Authority was allowed to increase the precept by £5 for 2023/24 there are a number of cost pressures that the Authority faces, these are predominately around inflation. The impact of these were presented to the Fire Authority in February 2023. A full comprehensive spending review is scheduled to commence in Summer 2023 which is expected to result in a multi-year funding deal from April 2024 onwards.

- 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.

- Election of the West Yorkshire Mayor

The Mayor of West Yorkshire was elected on the 6th of May 2021, the mayor will chair and lead the West Yorkshire Combined Authority and will subsume the office and powers of the West Yorkshire Police and Crime Commissioner. The governance impact on West Yorkshire Fire and Rescue has yet to be determined and may be subject to change once the government responds to the outcome of the consultation on the Fire Service Reform White Paper further referenced below.

- 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.

Additionally, the Home Office launched a consultative White Paper on fire reform in May 2022, called "Reforming Our Fire and Rescue Service ". The Government's vision for reform seeks to drive change and improvement in three key areas: People, Professionalism and Governance. The governance implications for West Yorkshire Fire have been considered but the impact will be unknown until the Government responds to the consultation which ended in summer 2022. An outcome to this consultation is expected before the parliamentary recess in summer 2023.

- Performance Management System

The Authority is currently developing a Performance Management System, this project is progressing and is due to be fully implemented within the next 24 months. This system will support the Performance Management Framework information by developing a suite of key performance indicators which will be monitored, analysed, reported, and reviewed at set intervals to inform decision making and deliver benefits to the organisation.

The above governance issues are still outstanding in the Annual Governance Statement for 2022/23.

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:

- Implementation of the Recommendations from the Values and Cultures Report

In March 2023, the HMICFRS published a spotlight report on the Value and Culture in Fire and Rescue Services (FRS) which focuses on the values and culture of all forty-four fire and rescue services and draws on evidence collected through the HMICFRS inspections since 2018. The report includes thirty-five recommendations which are around improvements to values and culture which need to be implemented by each FRS in a time frame spanning from April 2023 to January 2025. Some of the recommendations are the responsibility of the Government, the Local Government Association and the National Fire Chiefs Council which are outside the direct influence of the Fire Authority but nineteen of these recommendations are the direct responsibility of the Chief Fire Officer. These need to be implemented between April 2023 and March 2024. An action plan has been put in place to ensure that these recommendations are implemented within the required time scales.

- Minimum Service Levels for Fire and Rescue Services

The Home Office published a consultation in February 2023 on Minimum Service Levels (MSL) in the Fire and Rescue Service. 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 Strikes (Minimum Service Levels) Bill will include powers for the Secretary of State to set MSL for services within specified key sectors through regulation. There are six sectors which will be covered by the legislation, one of which is the Fire and Rescue Service. The Fire Authority and the National Fire Chief Council will respond to the consultation. The bill has yet to receive parliamentary approval and as such the impact on the service is unknown at this current time.

- 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.

The Retained EU Law (Revocation and Reform) Bill allows the United Kingdom to take the next step in reasserting the sovereignty of Parliament. It will end the special status of retained EU

law in the UK statute book and will enable retained EU law to be more easily amended, revoked, and replaced.

On the 10th of May an amendment was tabled to replace the current sunset in the Bill with a list of the retained EU laws that the Government intend to revoke under the Bill at the end of 2023. The list covers each piece of legislation being revoked and the reason it is being removed from the statute book at the end of 2023.

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

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.