



**DORSET & WILTSHIRE
 FIRE AND RESCUE
 AUTHORITY**

Item 24/27

MEETING	Finance & Audit Committee
DATE OF MEETING	24 July 2024
SUBJECT OF THE REPORT	Draft Statement of Accounts 2023-24, Annual Governance Statement and Financial Outturn 2023-24
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For comment and approval
EXECUTIVE SUMMARY	<p>The Accounts and Audit (Amendment) Regulations 2015 require that the annual Statement of Accounts be approved by 31 July each year. The Accounts and Audit (Amendment) Regulations 2022 extended this deadline to 30 September each year for the 2022-23 Statement of Accounts and for the following five financial years. The draft Statements should be published by 31 May each year.</p> <p>The Regulations also require an Annual Governance Statement (AGS) to accompany the accounts, which also requires approval.</p> <p>The Authority's Draft Statement of Accounts for 2023-24 have been produced and were published on 30 May 2024. They include the draft AGS which is shown on pages 96 - 107 of the Financial Statements.</p> <p>Bishop Fleming will be commencing their final external audit work in August 2024. Members will receive a further update from the Treasurer and external auditor at the September meeting.</p> <p>This report also provides an analysis of the outturn financial performance for the year, a summary of which is also included in the accounts.</p>

	The final revenue outturn position shows a positive net revenue expenditure variance of £211k, with a total of £1.25m contributed to reserves. Capital expenditure for the year totalled £4.71m.
RISK ASSESSMENT	Financial sustainability remains a key focus as a strategic risk, and as such, the monitoring of the financial position is a critically important factor in financial planning and decision making for the Authority.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
ENVIRONMENTAL IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATIONS	Members are asked to: <ol style="list-style-type: none"> 1. note and comment on the Draft Statement of Accounts 2023-24, including the Annual Governance Statement 2. approve the carry forward of £2.9m for capital projects not completed in 2023-24.
BACKGROUND PAPERS	Medium Term Finance Plan 2023-27
APPENDICES	Appendix A - Draft Statement of Accounts 2023-24 Appendix B - Revenue Monitoring Statement 2023-24 Appendix C - Reserves & Unused Grants Statement 2023-24 Appendix D - Capital Monitoring Summary 2023-24 Appendix E – Treasury Management Prudential Indicators 2023-2 Appendix F – Treasury Management Statement 2023-24
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Introduction

- 1.1 The Authority must prepare its annual accounts in accordance with proper practice. This means complying with the current Accounts and Audit Regulations and presenting the accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code). The Statement of Significant Accounting Policies included in the accounts, along with supporting information in the various Notes to the Accounts, detail how the Authority conforms with the Code.
- 1.2 The Accounts and Audit (England) Regulations 2015 require the Authority's draft accounts to be certified by the Treasurer and submitted for audit by 31 May, with the Auditor's opinion due in time for final approval of the accounts by Members by 31 July. The deadline for final approval has been extended by the Accounts and Audit (Amendment) Regulations 2022, with a revised deadline of 30 September each year in respect of the 2022-23 Statement of Accounts and those for the next five financial years.
- 1.3 Bishop Fleming have made good progress with their interim and value for money work to date, with audit fieldwork due to commence in early August 2024. The Finance team will be working in partnership with them to ensure a smooth audit process.

2. The Draft Statement of Accounts

- 2.1 The Draft Statement of Accounts for 2023-24 are set out in Appendix A. They were published on 30 May, a day before the deadline.
- 2.2 Producing the accounts in the format required as described in section 1 above makes them a very technical document. Wherever possible the financial information and accompanying notes look to make the accounts as understandable as possible for any reader.
- 2.3 The Narrative Report at the start of the accounts provides a guide to the Statements that follow, contains summaries of the primary financial statements, describes any changes in accounting policies and presentation, and explains any material items within the accounts. It also sets the accounts in the context of the ongoing plans of the Service.
- 2.4 Part 3 of the Narrative Report looks at a comparison of revenue outturn compared to the approved budget. This shows an overall positive net revenue expenditure

variation of £211k. Section 4 of this report provides a more in-depth analysis of revenue variations.

3. The Annual Governance Statement

- 3.1 The Accounts and Audit (England) Regulations 2015 specify that the Authority must review its systems of internal control each year, and publish an Annual Government Statement, along with the Statement of Accounts.
- 3.2 The Annual Government Statement is incorporated into the main Statement of Accounts document (see pages 96 - 107).

4. Major Variations from Revenue Budget

- 4.1 Appendix B shows a summary of the final revenue performance. Variations are “traffic lighted”, with those in excess of £20,000 (under or overspending) shown in pink, those between £10,000 and £20,000 in yellow and those below £10,000 in green.
- 4.2 Employee Costs (note 1)
 - 4.2.1 The total overspend for Employee Costs was £305k, which represents 0.57% of the budgeted amount. This incorporates positive and negative variances against different staffing groups linked to nationally agreed pay awards that were made after the budget was set in February 2023.
 - 4.2.2 The wholetime variance was an overspend of £700k. Back in March 2023, the operational staff pay awards for 2022 (7% from July 2022) and 2023 (5% from July 2023) were agreed by the National Employers and Fire Brigades Union. The cumulative impact of these awards was in excess of what the Service had budgeted for, and the total additional cost was estimated at £1.15m for a full year. Some of these costs have been absorbed in year through careful management of crewing levels and overtime requirements.
 - 4.2.3 For corporate staff, the pay award was £1,925 or 3.88%, whichever was the higher, on each pay point from 1 April 2023. The average cost of the award was estimated to be around 5.8%, based on our pay and grading structure and corporate establishment. The pay award originally budgeted for was 4%. A positive variance of £250k was achieved in this area due to staffing vacancies and the associated recruitment timescales.
 - 4.2.4 Small underspends were also delivered on on-call staffing costs linked to lower than forecasted levels of operational activity, control staff costs and other employee related costs.
- 4.3 Premises (note 2)

4.3.1 The final outturn reflects the position reported to Members throughout the year, with overspends on cleaning costs (£22k), property maintenance and repairs (£85k) and energy and utility costs (£192k).

4.4 Transport (note 3)

4.4.1 Additional budget was allocated to this area in 2023-24 following an overspend in 2022-23 caused by inflationary pressures particularly on fuel costs, but the outturn shows an underspend of £204k for the year, £11k higher than forecast in quarter 3. Fuel costs have stabilised in year and were lower than estimated and there has also been a reduction in maintenance costs and mileage allowance costs incurred.

4.5 Supplies and Services (note 4)

4.5.1 The outturn shows a favourable variance of £122k, due to several small underspends on areas such as scrap car provision, medical supplies, smoke detectors, equipment purchase and repairs, printing and computer software maintenance and development costs.

4.6 Agency and Contracted Out Services (note 5)

4.6.1 At the end of March 2024 Dorset Police confirmed an insurance rebate of £80k was due to the Authority linked to the ongoing private finance initiative (PFI) arrangements. This had not been expected and is significantly higher than previous rebates received. Other small underspends were also achieved on legal costs and actuarial fees.

4.7 Capital Financing and Leasing Costs (note 6)

4.7.1 Through close management of our cashflow position the Authority did not need to borrow additional funds in the final quarter of the year, so interest and capital financing costs were subsequently lower than had been forecast.

4.8 General & Investment Income (note 7)

4.8.1 The final position on general income was £11k less than the budgeted position, with some small variances on several income lines.

4.8.2 The final total for investment income was better than the Quarter 3 projection, with the outturn position being a favourable variance of £255k. This was due to the ongoing higher interest rate market that the Authority was able to take advantage of for investment balances.

4.9 Grants & Contributions (note 8)

4.9.1 Income from grants and contributions increased over the year, largely due to additional income from the Home Office for work they are funding in respect of the

new Building Safety Regulator. This has helped to offset some of our additional investment in Protection resources.

4.10 Funding (note 9)

4.10.1 Previous quarterly reports showed a net increase in overall funding due to final allocations of business rates funding and associated Government grants confirmed after the budget was formally set in February 2023. The outturn position has increased to a favourable variance of £881k following the confirmation of the year-end collection fund balances.

5. Reserves and Balances (note 10 and Appendix C)

5.1 Appendix C shows the year end position for reserves and balances.

5.2 Risk assessed general balances totalled £3.052m on 1 April 2023 and have been increased to £3.102m at 31 March 2024, in line with the risk-based approach outlined in the Reserves Strategy.

5.3 Earmarked reserves totalled £14.476m on 1 April 2023 and show a net increase of £1.32m for the year, up to £15.796m. This includes £211k from the net revenue expenditure variation. These have largely been earmarked to fund key strategic projects and to support projects to deliver ongoing financial sustainability.

5.4 There has been a small movement in the level of unused grants held, with the balance reducing by £119k to £2.016m. Various different grants have been used during the year as planned.

6. Capital Programme

6.1 Appendix D details the capital outturn for 2023-24 and shows a total spend for the year of £4.715m. The variance to budget and carry forward requirements are analysed below.

6.2 Property/Estates (note 11)

6.2.1 Building projects – Overall spend was £1.147m against a budgeted sum of £2.247m. The programme of works has largely focused on the cyclical maintenance programme and the completion of projects carried forward from 2022-23. The project to replace the roof at Swindon Fire station has also been completed. Overall, £0.866k will need to be carried forward to 2024-25.

6.2.2 Training Centre – Following approval of the Training Centre project at the Fire Authority meeting in September 2022, the project has been subject to delay due to planning issues. The financial costs incurred have therefore not reached the levels

expected to date. It is hoped that a further update can be provided to Members in the near future.

6.3 IT and Communications (note 12)

6.3.1 Hardware Replacement – The programme included £547k for the replacement and upgrading of station end equipment across all fire stations. Stage payments have been made throughout 2023-24 to reflect work completed, with the remaining funding now requiring carry forward into 2024-25 to support full project completion. The Command and Control System procurement process has now reached its final stages and the budget allocation that has already been moved into 2024-25 will be released to support project delivery.

6.4 Vehicles and Equipment (note 13)

6.4.1 A number of vehicles have been delivered in year including pumping appliances, water carriers, command vehicles and flexi-duty officer vehicles. A further sixteen appliances have also been ordered, with delivery of the first four expected in March 2025. The last four are scheduled to arrive in Summer 2027.

6.4.2 The purchase of equipment and fitting out works for some of the vehicles is ongoing, as are procurement processes for vehicle conversion and white fleet replacement. The delivery of four large vans also slipped into 2024-25 due to lead times. Across all projects, £1.82m will need to be carried forward into the new financial year.

7. **Treasury Management**

7.1 The Authority approved the Treasury Management Strategy for 2023-24 at its meeting in February. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and Treasury Management Code now require that treasury management activity is reported quarterly as part of an authority's general revenue and capital monitoring.

7.2 The Authority has a statutory duty to determine and keep under review the affordable borrowing limits. During the final quarter of the year the Authority has operated within the treasury and prudential indicators set out in the approved strategy. No difficulties are envisaged for future years in complying with these indicators.

7.3 All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

7.4 The Prudential Indicators are shown in Appendix E and the Treasury Management Statement in Appendix F outlines the borrowing and investment position at 31 March 2024.

8. Summary and key points

- 8.1 The Draft Statement of Accounts for 2023-24 have been produced and were authorised for issue on 30 May 2024. Final external audit work is due to commence in early August 2024 and the Treasurer and external auditor will provide progress updates at future meetings.
- 8.2 Revenue performance has remained healthy throughout the year despite our financial challenges, supported by a number of one-off additional grants and spending reductions. Reserves balances have increased by £1.25m to £20.914m at 31 March 2024.
- 8.3 The Capital Programme cost was revised significantly during the year, to reflect changing timescales for various projects, most significantly for building works and the vehicle replacement programme. Projects worth £2.9m will require funding to be carried forward to 2024-25.