



OFFICIAL

Risk Management Strategy Group Update

Audit Committee

Date: 29 July 2022

Agenda Item:

6

Submitted By: Director of Corporate Services

Purpose	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in April and June 2022 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

1 Introduction

- 1.1 The Authority's Risk Management Strategy and Policy provides a clear and defined strategy to enable risk management objectives to be met.
- 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.

2 Information

2.1 The Risk Management Strategy Group last met in June 2022. 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 January and June 2022 RMSG meetings, 38 risks have been reviewed by their respective owners.
- The risk 'Ineffective response and recovery to the Coronavirus COVID-19 pandemic leading to and impacting on staff, absence levels, health/safety/wellbeing, service delivery, the public/community, partners, finance, reputation and legal issues' was reviewed at the last meeting. It was agreed that this risk is not having any significant impact on business as usual so will now be removed.
- Risk AOPR1.S – 'Errors made in the application of Procurement Regulations either in relation to new or existing contracts causing the Authority to be placed at risk resulting from reputational damage, litigation or legal challenge' has been removed following a successful internal audit.
- A new risk relating to the Headquarters development costs has been created – HQDC1.S – Price increase during RIBA Stages 3 & 4 due to the volatility of the current environment affecting the building and refurbishment costs of buildings prior to receiving a Guaranteed Maximum Price (GMP) from a Design and Build (D&B) contractor.
- Risk ECON1.S – 'Impact on the Authority of the national and international economic downturn' score has increased from 6 to 9 due to inflation which is causing pressure on pay awards and the cost of goods and services. High inflation is expected to remain until the first quarter of 2023, so may be a temporary increase.
- Risk INDA1.S – 'Industrial dispute resulting in reduced levels of service and effect on reputation' score has increased from 12 to 16 due to potential identified changes within the Fire Reform White Paper released in May 2022.

- Risk FUEL1.S – ‘Disruption or loss of diesel fuel availability impacting on service delivery and costs’ score has increased from 2 to 12 due to the risk of fuel theft, civil disruption and increasing fuel costs.
- Risk 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’ score has increased from 12 to 15. This is due to an issue with the MDTs

2.3 There are currently 54 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	October 2021	January 2022	April 2022	June 2022
Very High (15-25)	6	6	5	7
High (9-14)	20	21	21	20
Medium (4-8)	23	24	25	24
Low (1-3)	4	4	4	3
Total number of risks	53	55	55	54

The 7 ‘very high’ risks are:

LRGG1.S - Loss or reduction in government grant.

WAFL1.S - Wide area flooding and swift water rescue.

MTAE1.S - Responding to a marauding terrorist attack event.

DSYS1.S - Inability to continue/deliver duty systems.

INDA1.S - Industrial dispute resulting in reduced levels of service and effect on reputation.

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.

2.4 Following feedback from Deloitte (External Auditors) the risk scoring scales have been reviewed, with specific focus on the probability percentages for the likelihood ratings. The review did not find a standard scale used by other fire services, and the majority of services did not include a percentage scale for probability. WYFRS also do not have a scientific method for calculating such percentages. It was therefore proposed and agreed at the RMSG meeting that the percentage ratings will be removed and the descriptions relied upon.

3 Financial Implications

3.1 There are no significant 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 significant human resources and diversity implications associated 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 (westyorkfire.gov.uk))	Yes / 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@westyorkfire.gov.uk

7 Health, Safety and Wellbeing Implications

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

8 Environmental Implications

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

9 Your Fire and Rescue Service Priorities

9.1 This report supports the following priorities which have been identified in the 'Your Fire & Rescue Service 2020-2023' plan.

- Reduce the risks to the communities of West Yorkshire

- We will continue to develop ways of working which improve the safety & effectiveness of our firefighters

10 Conclusions

10.1 That the Audit Committee note the report.



OFFICIAL

Abridged Performance Management Report

Audit Committee

Date: 29 July 2022

Agenda Item:

7

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

Contact Officer:

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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:
- o Key Performance Indicators
 - o Service Delivery Indicators
 - o 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))	Yes / 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@westyorkfire.gov.uk

7 Health, Safety and Wellbeing Implications

6.1 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 to all the 'Your Fire and Rescue Service' priorities.

10 Conclusions

10.1 That Members note the report.

Performance Management and Activity Report (Abridged) 2021/22

Period covered: 1 April 2021 – 31 March 2022
Date Issued: 29 July 2022



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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 2021– 31 March 2022.

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 (2011/12)	Three Year Average Target (2017/20)	Actual Data to date (2020/21)	Actual Data to date (2021/22)	Performance Against Three Year Average (2021/22)	End of Year (2021/22)
Arson	8723	6641	5647	5654	-14.9%	5654
Actual Rescues	821	1655	880	1189	-28.2%	1189
Total Activity	30103	23990	23730	25016	4.3%	25016
Dwelling Fires	1492	1141	1066	1070	-6.2%	1070
Non-Domestic Building Fires	493	416	296	358	-13.9%	358
Prevalence of False Alarms	14714	10439	10807	11264	7.9%	11264
Fire-Related Injuries	282	193	153	134	-30.6%	134
Road Traffic Collisions	874	655	435	588	-10.2%	588
Malicious False Alarms	641	348	274	378	8.6%	378

3. Service Delivery Indicators – Performance compared to previous year

Description	2020-21	2021-22
Accidental Dwelling Fires (per 10,000 dwellings)	9.16	9.23
Number of deaths arising from accidental fires in dwellings (per 100,000 population)	0.26	0.35
Number of Fire-Related Deaths (per 100,000 population) arising from fires other than Accidental Dwelling Fires	0.22	0.30
Number of Injuries arising from accidental fires in dwellings (per 100,000 population)	3.81	3.94
(a) Number of Serious Injuries (per 100,000 population)	0.56	0.87
(b) Number of Slight Injuries (per 100,000 population)	3.25	3.08
The percentage of dwelling fires attended where there was a working smoke alarm which activated	56.10%	60.37%
The percentage of dwelling fires attended where a working smoke alarm was correctly fitted but did not activate	18.11%	17.94%
The percentage of dwelling fires attended where a smoke alarm, because it was faulty or incorrectly sited, did not activate	4.50%	2.90%
The percentage of dwelling fires attended where no smoke alarm was fitted	21.29%	18.79%
Number of calls to malicious false alarms (per 1000 population) – attended	0.12	0.16
False alarms caused by automatic fire detection equipment (per 1000 non-domestic properties)	36.62	38.80
False alarms caused by automatic fire detection equipment (per 1000 domestic properties)	4.11	4.49
Fires in non-domestic premises (per 1000 non-domestic premises)	3.51	4.25
Number of Primary Fires (per 100,000 population)	126.53	124.97
Number of Fire Casualties – excluding Precautionary Checks (per 100,000 population)	6.16	5.16
Arson Incidents – All Deliberate Fires (per 10,000 population)	24.48	24.51
Arson Incidents – Deliberate Primary Fires (per 10,000 population)	5.09	4.59
Arson Incidents – Deliberate Secondary Fires (per 10,000 population)	19.39	19.92

4. Service Delivery Indicators – WYFRS not achieving target

Description	Cumulative Year to Date Performance												Performance in 2020-21
	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 deaths arising from accidental fires in dwellings (per 100,000 population)	0.00 (0)	0.09 (2)	0.09 (2)	0.09 (2)	0.13 (3)	0.13 (3)	0.17 (4)	0.17 (4)	0.26 (6)	0.26 (6)	0.35 (8)	0.35 (8)	0.26 (6)

We have responded to 8 accident dwelling fires that resulted in a fatality compared with 6 in 2020-21. Unsafe smoking paired with other factors such as mobility issues or alcohol contributed to 6 of these deaths. The identification of the most vulnerable people in our communities continues to be a key priority into 22-23, we have reviewed our systems and are now in the process of refreshing our partnerships and improving how we learn from fires to support those most in need.

Description	Cumulative Year to Date Performance												Performance in 2020-21
	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 Deaths arising from fires other than accidental fires in dwellings (per 100,000 population)	0.00 (0)	0.04 (1)	0.04 (1)	0.04 (1)	0.04 (1)	0.09 (2)	0.09 (2)	0.13 (3)	0.17 (4)	0.22 (5)	0.22 (5)	0.30 (7)	0.22 (5)

In 2021 - 22, we saw a significant increase in the number of people using fire to commit suicide with mental health issues often also being present. Suicide awareness training is being rolled out to all firefighters and more specialist training is being provided to those most likely to interact and identify people in these challenging situations. The mental health of responders is a key consideration as these incidents are traumatic and can have long lasting impacts on staff.

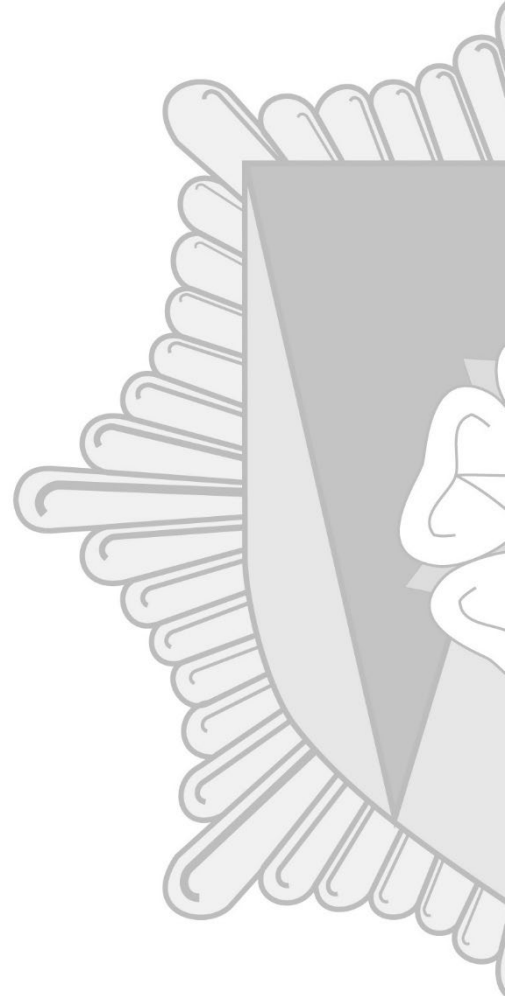
Description	Cumulative Year to Date Performance												Performance in 2020-21
	To 30 Apr	To 31 May	To 30 Jun	To 31 Jul	To 31 Aug	To 30 Sep	To 31 Oct	To 30 Nov	To 31 Dec	To 31 Jan	To 28 Feb	To 31 Mar	
Number of calls to malicious false alarms (per 1000 population) – attended	0.02 (35)	0.02 (56)	0.04 (85)	0.06 (128)	0.07 (153)	0.08 (192)	0.10 (233)	0.12 (278)	0.13 (305)	0.14 (327)	0.15 (345)	0.16 (378)	0.12 (274)

A large proportion of these false alarms (41) result from 3 buildings in Bradford. The district team have worked with partners to resolve ongoing issues with residents of these buildings. Premises open to the public contribute heavily to these figures during Covid we saw a reduction in people in public spaces and related false alarms. When considered against the three year average we are within 10% of the target. Call challenging, target hardening and education will be used to achieve this target through 22-23.

Description	Cumulative Year to Date Performance												Performance in 2020-21
	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	
Fires in non-domestic premises (per 1000 non-domestic premises)	0.38 (32)	0.72 (61)	1.11 (94)	1.39 (117)	1.67 (141)	2.14 (180)	2.54 (214)	2.82 (238)	3.12 (263)	3.40 (287)	3.82 (322)	4.25 (358)	3.51 (296)

Comments: In 20-21 a large number of non-domestic properties were closed due to covid, this resulted in a steep decline in the number of non-domestic fires. As business reopened and processes restarted through 21-22 it was to be expected that we would see an increase in fires. However, performance against this target is still 13% below the three year target.

PREVENTING PROTECTING RESPONDING



West Yorkshire Fire and Rescue Service
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Internal Audit Quarterly Report

Audit Committee

Date: 29 July 2022

Agenda Item:

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Submitted By: Chief Finance and Procurement Officer

Purpose	To present the Internal Audit Quarterly Report April to June 2022
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 2022 and to report the findings to the Committee

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: Internal Audit Plan 2022/23

Annexes: Internal Audit Quarterly Report

1 Introduction

1.1 This Committee has the responsibility for monitoring the work of internal audit. In order to facilitate this, Internal Audit provide a quarterly report of its progress which includes a summary of the work completed and an assessment of the level of assurance provided by the systems examined. This report covers the period from April to June 2022.

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 2021/22 audit plan which were completed in the first quarter of 2021/22, plus details of new audit work from the current 2022/23 audit plan.

In the period April to June, four 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
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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 2022/23, April to June 2022.



INTERNAL AUDIT QUARTERLY REPORT

2022/23

April to June 2022

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 2022/23 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 2022/23 covering both the completion of last year's Audit Plan brought forward and of the current year Plan approved at the previous meeting.

Each audit has produced a positive assurance opinion, albeit that a number of 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		
Treasury Management	<p>Whilst there have been recruitment and retention issues since assuming responsibility from Kirklees Council under the revised service level agreement for financial services, Audit testing provided assurance that overall the controls in place were adequate and effective. Along with regular advice received from external consultants this enables the Finance Team to manage the activity effectively.</p> <p>The Treasury Management Policy is consistent with the CIPFA Code of Practice and sample audit testing provided assurance (including re loans made) that the Policy is complied with fully.</p> <p>Areas where improvements could be made to strengthen the control environment in relation to segregation of duties and also transaction authorisation processes were raised with management for review and an Action Plan has been agreed accordingly.</p>	Adequate Assurance

Bank Reconciliation	Overall, this activity is now being performed satisfactorily, although there was a lack of clarification on responsibility for the Income Account in the SLA with Kirklees Council. The account is relatively small with comparatively few transactions but nevertheless, it had been overlooked and needs to be brought up to date. An Action Plan for this activity has been agreed too.	Adequate Assurance
CIPFA Financial Management Code Compliance	Work in Progress – a verbal update will be provided at the meeting.	

4. **OTHER FINANCIAL SYSTEMS & RISKS**

None during this period.

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 Delivery		
Management of Severe Weather Risk	Robust arrangements are in place for monitoring severe weather alerts. Plans (in relation to both response and business continuity actions), along with documented operational arrangements, specialist kit and vehicles, are in place which should enable severe weather events to be dealt with effectively, ensuring the continued delivery of critical functions, at a local level and multi-agency level.	Substantial Assurance
Director of Service Delivery		
High Risk Referral Visits	The approach to Safe and Well Visits by the central team is proactive, and initiatives have been introduced to establish what works well and what requires improvement. On balance the current approach is adequate in minimising the risk associated with significant delays in responding to requests and referrals for prevention home visits that have been processed as high-risk. There are issues that need to be explored to improve efficiencies and significant recommendations were made for how controls and procedures in place can be strengthened to reduce risk further. An Action Plan has been agreed with management to address these matters.	Adequate Assurance

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, nor implementation times extended during this period.

9. ADVICE, CONSULTANCY & OTHER WORK

Internal Audit has been commissioned to provide assurance, oversight and challenge to the FSHQ Programme Board. Terms of reference has been agreed to review progress at each of the key milestones on a rolling basis to enable any timely remediation, particularly with external contractors.

10. AUDIT PLAN 2022/23 DELIVERY

Performance Indicators		21/22 Actual	22/23 Target	22/23 Actual
Audits completed within the planned time allowance		80%	90%	33%
Draft reports issued within 10 days of fieldwork completion		90%	90%	100%
Client satisfaction in post audit questionnaires		90%	90%	n/a
Chargeable audit days			160	29
QA compliance sample checks – percentage pass		100	100	n/a
Planned Audits Completed		13	14	3
Planned Audits in Progress				1
Planned Audit Deferred				0
Planned Audits Postponed				0
Unplanned Work Completed				0
Unplanned Work in Progress				0



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Revenue Outturn

Audit Committee

Date: 29 July 2022

Agenda Item:

09

Submitted By: Chief Finance and Procurement Officer

Purpose	To report on the financial outturn for 2021/22 To report on the payment of Members allowances in 2021/22
Recommendations	That members note the report
Summary	The report presents details of the Authority's financial outturn for 2021/22 and Members' allowances payments in 2021/22.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: Unaudited Statement of Accounts

Annexes: Unaudited Statement of Accounts

Appendix A – Members Allowances 2021/22

1 Introduction

The purpose of this report is to present a review of the financial activity of the Authority for the financial year 2021/22 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.

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.

During the financial year it became apparent that some of the assumptions underlying the calculation of the 2021/22 revenue budget had changed which resulted in a net transfer of £1.615m of underspends to contingencies during the year, which were approved at Finance and Resources Committee in July and October 2021 and February 2022.

In addition, £13.182m of capital schemes were slipped into 2022/23 and a net £1.295m was removed from the capital plan at the same committees which were due to the effect of the pandemic on the delivery of the capital plan.

The Authority received a total of £2.736m in COVID19 grant funding from Central Government since the start of the pandemic in March 2020, of which £0.675m is remaining as at the 31st March 2022. The Authority has used this grant primarily to fund overtime costs and the buy-back of annual leave associated with the pandemic and has also purchased ICT equipment and PPE to support home working. Although this grant is not ring fenced it has been allocated to a separate earmarked reserve called COVID19 on the Balance Sheet for transparency and governance.

Details of revenue expenditure outturn for 2021/22 are shown in the table below:

Description	Revised Revenue Budget	Outturn	Planned Transfer to/from reserves	Variance
	£000	£000	£000	£000
Employees				
Operational Staff	54,109	53,973		-136
Support Staff	10,754	10,623		-131
Pensions	1,800	1,361	439	0
Training	805	738		-67
Other Employee expenses	308	382		74
Premises	4,319	4,222		-97
Transport	2,142	2,259		117
Supplies and Services	5,964	5,375	-202	-791
Contingency	3,370	-237	3,607	-
Support Services	331	291		-40
Capital Charges	8,151	7,201	950	-
Expenditure	92,053	86,188	4,794	-1,071
Income	-2,705	-3,325	-	-620
Net Cost of Service	89,348	82,863	4,794	-1,691
Additional Contribution to capital financing		2,375		
Increase in Earmarked Reserves		3,947		
Overall Financial Position		89,185		
Funding		89,185		
Net Financial Position		-		

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

2.2 Operational Employees -£136k

The underspend of £136k is due to a combination of additional retirements, overtime and retained pay:

- There is an underspend of £381k on fire fighters pay which is due to variances in the expected retirement dates of operational employees. The budget for salaries is based on the expected retirement of the employee, if the employee retires before this date, there will be a budget saving.
- There is an underspend of £70k on retained pay which is attributable to reduced activity than that budgeted.
- These underspends have been offset by an overspend on overtime of £315k, which is directly linked to an increase in retirements, if there are more retirements, it creates a vacancy on the watch which then requires the shift to be backfilled with overtime.

2.3 Support Staff -£131k

The under spend on support staff is attributable to support staff vacancies, due to the length of the recruitment process there is a time lag in filling vacant posts, the target for the recruitment cycle is 84 days. The vacant posts are primarily within the fire protection department.

2.4 Training -£67k

The underspend is attributable to two factors:

- the training centre maintains a contingency for non-budgeted training that may be required during the year, this has not been called upon resulting in a saving of £40k.
- In addition, there has been an underspend on organisational development training which is due to the training requirements for leadership development being on hold.

2.5 Other Employee Expenses £74k

The £74k overspend is in relation to overspends on staff advertising and specialist fees

2.6 Premises -£97k

Included within the premises section there a budget of £100k for the provision of day crewed accommodation, due to firefighters living within their turnout area at day crewing stations, provided accommodation is thus not required. This has resulted in £92k of this budget been unspent at the end of the financial year.

2.7 Transport £117k

There are overspends on both vehicle fuel and spare parts totalling £136k, which is attributable to inflationary increases. This has been offset by a small underspend on vehicle leasing.

2.8 Supplies and Services -£791k

There have been numerous underspends across equipment, publications, supplies, communications, computing, subscriptions, and expenses but the largest underspends are:

- Consultancy fees of £175k which is due a budget over provision for consultants to assist on the one view programme and the FSHQ development.
- ICT maintenance, support, and equipment of £241k, an additional budget of £218k for new ICT maintenance contracts was included in the base budget but following a procurement process only £64k was expended in the year. There has also been an under spend on WAN rental and ICT repairs equipment.
- The clothing budget was underspent by £53k which is due to a planned reduction in stock levels of existing uniform this is because there is a capital scheme for the replacement of uniform in 2022/23. In addition, the laundry budget underspent by £28k which is due to savings made on the renewal of our laundry contract during 2021/22.

- £71k was underspent on fire safety prevention, safety equipment and the safer communities programme board. This is due to a budget overprovision and the cost of fire safety campaigns been met from the corporate communications budget.

2.9 Income -£620k

The authority has received grants for fire protection work and accreditation, pensions administration and MTFA, of which £540k is remaining as at the 31st March 2022. This unspent grant is carried forward and transferred to the balance sheet so that it can be spent in 2022/23. These grants are not included in base budgets because they are annual grants and not part of settlement funding.

The authority also recharged £30k more for secondments than originally budgeted.

In addition, £56k of additional income for telecom licences was received in 21/22, this income budget was reduced as it was anticipated that this income stream would reduce significantly due to the New Telecoms Code.

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 October 2020 and is also reviewed as part of the budget approval process in February 2021. 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 2022:

31 March 2021 £'000		31 March 2022 £'000
5,000	General Fund	5,000
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,114	Business Rate Appeals	1,301
18,306	Capital Finance Reserve	24,137
563	Control Room	563
27	Council Tax Reform	27
1,355	COVID-19	675
54	Data Transparency	62
202	Enhanced Logistics	202
258	ESMCP	258
419	Insurance Claims	388
2,000	Medium Term Funding Impact	2,000
2,127	Pay and Prices	2,127
4,583	Pensions Equalisation	5,022
343	Service Support	248
922	Tax Income Guarantee	604
0	Pensions Admin Remedy	145
32,313	Total Earmarked Reserves	37,799
85	Capital Receipts Reserve	85
37,398	Total Useable Reserves	42,884

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 2021/22:

- The final invoice for the rebuild of Wakefield Fire Station of £157k was charged to the Capital Finance Reserve
- The underspend on the ill health pension revenue budget totalling £433k is automatically transferred to the pension equalisation reserve in line with the Reserves Strategy which is approved annually at Finance and Resources Committee.
- The Service Support Reserve has been used to fund the costs of the lean working, property, and digital and data reviews.

- The authority received £2.736m in Covid19 grant since the start of the pandemic in 2020, the remaining balance of £0.675m at the 31st March is held in the Covid19 earmarked reserve.
- The authority received a grant of £145k to cover the pension administration costs associated with the implementation of the pension remedy, no costs were incurred in 21/22.
- The underspend on contingencies and the revenue budget have been moved to the capital finance reserve to fund the redevelopment of FSHQ.

The movements in earmarked reserves has resulted in a net increase of the level of usable reserves of £5.486m from 2020/21 to 2021/22.

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 £3.469m on capital during 2021/22 against an approved capital plan of £7.121m, details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2021/22	Slippage 2020/21	Slippage 2021/22	Approved Virements, Additions and Reductions 2021/22	Revised Capital Plan 2021/22	Outturn 2021/22	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property	1,450	1,464		-1,531	1,383	556	(827)
IRMP	8,580	362	-8,245	595	1,292	157	(1,135)
Information Communications and Technology	1,195	1,142	-430	-447	1,460	727	(733)
Transport	3,412	136	-3,548		0	0	0
Operations	1,486	1,934	-959	91	2,552	1,644	(908)
Employment Services	0	37		-3	34	10	(24)
Fire Safety	400				400	375	(25)
TOTAL	16,523	5,075	-13,182	-1,295	7,121	3,469	(3,652)

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.

During 2021/22, capital expenditure of note, was incurred on:

- The replacement of operational uniforms and helmets, costing £1.25m
- The refurbishment of Todmorden, Rawdon and Ilkley Fire Stations, costing £0.252m
- Installation of vehicle CCTV in our fleet amounting to £0.287m
- Improvement to our ICT infrastructure, including replacement of network switches, and the updating of ICT equipment in fire stations.

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 £31.7m in 2021/22.

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 at the 31st March 2022 was £45.6m of which £43.6m 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 £47.2m of investments as at the 31st March 2022, which earned £0.096m in investment income.

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 2021/22. The report also includes details of members allowances.

	Basic Allowance	Special Responsibility Allowance	Expenses
Cllr Andrew Hutchison	£3,313.24		£4.55
Cllr Angela Tait	£505.76	£558.19	
Cllr Cahal Burke	£3,839.64		
Cllr Caroline Anderson	£3,839.64		
Cllr Darren O'Donovan	£3,839.64	£21,183.12	£15.28
Cllr David Hall	£3,839.64		
Cllr David Jenkins	£526.40		
Cllr David Kirton	£3,839.64		
Cllr Fozia Shaheen	£3,839.64	£3,260.66	£46.15
Cllr Gohar Almas	£3,839.64	£4,237.68	£223.95
Cllr Ian Sanders	£2,954.39		£358.50
Cllr Jeanette Sunderland	£3,839.64	£1,058.88	
Cllr John Illingworth	£3,313.24	£814.75	
Cllr Joshua Fenton-Glynn	£416.08	£142.32	
Cllr Karen Renshaw	£3,839.64	£5,152.01	
Cllr Louisa Cunningham	£1,352.13		
Cllr Lynne Whitehouse	£3,313.24		
Cllr Michael Pollard	£3,839.64		
Cllr Mirelle Midgley	£3,313.24		
Cllr Mussarat Pervaiz	£3,639.64	£1,058.88	
Cllr Nussrat Mohammed	£3,839.64	£814.75	
Cllr Peter Harrand	£3,789.64	£4,237.68	£162.70
Cllr Richard Hunt	£885.25		
Cllr Ryk Downes	£3,839.64		£127.40
Cllr Sarfraz Nazir	£3,283.88		£15.20
Cllr Stephen Tulley	£3,839.64	£10,591.92	£526.50
Cllr Susan Press	£3,323.56	£814.75	£96.55
Cllr Tracy Austin	£526.40	£145.17	
Mr Michael Wilkinson	£500.00	£30.96	



West Yorkshire Fire & Rescue Service

2021/22 ANNUAL STATEMENT OF ACCOUNTS (DRAFT)

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Narrative Report

Purpose

The purpose of this statement is to present a picture of the performance of West Yorkshire Fire and Rescue Authority for 2021/22. 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 Fire Authority is governed by 22 local councillors who are nominated by the five District Councils with the Labour Party currently being the largest group. It is traditionally a low cost organisation having the fourth lowest precept at Band D of all stand-alone fire and rescue authorities in England and Wales and is proud of its record as a high performing service.

The fire services activities are governed by the Home Office and our legislative responsibilities are set out in the Fire and Rescue Services Act 2004 and the Fire and Rescue Framework for England. The Authority as such has several statutory responsibilities, the most important being, promoting fire safety, emergency response and rescue and fire, petroleum, and explosives regulatory enforcement.

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The ambition of the Authority is to 'Make West Yorkshire Safer' and it 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 will:

- Focus on risk and vulnerability
- Be part of our communities
- Work in partnership
- Be at our best and strive to improve
- Make a positive difference in everything we do
- Promote diversity and create an inclusive workplace

The Authority has seen significant reductions in its funding over the last 11 years which has resulted in a major restructure of service provision. The Authority has focused on aligning fire cover to risk and demand. This has involved the moving of fire station locations, reducing the number of fire engines, changing duty systems and support services. Since 2010 the number of fire stations has reduced by 8, fire engines by 16 and the number of whole-time and retained firefighters by nearly 500. The Fire Authority in 2021/22 had 40 fire stations, 46 fire engines and employed 883 whole-time operational firefighters.

Performance and Activity

In terms of overall operational activity for 2021/22 the service responded to 25,021 incidents, an increase of 5.44% from 2020/21, the following table details the type of incidents attended:

Incident Type	2020/21	2021/22	% Variance
Arson	5,647	5,657	0.18%
Actual Rescues	880	1,190	35.23%
Dwelling Fires	1,066	1,073	0.66%
Non Domestic Building Fires	296	359	21.28%
Prevalence of False Alarms	10,807	11,264	4.23%
Fire Related Injuries	153	134	-12.42%
Road Traffic Collisions	435	588	35.17%
Malicious False Alarms	274	378	37.96%
Other Incidents not formally reported	4,172	4,378	4.94%
Total Incidents	23,730	25,021	5.44%

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, misuse of alcohol and recreational drugs. During these visits other risks facing the safety of the individual are also assessed which include slips, trips and falls.

During 2021/22 fire crews and dedicated fire safety teams delivered the following:

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Visit Type	2020/21	2021/22	% Variance
Safe & Well Visits	5,768	10,951	89.86%
School Visits	0	43	100%
Operational Risk Visits	415	907	118.55%
Total Visits	6,183	11,901	92.48%

2021/22 has provided challenges and opportunities in how we deliver community safety activities. Throughout the pandemic we have delivered safe and well visits to the most vulnerable in our communities and as restrictions eased, we returned to a more normal delivery model for those not deemed high risk. Since September 2021 we have been undertaking visits consistent with pre-Covid levels. During this time we have trained additional members of staff to be able to assess all requests for advice which means we can be more efficient in getting people the support they require.

Covid restrictions and other demands placed on schools have limited our ability to deliver education visits to the year five group (43 visits). However, we have used this time to review and develop our education package and as of January 2022 we will now offer all junior schools an annual visit which covers all year groups to provide education on home fire safety, road, and water safety. We will see the number of visits in 2022/23 increase significantly.

Throughout the pandemic the Youth Intervention Team have adapted well to the changing environment and developed new ways of working which have allowed the unbroken delivery of the Princes Trust Programme, Targeted Intervention Days, and the provision of specialist support to known fire setters.

Key risk reduction campaigns focussing on water safety, wildfire and road safety have continued throughout 2021/22 and events are planned for 2022/23 to achieve our ambition of 'Making West Yorkshire Safer'.

Tragically, despite the work of the service, there were 8 fire deaths in the year, a decrease of 1 from the previous year, which demonstrates the importance of maintaining the focus on Fire Safety and Fire Protection.

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.

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.

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As we progress in to 2022 we are delivering on our plans to strengthen our protection team, we are doing this 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 2021/22

Although the Authority moved to back to business as usual following the effects of the pandemic in the previous financial year, supply chain and inflation pressures had an impact on the Authority in 2021/22. This predominately affected our vehicle replacement programme, whereby none of our planned appliance replacements went ahead in 2021/22, this is due to the lead times for chassis delivery. The estimated completion date has been extended to May 2023.

Nonetheless, the Authority successfully delivered several key capital schemes in 2021/22:

- Replacement of operational uniforms (also called Personal Protective Equipment) and helmets for all operational staff, costing £1.25m. This was purchased in collaboration within the Yorkshire region, to include North and South Yorkshire and Humberside Fire and Rescue Services.
- Completion of the refurbishment of Todmorden and Rawdon Fire Stations and the creation of dormitories at Ilkley Fire Station.
- Installation of vehicle CCTV in 140 of our vehicles which allows for the first time, live streaming of video from our vehicles. The system allows image recording at 360 degrees around the vehicle which is a key tool in maintaining fire fighter safety.
- Replacement of network switches with newer technology which connect all our computers and servers. The new switches deliver stellar performance and functionality with significant innovations in security, mobility, the Internet of Things, and cloud. In addition the switches complement the Voice over IP telephony system which was introduced in 2020/21 and reduces the need for additional hardware to power physical telephones on desks and WI-FI access points.

One of the largest projects that West Yorkshire will undertake for decades, the redevelopment of the Fire Service Head Quarters site was given the go ahead by the Fire Authority in September 2021. This project will see the re-location of Cleckheaton Fire Station and the Control Room to Birkenshaw from Cleckheaton and Bramley respectively, the development of a new state of the art indoor training arena and the building of a new administrative building.

It is expected that building will commence in August 2022, with a completion date of April 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 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, and as such

Narrative Report

been an assurance partner means that West Yorkshire will play a key role in the transition from the existing Airwave system.

During 2021/22, there were 36 whole-time firefighter retirements which resulted in a whole-time strength of 884 at the 1st April 2022. In addition, the Authority recruited 14 retained firefighters to improve resilience at retained fire stations within West Yorkshire.

Organisational Strategy

The Authority manages risk and allocates its resources using the Comprehensive Risk Management Plan (CRMP). Our priorities and the ways of achieving the CRMP are included in the document “Your Fire and Rescue Service 2019-2022”. This is currently being refreshed with the revised “Your Fire and Rescue Service 2022-2025”, following an extensive consultation with the communities of West Yorkshire it was presented to the Fire Authority in June 2022 for approval.

This document sets out how we aim to use our resources to manage the risks we face in West Yorkshire and keep the community safe from fire and other emergencies. The Authority’s priorities are detailed in the diagram below;



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.

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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 2021/22.

The table below shows the current progress of each project within the programme of change for 2021/22:

Project Initiative	Start Date	End Date	Original Project Completion Date	Current Status
Sharepoint 2016	03/01/2017	30/04/2022	31/03/2018	Overdue
Re build Keighley Fire Station	31/07/2021	30/11/2023		On Track
One View Programme (Performance management)	14/09/2020	19/06/2024		On Track
Leadership Strategy	01/03/2018	31/03/2022	31/03/2021	On Hold
Mobilising Control System	01/09/2020	01/09/2023		On Track
Emergency Service Mobile Communication Programme	01/12/2020	31/12/2026		On Track
FSHQ Programme	07/10/2021	01/03/2024		On Track
Fire Standards Programme	16/02/2021	31/12/2029		On Track
Accessible Content Toolkit Project	01/07/2021	01/07/2023		On Track
Vehicle CCTV Project	12/06/2018	31/07/2022		On Track
Promotion Project WM to GM	07/05/2021	31/03/2023		On Track

- Unlike 2020/21, which was impacted by the pandemic, the Authority has been able to progress the programme of change with only one project currently on hold, Leadership Strategy. This project is currently on hold due to a re-thinking of the approach to leadership and associated development.
- However, there have been significant delays with the implementation of Sharepoint 2016 which is primarily due to the impact of COVID19 and the availability of staff to complete data migration. This project is expected to be completed by Autumn 2022.
- The Fire Standards Programme was initially going to be managed by the Service Improvement Assurance Team (SIAT). Within the Fire and Rescue National Framework, all fire and rescue authorities in England must implement the approved fire standards and the HMICFRS inspection will have regard to these standards during their inspection. The aim of the fire standards is to help drive continual improvement across the service. To date there has been ten fire standards published and a further eleven standards to be released over the next three years.

Due to the risk involved of non-compliance, it was agreed to run the implementation of fire standards as a separate programme, with each individual fire standard being run as a project.

- The vehicle CCTV project was previously run as a project and reported to the tactical project board which sits below the programme of change. Because the tactical project board is on hold due to no projects being in progress, it was agreed that the vehicle CCTV scheme would report direct to Change Management Board.

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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 most 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, of which £0.675m is remaining as at the 31st March 2022. The Authority has used this grant primarily to fund overtime costs and the buy-back of annual leave associated with the pandemic and has also purchased ICT equipment and PPE to support home working and to keep employees safe. Although this grant is 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, albeit an improved position from 2020/21. Net estimated collection fund deficits for 2022/23 are £0.760m, which have been built into the base revenue budget. Some better news regarding tax base growth, in 2020/21 the Authority experienced average reduction in the tax base of -1.24%, for 2022/23 the Authority will benefit from an average of 2% tax base growth.

Financial Performance

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 2021/22 despite facing several major challenges.

Local Government Finance Settlement

Due to the pandemic, the planned Comprehensive Spending Review in Summer 2020, which would have delivered a multi-year funding settlement was postponed, instead the Authority received a one-year funding settlement. The core funding settlement was calculated by taking the prior year's settlement and uplifting it by the change in the small business non-domestic rating multiplier of 0.55%. This resulted in an additional £0.075m 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 2020/21. Authorities are compensated for this government policy to freeze local business rates by way of a Section 31 grant.

The Authority considered its budget options in February 2021 and approved a precept increase of 1.99% which was supported by budget savings and growth totalling £1.724m. The Authority set a balanced budget for 2021/22 meaning that planned expenditure was matched by funding without the need to use reserves.

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Our funding in 2021/22 from Central and Local Government came from the following sources:

Funding Source	£000's
Revenue Support Grant	13,631
Business Rates Top Up	16,922
Pension Grant	4,286
Council Tax Precept	43,952
Local Business Rates	7,642
TIG	333
Collection Fund / NNDR Deficit *	-849
Section 31 Grant	2,090
Local Council Tax support schemes	1,178
Total	89,185

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

NNDR Deficit – This is the Authority's share of the estimated deficit in the collection of local business rate income.

Revenue Outturn

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

During the financial year it became apparent that some of the assumptions underlying the calculation of the 2021/22 revenue budget had changed which resulted in a net transfer of £1.615m of underspends to contingencies during the year, which were approved at Finance and Resources Committee in July and October 2021 and February 2022.

In addition, £13.182m of capital schemes were slipped into 2021/22 and a net £1.295m was removed from the Capital Plan at the same committees. These changes to the Capital Plan were due to the continued effect of the pandemic on the capacity to deliver capital projects.

Details of net expenditure outturn for 2021/22 are shown in the following table:

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Description	Revised Revenue Budget £000	Outturn £000	Planned Transfer to/from reserves £000	Variance £000
<u>Employees</u>				
Operational Staff	54,109	53,973		-136
Support Staff	10,754	10,623		-131
Pensions	1,800	1,361	439	0
Training	805	738		-67
Other Employee expenses	308	382		74
Premises	4,319	4,222		-97
Transport	2,142	2,259		117
Supplies and Services	5,964	5,375	-202	-791
Contingency	3,370	-237	3,607	-
Support Services	331	291		-40
Capital Charges	8,151	7,201	950	-
Expenditure	92,053	86,188	4,794	-1,071
Income	-2,705	-3,325	-	-620
Net Cost of Service	89,348	82,863	4,794	-1,691
Additional Contribution to capital financing		2,375		
Increase in Earmarked Reserves		3,947		
Overall Financial Position		89,185		
Funding		89,185		
Net Financial Position		-		

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

Pensions (£0.439m)

The cost of ill health pensions is chargeable against the Authority's revenue account. To ease any future increases in ill health pensions, the underspend on this budget is transferred to the Pension Equalisation Reserve.

Supplies and Services (£0.791m)

Budget reviews were undertaken in June and December 2021 to identify areas of significant under and overspend. This resulted in a transfer of £0.202m from reserves as a larger than budgeted insurance cost was incurred.

The continued effects of the pandemic and issues with the supply chain have impacted the Authority's ability to deliver on planned projects and have resulted in underspends across multiple budgets, including ICT maintenance and support costs, consultancy and feasibility costs, the provision of day crewed accommodation and the purchase of clothing and equipment.

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Contingency (£3.607m)

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.

Income (£0.620m)

The Authority received additional grants from Central Government in 2021/22 including a £0.445m grant to drive improvements within the protection function and for tackling risk in the built environment.

Capital Financing Charges

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 to the planned transfer of £0.950m following the budget reviews, the £1.691m 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 £67.255m. 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
	87,657
Adjustments	
Accumulated Absences	-121
Capital items	-2,375
Grant Funded Activities	176
Transfer to reserve	-4,360
Pension Costs	-13,722
Cost of Services CIES	67,255

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General Fund Balances

The Authority's opening general fund balance at the 1st April 2021 was £5.00m. This remained the same at the 31st March 2022.

Description	Opening Balance 01/04/2021 £'000	Adjustment in year £'000	Revised Balance £'000	Movements 2021/22 £'000	Closing Balance 31/03/2022 £'000
General Fund	5,000	-	5,000	-	5,000
Earmarked Reserves	32,398	-	32,398	5,486	37,884
TOTAL	37,398	-	37,398	5,486	42,884

Earmarked Reserves

The Authority has used its earmarked reserves to fund the costs associated with the lean working, property and ICT digital and data reviews, the rebuild of Wakefield Fire Station and the Command and Leadership Management (CLM) project.

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 £3.469m on capital during 2021/22 against a revised approved capital plan of £7.121m, details of expenditure by directorate is shown in the table below:

Directorate	Original Capital Plan 2021/22 £'000	Slippage 2020/21 £'000	Approved Virements and Additions 2021/22 £'000	Revised Capital Plan 2021/22 £'000	Outturn 2021/22 £'000	Variance £'000
Property	1,450	1,464	-1,530	1,384	556	-828
IRMP	8,580	362	-7,650	1,292	157	-1,134
Information Communications and Technology	1,195	1,142	-877	1,460	727	-733
Employment Services	-	37	-3	34	10	-24
Transport	3,412	136	-3,548	-	-	-
Operations	1,486	1,934	-869	2,551	1,644	-907
Fire Safety	400	-	-	400	375	-25
TOTAL	16,523	5,075	-14,477	7,121	3,469	-3,651

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

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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 2021/22, capital expenditure of note, was incurred on:

- The replacement of operational uniforms and helmets, costing £1.25m
- The refurbishment of Todmorden, Rawdon and Ilkley Fire Stations, costing £0.252m
- Installation of vehicle CCTV in our fleet amounting to £0.287m
- Improvement to our ICT infrastructure, including replacement of network switches, and the updating of ICT equipment in fire stations.
- This capital expenditure has been funded through the following sources as detailed below

Funding	£000's
Revenue Contributions	2,805
Earmarked Reserves	157
Capital Receipts	-
Internal Borrowing	507
TOTAL	3,469

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 £8.169m 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 £31.7m in 2021/22.

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 at the 31st March 2022 was £45.5m of which £43.5m was owed to the Public Works Loans Board and £2m in the form of a LOBO with Dexia.

The Authority had an average investment balance of £41.964m during 2021/22 and earned £0.096m in income from its investments (£0.196m 2020/21). Investments were deposited in instant access accounts as well as longer-term notice accounts and local authority investments to maximise interest rate opportunities in low risk investments. The Authority held cash balances of £32.178m as at the 31st March 2022 (£16.534m 2020/21) and short term investments of £15m (£20.0m 2020/21).

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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.

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 increased by £5.486m to £42.884m whilst the deficit of Unusable Reserves has reduced by £7.384m principally because of adjustments to the capital adjustment account for MRP.

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. The net cost of services in 2021/22 was £67.255m.

3. Balance Sheet

This statement shows the value of the Fire Authority's assets and liabilities on 31st March 2022 and includes the figures on 31st March 2021 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 £1,470m, however this includes the liabilities under the unfunded firefighters pension schemes totalling £1,565m 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 £95.00m

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

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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 £32.178m.

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 93-103.

Future Challenges and Corporate Risks

1. Future Funding

A comprehensive spending review is to be undertaken by Central Government in Summer 2022, which will result in a multi-year spending settlement from April 2023. The LGA and the National Fire Chiefs Council with the support of the Home Office set up a comprehensive spending review team in Summer 2020 which produced a document called “The Fire Spending Proposal”, which laid out a comprehensive argument for increased Government funding across the fire sector. The Fire Spending Proposal is to be updated with current data and be resubmitted to support the comprehensive spending review in the Summer.

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 2024, 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 £4m per annum.
- Economic factors, particularly inflation is currently having an impact on the Authority’s finances. Firstly, the Authority is experiencing increases in the cost of building works and equipment, particularly vehicle chassis, this means that the capital and revenue budget may not be sufficient. Secondly, inflation, which is predicated by the Bank of England to reach 10% in Autumn 2022 will no doubt put pressure on employers to offer pay increases to counteract this. Although the Authority has made a provision in its revenue budget for a 4% pay award for all employees, this maybe an underestimate. To put this into financial context, for every 1% pay award paid, it costs an additional ongoing £0.711m per annum. Unless the government provides additional funding, thus would have to be met from existing budgets which would require the Authority to find efficiencies.

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The redevelopment of FSHQ could be impacted two-fold, both by inflation and the global shortage of building materials, especially steel. The Authority is due to receive the Guaranteed Maximum Price for the FSHQ programme in June 2022, although the Authority has ensured there is thorough scrutiny and governance over the build, the final cost may exceed budget provision.

- Supply chain issues are impacting on our fleet replacement programme, this means that the Authority will have to extend the life of its existing fleet until these issues are resolved. This will have no effect on service delivery as the fleet is maintained to a high standard.
- 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 £0.445m of grant in 2021/22 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 2021/22

The Fire Authority approved a revenue budget in February 2022 which includes several service developments and savings to be implemented in 2021/22. The most significant budget growth was the recruitment of an additional 34 fire fighters which was funded by the raising of the precept by £5. In addition, the Authority approved £2.588 in budget developments and £1.547m 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.

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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 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.

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Scope of Responsibility and Code of Corporate Governance

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

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

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

These core principles are:

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

In publishing this statement, the Authority fulfils the requirement under regulation 4(2) of the Accounts and Audit Regulations 2015 and accompanies the 2021/22 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.

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The governance framework has been in place at West Yorkshire Fire and Rescue Authority for the year ending 31st March 2022 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 has been updated and replaces the "Your Fire and Rescue Service 2019-2022". 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.
- Constantly review and when necessary, develop new ways of working which 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.
- Engage with our communities to 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.
- Contribute to sustainability by implementing environmentally friendly ways of working.
- Continue working towards delivering a more inclusive workforce, which reflects the diverse communities we serve.

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.

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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. It 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.

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Human Resources Committee (11 Members)

This committee deals with all issues relating to the employment of staff including conditions of service, industrial relations, 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. In addition, each committee is recorded and is available on the Authority's website for viewing (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.

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 (employment commenced 23rd May 2022)

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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 provide 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 next survey will be undertaken in Autumn 2022) and an action plan is put in place to address any issues that are identified. The Authority publishes on the website, 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 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.

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.

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In addition, the Authority is subject to an independent inspection by Her Majesty's Inspectorate for Constabulary and Fire and Rescue Services (HMICFRS). The results of the reviews are reported to the Authority through the committee structure, in the first inspection, the Authority received a rating of good against thirteen criteria.

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 in December 2019. In 2021/22 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.

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- 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 of 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 provided 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 and Management Team 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 August 2021, the responsibility for Treasury Management which was previously provided by Kirklees Council via an SLA, 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 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. The requirement is that this is fully implemented by Local Authorities including Fire and Rescue Services during 2021/22 and has become mandatory from the 1st 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. Adherence to the code has been assessed and reported to Finance and Resources Committee in October 2021, the assessment concluded that the Authority is fully compliant against the code. A couple of areas of minor improvement were identified primarily around stakeholder engagement which will be addressed in

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this financial year. In addition, adherence to the Financial Management Code was subject to review by internal audit in July 2022, which received a substantial opinion.

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 current methodology of ranking each risk is to be reviewed during 2022/23. 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. 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.

- 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 the budget proposals.

The Authority has a Service Improvement and Assurance Team (SIAT). The 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 West Yorkshire Fire & Rescue Service (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

Annual Governance Statement

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.

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

In 2017 Her Majesty's Inspectorate of Constabulary extended its remit to include inspections of England's Fire and Rescue Services. The aim of HMICFRS is to monitor and report on the efficiency and effectiveness of FRs with the aim of encouraging improvement. HMICFRS assesses services in 11 key areas and grades them from inadequate, requires improvement, good and up to outstanding. HMICFRS undertook its first inspection of WYFRS in June 2019. The inspection was focussed on efficiency, effectiveness and how well it looks after its people. The result of the WYFRS inspection was released in December 2019 and reported that the service was performing at a good standard in each of the 11 assessed areas. Although the Authority performed well in the inspection, HMICFRS identified eight areas for improvement for which a service-wide action plan was put in place to implement these recommendations.

The Authority was included in tranche two of the HMICFRS round of inspections, this was undertaken in October/November 2021. The results of this inspection will be published in Summer 2022. Round two inspections will consider the direction of travel from the first inspection and will look for evidence of improvement from this first baseline assessment.

Following each round of inspections, HMICFRS produce a State of Fire Report, the latest report was published on the 15th December 2021 and draws on all the fire and rescue service inspection activity carried out since the first round of inspections in 2018. This is reported to members and the actions resulting from the report are managed by SIAT.

- Internal Audit

The Authority procures its internal audit service from Kirklees Council which complies with Public Sector Internal Audit Standards. 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 business continuity plan.

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 a follow up audit is carried out within the next twelve months to ensure that actions have been implemented. During 2021/22, ten audits were completed, and one is currently in progress, all reports received a positive assurance. 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 will be subject to a peer review from Doncaster Metropolitan Borough Council.

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The Audit Charter and Strategy was approved at Audit Committee in April 2022, members approved 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 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.

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 April 2018.

Annual Governance Statement

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 2021/22
- 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 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 will be reviewed by management and implemented if deemed appropriate.

The existing contract with Deloitte LLP will end on the 31st March 2023. The Authority gave approval in December 2021 to sign up to the Public Sector Audit Appointments who will manage the process for the appointment of new external auditors from the 1st 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 2022/23 there are several cost pressures that the Authority faces, these are predominately around inflation. The impact of these were presented to the Fire Authority in

Annual Governance Statement

February 2022. A full comprehensive spending review is scheduled to commence in Summer 2022 which is expected to result in a multi-year funding deal from April 2023 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 like 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 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 further comment in the Fire Service Reform White Paper which is expected during 2022.

- Reforms to Fire and Rescue Services

The HMICRFS State of Fire and Rescue Reports, published in January 2020, March 2021, and December 2021, 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.

Annual Governance Statement

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.

The Home Office launched a consultative White Paper on fire reform on the 18th May 2022, called "Reforming Our Fire and Rescue Service ". The governments' vision for reform seeks to drive change and improvement in three key areas: People, Professionalism and Governance. The proposals seek to strengthen governance arrangements across the sector, to include the transfer of fire to a single, elected individual who would hold the Chief Fire Officer to account. The White Paper specifies that this person could be a mayor who could delegate responsibility to a deputy mayor, a council leader, who could delegate responsibility to a cabinet member or to a Police Fire and Crime Commissioner. The governance implications for West Yorkshire Fire will be assessed but the impact will be unknown until the 10-week consultation has ended and government has reviewed the responses.

- Performance Management System

The Authority is currently developing a Performance Management System, this project is progressing and it 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 following significant issues identified in 2020/21 have been addressed during 2021/22:

- Changes to Monitoring Officer Provision

From the 1st April 2021, the Authority's Monitoring Officer was provided through a Service Level Agreement (SLA) with Calderdale Metropolitan Borough Council. Due to capacity, this SLA arrangement was terminated at the end of December 2021, after which the role of monitoring officer was carried out by the Chief Fire Officer/Chief Executive. There were no governance issues during this period. This was an only a temporary arrangement and a new Director of Corporate Services, commenced employment with the Authority on the 23rd May who is, as one of his responsibilities, the Authority's Monitoring Officer.

Significant Governance Issues 2022/23

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 Fire Standard Programme

The Fire Standards Board has been set up to oversee the identification, organisation, development, and maintenance of professional standards for fire and rescue services in England. Within the Fire and Rescue National Framework, all fire and rescue authorities in England must implement the approved fire standards and the HMICFRS inspection will have regard to these standards during their inspection. The aim of the fire standards is to help drive continual improvement across the service. To date there has been ten fire standards published and a further eleven standards to be released over the next three

Annual Governance Statement

years. To ensure adherence in West Yorkshire, a fire standards programme, with specific terms of reference has been established which will treat each standard as a separate project. This process will be managed by SIAT and progress will be reported to both Management Team and the Fire Authority.

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.

Annual Governance Statement

John Roberts

Chief Fire Officer / Chief Executive

Dated:

Alison Wood

Chief Finance and Procurement Officer

Dated:

Cllr O'Donovan

Chair West Yorkshire Fire & Rescue Authority

Dated:

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority it is the 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 38-110 present a true and fair view of the financial position of the West Yorkshire Fire and Rescue Authority as at 31st March 2022, and its income and expenditure for the year then ended.

Alison Wood CPFA
Chief Finance and Procurement Officer
Dated:

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

Audit Opinion
(LEAVE INTENTIONALLY BANK)

Audit Opinion
(LEAVE INTENTIONALLY BANK)

Audit Opinion
(LEAVE INTENTIONALLY BANK)

Audit Opinion
(LEAVE INTENTIONALLY BANK)

Main Financial Statements

Comprehensive Income and Expenditure Statement for the year ended 31st March 2022

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.

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
48,231	-4,973	43,258	Service Delivery	50,456	-3,010	47,446
11,870	-803	11,067	Service Support	12,823	-1,180	11,643
4,627	-540	4,087	Employment Services	5,205	-245	4,960
618	-14	604	Chief Fire Officer	521	-4	517
2,333	-6	2,327	Finance and Procurement	2,534	-316	2,218
432	-2	430	Corporate Communications	471	-	471
68,111	-6,338	61,773	Cost of Services	72,010	-4,755	67,255
256	-32	224	Other Operating Expenditure (Note 11)	-53	-	-53
33,569	-196	33,373	Financing and Investment Income & Expenditure (Note 12)	33,133	-96	33,037
-	-84,296	-84,296	Taxation and Non-Specific Grant Income (Note 13)	-	-94,863	-94,863
101,936	-90,862	11,074	Deficit on Provision of Services	105,090	-99,714	5,376
		56	Impairment losses on non-current assets charged to the Revaluation Reserve			-2,491
		137,800	Remeasurement of the Net Defined Benefit Liability			-15,755
		137,856	Other Comprehensive Income and Expenditure			-18,246
		148,930	Total Comprehensive Income and Expenditure			-12,870

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 2021/22	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 10)	Net Expenditure in the Comprehensive and Income Expenditure Statement (Note 9)
	£'000	£'000	£'000
Service Delivery	60,803	-13,357	47,446
Service Support	8,107	3,536	11,643
Employment Services	4,442	518	4,960
Chief Fire Officer	466	51	517
Finance and Procurement	7,338	-5,120	2,218
Corporate Communications	399	72	471
Net Cost of Services	81,555	-14,300	67,255
Other Income and Expenditure	-87,041	25,162	-61,879
Surplus on Provision of Services	-5,486	10,862	5,376
Opening General Fund Balance as at 31st March 2021	37,398		
Surplus on General Fund in year	5,486		
Closing General Fund Balance (Including Earmarked reserves) at 31 March 2022	42,884		

Expenditure and Funding Analysis 2020/21	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note10)	Net Expenditure in the Comprehensive and Income Expenditure Statement (Note 9)
	£'000	£'000	£'000
Service Delivery	59,336	-16,078	43,258
Service Support	6,476	4,591	11,067
Employment Services	3,758	329	4,087
Chief Fire Officer	577	27	604
Finance and Procurement	12,816	-10,489	2,327
Corporate Communications	381	49	430
Net Cost of Services	83,344	-21,571	61,773
Other Income and Expenditure	-86,074	35,375	-50,699
Surplus on Provision of Services	-2,730	13,804	11,074
Opening General Fund Balance as at 31st March 2020	34,668		
Surplus on General Fund in year	2,730		
Closing General Fund Balance (Including Earmarked reserves) at 31 March 2021	37,398		

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 2021/22	Note	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	TOTAL AUTHORITY RESERVES
		£'000	£'000	£'000	£'000	£'000	£'000
Balance 01 April 2021		37,313	85	-	37,398	-1,520,057	-1,482,659
Total Comprehensive Income & Expenditure		-5,376	-	-	-5,376	18,246	12,870
Adjustments between accounting basis & funding basis under regulations	10	10,862	-	-	10,862	-10,862	-
Increase/Decrease in 2021/22		5,486	-	-	5,486	7,384	12,870
Balance at 31 March 2022 carried forward		42,799	85	-	42,884	-1,512,673	-1,469,789

Movement in Reserves during 2020/21	Note	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	TOTAL AUTHORITY RESERVES
		£'000	£'000	£'000	£'000	£'000	£'000
Balance 01 April 2020		34,668	-	-	34,668	-1,368,397	-1,333,729
Total Comprehensive Income & Expenditure		-11,074	-	-	-11,074	-137,856	-148,930
Adjustments between accounting basis & funding basis under regulations	10	13,719	85	-	13,804	-13,804	-
Increase/Decrease in 2020/21		2,645	85	-	2,730	-151,660	-148,930
Balance at 31 March 2021 carried forward		37,313	85	-	37,398	-1,520,057	-1,482,659

Main Financial Statements

Balance Sheet as at 31st March 2022

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 2021 £'000		Notes	31 March 2022 £'000
92,508	Property, Plant and Equipment	14	93,713
290	Intangible Assets	16	198
92,798	Long Term Assets		93,911
20,000	Short Term Investments		15,000
813	Inventories	20	741
10,955	Short Term Debtors	21	9,553
16,534	Cash and Cash Equivalents	22	32,178
48,302	Current Assets		57,471
-621	Short Term Borrowing		-1,526
-13,648	Short Term Creditors	26	-9,973
-1,162	Provisions (<1yr)	27	-770
-15,431	Current Liabilities		-12,269
-45,016	Long Term Borrowing		-43,937
-22	Capital Grants received in Advance		-22
-1,563,290	Net liability related to defined Benefit Pension Schemes	39	-1,564,942
-1,608,328	Long Term Liabilities		-1,608,902
-1,482,659	Net Liabilities		-1,469,789
37,398	Usable Reserves	28	42,884
-1,520,057	Unusable Reserves	30	-1,512,673
-1,482,659	Total Reserves		-1,469,789

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.

2020/21 £'000		Notes	2021/22 £'000
-11,074	Net (deficit) on the provision of services		-5,376
16,546	Adjustment to deficit on the provision of services for non-cash movements	23	25,437
-32	Adjustment for items included in the net deficit on the provision of services that are investing and financing activities	23	5,000
5,440	Net Cash flows from operating activities		25,061
-5,056	Net Cash flows from Investing Activities	24	-3,604
5,038	Net Cash flows from Financing Activities	25	-5,813
5,422	Net increase or (decrease) in cash and cash equivalents		15,644
11,112	Cash and cash equivalents at the beginning of the reporting period	22	16,534
16,534	Cash and cash equivalents at the end of the reporting period		32,178

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Notes to the Main Financial Statements

Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022.

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 2021/22 and the Service Reporting Code of Practice 2021/22, 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 accrual's 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 based on 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 the revenue for the income that may 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 which form an integral part of the Authority's cash management.

Exceptional Items

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

Prior Period Adjustments

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

Charges to Revenue for Non-Current Assets

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

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

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

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

Notes to the Main Financial Statements

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 because 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 (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:

- 1992 Firefighters' Pension Scheme (FPS).
- 2006 Firefighters' Pension Scheme (NFPS).
- Retained Modified Scheme.
- 2015 Firefighters' Pension Scheme.

Notes to the Main Financial Statements

- 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 Scheme either transferred to the scheme with no protection, have tapered protection or have full protection in the existing schemes as follows:

1992 Firefighters' Pension Scheme

If a member at the 1/4/12 was within 10 years of the normal pension age (50 years old) and were aged 45 and over then full protection is awarded, and the member remains in the 1992 FPS.

If a member at the 1/4/12 was aged between 41 and 45 they have tapered protection and will join the 2015 scheme at a specified date unique to the member.

2006 Firefighters' Pension Scheme

If a member at the 1/4/12 was within 10 years of the normal pension age and were aged 50 and over then full protection is awarded, and the member remains in the 2006 FPS.

If a member at the 1/4/12 was aged between 46 and 50 they have tapered protection and will join the 2015 scheme at a specified date unique to the member.

Retained Modified Scheme

Members have the same protection as those in the 1992 FPS because they have a normal retirement age of 55.

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.

From 1st April 2022 all Firefighters in active service will transfer to the 2015 Firefighters Pension Scheme.

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:

Notes to the Main Financial Statements

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

Re-measurements comprising:

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

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

The 2021/22 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.

Notes to the Main Financial Statements

The 2021/22 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 because of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Pension Fund

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

Events After the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in 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

Notes to the Main Financial Statements

the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

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

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

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

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 (CIES) 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.

Where the Authority has entered into a financial asset and recognises the potential for any loss, then this will be recognised over the lifetime of the asset.

Available for Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment

Notes to the Main Financial Statements

Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income (for example, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Government Grants and Contributions

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

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

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

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

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

Intangible Assets

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

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

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

Inventories and Long-Term Contracts

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

Notes to the Main Financial Statements

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 2021/22.

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 accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

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

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

Measurement

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

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

Notes to the Main Financial Statements

Land and Buildings

- Operational Assets – including all fire stations, the Urban Search and Rescue Building and buildings at FSHQ - 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 – historical cost

Surplus Assets – market value

Assets held for sale – market value

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

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

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

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

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

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

Impairment

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

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

Where identified, the impairment losses are accounted for by:

Notes to the Main Financial Statements

- 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 13 years
- Operational Equipment 5-13 years
- Fixtures and Fittings 10 years
- Computer Equipment 5 years

Due to delays in the vehicle replacement programme, the useful life for a Fire Appliance may extend beyond 13 years.

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

Componentisation

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

Notes to the Main Financial Statements

The asset life of any component will not exceed the timeframe set out under estimated 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 2021/22 are shown in Note 6.

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

Notes to the Main Financial Statements

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. The Authority's reserves some of which can be used to support expenditure and others which have been established for other purposes. 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 considered to be £5m. The Authority also has several earmarked reserves which are held for identified specific expenditure in the future. These are reviewed annually and those no longer required are transferred to the General Fund Balance.

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

Revenue Expenditure Funded from Capital under Statute

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

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

Notes to the Main Financial Statements

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 2022.
- Provision for impairments of debtors in relation to Council Tax and Business rates retention arrears as at 31st March 2022.
- Income in advance from Council Tax and Business rate payers who have paid their bills early.
- Creditor provision where the billing authorities have over-collected Council Tax and Business rates income in year compared to the value of amounts actually paid over to the Authority.
- Creditor provision for appeals by Business rate payers who disagree with the valuation of their premises for Business rates purposes.

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 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 2022/23 code are:

- IFRS 16 (Leases) – for those local Authorities that have decided to adopt IFRS in 2022/23
- Annual improvements to IFRS Standards IFRS 1 (First-time adoption), IFRS 37 (Onerous Contracts), IFRS 16 (Leases) and IAS 41 (Agriculture)
- Property Plant and Equipment – Proceeds before Intended Use (amendments to IAS16).

Notes to the Main Financial Statements

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 both the 2022/23 and 2023/24 codes 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 2020/21 published Annual Statement of Accounts in relation to the following:

Short Term Creditors (Note 26)

The Authority has reviewed its classification of trade and other payables within the short term creditors note in line with the CIPFA Code of Practice. The opening and closing balances remain the same and there is no impact on the CIES and reserves resulting from the restatement.

Presentation within 2020/21 Statement of Accounts	31 March 2021 £'000	Restated Presentation following review	31 March 2021 £'000
Trade payables	1,939	Trade payables	686
Other payables	3,845	Other payables	5,098
Council Tax Creditors	4,444	Council Tax Creditors	4,444
Business Rates Creditors	3,420	Business Rates Creditors	3,420
Total	13,648	Total	13,648

The review has also resulted in changes to the presentation of creditors for 2020/21 within the categories of financial instruments tables, Note 18.

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:

Notes to the Main Financial Statements

- 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 because 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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 £0.478m 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 2022 the provision for the non payment of council tax debtors and National Non Domestic Rates (NNDR) is £2.903m (£2.920m 2020/21). 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 £135.0 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 2022 the Authority had a balance of sundry debtors for £0.261m. 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 £0.212m as at the 31st March 2022. This is to be monitored and a provision would have to be funded from revenue reducing the level of general fund reserves.</p>

Notes to the Main Financial Statements

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 2021/22.

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 20th July 2022. Where events taking place before this date provided information about conditions existing at the 31st March 2022, 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 2022 that need to be disclosed.

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 (2021/2022)	Adjustment for Capital Purposes (1)	Net Change for the Pensions Adjustments (2)	Other Differences (3)	Total Adjustments
	£'000	£'000	£'000	£'000
Service Delivery	2,470	1,066	-	3,536
Service Support	2,029	-15,640	255	-13,356
Employment Services	20	31	-	51
Chief Fire Officer	-5,351	231	-	-5,120
Finance and Procurement	-	518	-	518
Corporate Communications	-	72	-	72
Net Cost of Services	-832	-13,722	255	-14,299
Other Operating Expenditure - a	-53	-	-	-53
Finance and Investment Income and Expenditure - b	-	31,129	-62	31,067
Taxation and Non-Specific Grant Income and Expenditure - c	-157	-	-5,696	-5,853
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-1,042	17,407	-5,503	10,862

Notes to the Main Financial Statements

Adjustments from General Fund to arrive at Comprehensive Income & Expenditure Statement amounts (2020/2021)	Adjustment for Capital Purposes (1) £'000	Net Change for the Pensions Adjustments (2) £'000	Other Differences (3) £'000	Total Adjustments £'000
Service Delivery	2,433	-18,511	-	-16,078
Service Support	3,258	604	731	4,593
Employment Services	17	312	-	329
Chief Fire Officer	-	27	-	27
Finance and Procurement	-10,615	124	-	-10,491
Corporate Communications	-	49	-	49
Net Cost of Services	-4,907	-17,395	731	-21,571
Other Operating Expenditure - a	224	31,541	-	31,765
Finance and Investment Income and Expenditure - b	-	-	-61	-61
Taxation and Non-Specific Grant Income and Expenditure - c	-1,515	-	5,186	3,671
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	-6,198	14,146	5,856	13,804

(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.

Notes to the Main Financial Statements

(3) Other Differences

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

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

Note 9. Expenditure and Income Analysed by Nature

Expenditure/Income	2020/21 £'000	2021/22 £'000
Expenditure:		
Employees	47,124	52,219
Other Service Expenses	12,491	10,554
Support Services	3,107	3,462
Capital Charges	5,389	5,775
Disposal of Fixed Assets	256	-53
Interest Payments	33,569	33,133
Total Expenditure	101,936	105,090
Income:		
Government Grants and Contributions	-5,119	-3,451
Customer and Client Receipts	-1,219	-1,304
Fixed Assets Sales Proceeds	-32	-
Interest Receivable and Similar Income	-196	-96
Taxation and Non-Specific Grant Income	-84,296	-94,863
Total Income	-90,862	-99,714
Deficit on the Provision of Services	11,074	5,376

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

Notes to the Main Financial Statements

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.

2021/22	General Fund Balance	Capital Receipts Reserve
	£'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)	-62	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	-5,696	-
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	16,376	-
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)	-2,587	-
Capital expenditure financed from Revenue balance (transfer to the capital adjustment account)	-2,927	-
Total adjustments between revenue & capital resources	-5,514	-
Adjustments to capital resources		
Use of the capital receipts reserve to finance capital expenditure	-	-
Total Capital Resources	-	-
Total Adjustments 2021/22	10,862	-

Notes to the Main Financial Statements

2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000
Adjustments to revenue resources		
Pensions Costs (Transferred to (or from) the pension reserve)	14,146	-
Financial Instruments (Transferred to the accumulated financial Instruments adjustments account)	-62	-
Council Tax & NNDR (Transfers to or from the collection fund adjustment account)	5,185	-
Holiday Pay (Transferred to the accumulated absences reserve)	529	-
Reversal of Entries included in the surplus or deficit on the provision of Services in relation to the capital expenditure	6,172	-
Total adjustments to revenue reserve	25,970	-
Adjustments between capital & revenue resources		
Transfer of non-current assets sale proceeds from revenue to the capital receipts reserve	-117	117
Statutory Provision for the repayment of debt (transfer from the capital adjustment account)	-2,041	-
Capital expenditure financed from Revenue balance (transfer to the capital adjustment account)	-	-
	10,093	-
Total adjustments between revenue & capital resources	-	-
	12,251	-
Adjustments to capital resources		
Use of the capital receipts reserve to finance capital expenditure	-	-32
Total Capital Resources	-	-32
Total Adjustments 2020/21	13,719	85

Note 11. Other Operating Expenditure

2020/21 £'000		2021/22 £'000
256	Net Book value of non current assets	-53
-32	Sale Proceeds	-
224	(Gains)/Losses on the disposal of non current assets	-53

Notes to the Main Financial Statements

Note 12. Financing and Investment Income & Expenditure

2020/21 £'000		2021/22 £'000
2,028	Interest Payable and similar charges	2,004
31,541	Pensions interest cost	31,129
-196	Interest Receivable and similar income	-96
33,373	TOTAL	33,037

Interest receivable and similar income represents the amount of interest earned on the Authority's revenue balances in 2021/22.

Note 13. Taxation and Non-Specific Grant Income

2020/21 £'000		2021/22 £'000
-42,528	Council Tax Income	-44,846
-4,080	Non Domestic rates	-11,911
-37,688	Non ring fenced Government Grants	-38,106
-84,296	TOTAL	-94,863

Notes to the Main Financial Statements

Note 14. Property, Plant and Equipment

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 2022	77,804	14,791	-	1,118	93,713
31 March 2021	76,875	15,483	150	-	92,508

Movements 2020/21	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Assets under Construction £'000	Surplus Assets £'000	Total £'000
Cost or Valuation					
1 April 2020	76,495	36,921	2,161	-	115,577
Additions	1,041	2,026	960	-	4,027
Accumulated Depreciation write out to gross carrying amount	-1,965	-	-	-	-1,965
Revaluation recognised in the Revaluation Reserve	-56	-	-	-	-56
Revaluation recognised in the Deficit on the provision of services	-525	-	-	-	-525
De-recognition - Disposals	-168	-825	-	-	-993
Assets reclassified (to)/from Assets Under Construction	2,159	812	-2,971	-	-
31 March 2021	76,981	38,934	150	-	116,065
Depreciation & Impairment					
1 April 2020	-83	-21,108	-	-	-21,191
Depreciation charge	-2,005	-3,063	-	-	-5,068
Accumulated Depreciation write out to gross carrying amount	1,965	-	-	-	1,965
Derecognition - Disposals	17	720	-	-	737
31 March 2021	-106	-23,451	-	-	-23,557
Net Book Value 31 March 2021	76,875	15,483	150	-	92,508
31 March 2020	76,412	15,813	2,161	-	94,386

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 13 years
- Operational Equipment 5-13 years
- Fixtures and Fittings 10 years
- Computer Equipment 5 years

The useful lives of Fire Appliances may be extended due to delays in the vehicle replacement programme.

The capital additions in 2021/22 were £3.094m. The difference of £0.136m between the additions shown in Note 14 and additions in year is due to the correction of historic accounting errors; whereby an asset was disposed of in error and a commitment was overstated against a closed capital scheme.

Capital Commitments

At the 31st March 2022, 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 2022 are;

- £0.122m in relation to the replacement of operational uniforms.
- £0.244m for updates to ICT equipment in fire stations.
- £0.239m in upgrades and the refurbishment of Odsal Fire Station.
- £1.238m relating to the purchase of new fire appliances as part of the Vehicle Replacement Programme.
- £0.661m in relation to storage shelters for airing operational kit at fire stations.

Note 15. Revaluations and Impairments

As stated in Note 1 Accounting Policies, under 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 2022 by a RICS registered Valuer within the Valuation Consultancy Department.

In 2021/22, 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.

2020/21 £'000		2021/22 £'000
-525	Revaluation gains/(losses) recognised in deficit on provision of services	875
-56	Revaluation gains / (Impairment losses) on non current assets charged to the revaluation reserve	2,491
-581		3,366

Note 16. Intangible Assets

The carrying amount of Intangible assets are amortised on a straight-line basis. The amortisation of £0.092m charged to revenue in 2021/22 was charged to the ICT 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:

	2020/21 Software £'000	2021/22 Software £'000
Balance at start of year:		
Gross carrying amounts	1,028	982
Accumulated Amortisation	-619	-692
Net carrying amount at start of year	409	290
Purchases	-	-
Disposals	-46	-
Amortisation for the period	-119	-92
Amortisation and Impairment Derecognition Disposals	46	-
Net carrying amount at the end of year	290	198
Comprising:		
Gross Carrying Amounts	982	805
Accumulated Amortisation	-692	-607
	290	198

As at the 31st March 2022 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.

Notes to the Main Financial Statements

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

As at the 31st March 2022 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 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Fair Value through profit or loss	-	-	-	-	5,082	10,634	-	-
Amortised Cost	-	-	-	-	31,452	36,544	525	519
Total Financial Assets	-	-	-	-	36,534	47,178	525	519

Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-
Amortised Cost	45,016	43,937	-	-	621	1,526	2,349	2,176
Total Financial Assets	45,016	43,937	-	-	621	1,526	2,349	2,176

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>2020/21</u> Surplus or deficit on the provision of services £'000	<u>2021/22</u> 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	-196	-96
Interest Expense: Financial Liabilities measured at amortised cost	1,961	1,940
Total Interest expense	1,765	1,844
Fee expense: Financial liabilities that are not at fair value through profit or loss	5	3
Total Fee expense	5	3
Net gain	1,831	1,909

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	2020/21	2021/22
			£'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	2,349	2,176
Total			2,349	2,176
Financial Assets				
Financial Assets held at fair value through profit or loss				
Money Market Funds	Level 2	Observable inputs	5,082	10,634
Short Term Debtors	Level 1	Quoted prices (unadjusted) in active markets for identical assets	525	519
Total			5,607	11,153

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 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Fixed Term investments	20,000	20,083	15,000	14,951
Cash and Cash Equivalents	11,607	11,609	21,607	19,592
Total	31,607	31,692	36,607	34,543

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.

Notes to the Main Financial Statements

Financial Liabilities

	31 March 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Borrowings held at amortised cost				
PWLB	43,618	60,618	43,016	55,295
LOBO	2,025	3,292	2,000	2,646
Total	45,643	63,910	45,016	57,941

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 more than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31st March 2022) arising from a commitment to pay interest to lenders above 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.

Kirklees Council managed the treasury activities on behalf of the Authority until 31st July 2021. Responsibility was transferred to the Authority on 1st August 2021 to the Treasury Management Officer who undertakes 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 £32.2m (£16.7m 31st March 2021) as well as some longer and fixed term deposits with banks and Local Authorities of £15.0m (£20.0m 31st March 2021). 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 2021/22.

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

This table does not include accrued interest £0.019m (£0.051m 31st March 2021) or the bank account overdraft balances as at 31st March 2022 (£0.079m) and 31st March 2021 (£0.206m). This accounts for the variance between the total investments of £47.238m shown in the table below (£36.689m 31st March 2021) and the investments of £15.000m (£20.000m 31st March 2021) and Cash and Cash Equivalents of £32.178m (£16.534m 31st March 2021) totaling £47.178m (£36.534m 31st March 2021).

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 2021	31 March 2022
	£'000	£'000
A+	6,012	5,012
AA-	20,595	25,595
A1	5,000	
A		6,000
AAAm	5,082	10,631
Total Investments	36,689	47,238

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 2022 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 2021	31 March 2022
	£'000	£'000
Less than three months	37	49
Three to six months	26	152
Six months to one year	38	53
More than one year	-18	7
	83	261

(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 2021	31 March 2022
	£'000	£'000
Less than one year	3,760	4,658
Between one and two years	1,078	2,000
Between two and five years	3,750	2,500
Between five and ten years	3,750	3,500
Between ten years and fifteen years	2,850	3,200
More than fifteen years	31,588	30,738
	46,776	46,596
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.

Market Risk

	£'000
Increase in interest receivable on variable rate investments	-420
Impact on Surplus or Deficit on the Provision of Services	-420

Notes to the Main Financial Statements

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 2022, £43.0m of borrowing through the PWLB was at fixed rates (£43.6m as at 31st March 2021). 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 £0.6m if interest rates increased by 1% and likewise increase by the same figure if interest rates decreased by 1%.

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

If interest rates had been 1% higher with all other variables held constant, the financial effect would be an additional interest received of £0.420m resulting in a corresponding £0.420m 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.

Notes to the Main Financial Statements

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 2022 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.

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	209	1,127
Recognised as an expense in the year	-219	-279	-470	-231	-1,199
Balance Outstanding as at 31st March	142	333	83	183	741

2020/21	Clothing & Uniforms	Operational Equipment	Petrol & Derv	Vehicle Spares	Total
	£'000	£'000	£'000	£'000	£'000
Balance Outstanding as at 1st April	133	281	60	211	685
Purchases	354	404	248	180	1,186
Recognised as an expense in the year	-285	-351	-236	-186	-1,058
Balance Outstanding as at 31st March	202	334	72	205	813

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 2022:

	31-Mar-21 £'000	31-Mar-22 £'000
Trade receivables	201	260
Prepayments	913	1,758
Other receivable amounts	6,427	3,255
Council Tax Debtors	5,555	5,399
Impairment allowance for doubtful debt	-2,322	-2,372
Business Rates Debtors	779	1,784
Impairment allowance for doubtful debt	-598	-531
Total	10,955	9,553

The Authority does not have a bad debt provision due to the low level of amounts written off in year which amounted to £16.4k in 2021/22, (£1.5k 2020/21). 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 2021 £'000		31 March 2022 £'000
16,740	Instant Access interest accounts and Money Market Funds	32,257
-206	Bank Current Account	-79
16,534	Total Cash and Cash Equivalents	32,178

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 2021 £'000		31 March 2022 £'000
5,068	Depreciation	5,309
525	Impairment and downward valuations	-875
119	Amortisation	92
-751	Increase/(decrease) in creditors	1,035
-2,545	(Increase)/decrease in debtors	2,842
-128	(Increase)/decrease in inventories	72
14,146	Movement in pension liability	17,407
256	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-53
-144	Other non-cash items charged to the net surplus or deficit on the provision of services	-392
16,546		25,437

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

31 March 2021 £'000		31 March 2022 £'000
	Proceeds from short term and long term investments	5,000
-32	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-32		5,000

Note 24. Cash Flow Statement – Investing Activities

31 March 2021 £'000		31 March 2022 £'000
-5,088	Purchase of property, plant and equipment, investment property and intangible assets	-3,604
32	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
-5,056	Net cash flows from investing activities	-3,604

Notes to the Main Financial Statements

Note 25. Cash Flow Statement – Financing Activities

31 March 2021 £000		31 March 2022 £000
-196	Repayments of short- and long-term borrowing	-157
5,234	Other payments for financing activities	-5,656
5,038	Net cash flows from financing activities	-5,813

Note 26. Short Term Creditors

The table below shows the amount of short-term creditors as at the 31st March 2022:

	31 March 2021 £'000	31 March 2022 £'000
Trade payables	686	256
Other payables	5,098	6,642
Council Tax Creditors	4,444	2,891
Business Rates Creditors	3,420	184
Total	13,648	9,973

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	Pensionable Pay	Other Provisions	SAP Licence Underpayment	NDR Provision for Appeals	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	244	12	107	117	682	1,162
Additional Provisions made in 2021/22	-	-	-	-	539	539
Amounts used in 2021/22	-4	-2	-22	-29	-	-57
Unused Amounts reversed in 2021/22	-172	-	-20	-	-682	-874
Balance at 31 March 2022	68	10	65	88	539	770

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. During 2021/22 £0.004m was payable against these claims. The Authority also commissioned a review of its current arrangements in respect of its obligations in the payment of current and future claims, with a decrease of £0.172m to reflect the provision required as at 31st March 2022.

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 2021/22, £0.002m 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 2021/22.

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 relating to tax and national insurance liabilities relating to this payment. The payment of National Insurance has been paid over to HMRC but there is still an outstanding liability for tax whose payment is currently in dispute.

The Authority remains in dispute with a supplier for telephony services. Partial settlement of the dispute took place during 2021/22 resulting in a decrease to the provision of £0.022m.

A provision was set aside in 2020/21 for the additional cost relating to a more detailed external audit review for Value for Money, a new requirement for the audit of the 2020/21 accounts. A grant was received in 2021/22 and therefore the provision was no longer required.

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 2021 £'000		31 March 2022 £'000
5,000	General Fund	5,000
	Earmarked Reserves:	
40	Body Bag Decontamination	40
1,114	Business Rate Appeals	1,301
18,306	Capital Finance Reserve	24,137
563	Control Room	563
27	Council Tax Reform	27
1,355	COVID19	675
54	Data Transparency	62
202	Enhanced Logistics	202
258	ESMCP	258
419	Insurance Claims	388
2,000	Medium-Term Funding Impact	2,000
2,127	Pay and Prices	2,127
4,583	Pensions Equalisation	5,022
343	Service Support	248
922	Tax Income Guarantee	604
-	Pensions Admin Remedy	145
85	Capital Receipts Reserve	85
32,398	Total Earmarked Reserves	37,884
37,398	Total Usable Reserves	42,884

Note 29. Transfers to/from Earmarked Reserves

	Balance at 31/03/20 £'000	Transfers out 2020/21 £'000	Transfers in 2020/21 £'000	Balance at 31/03/21 £'000	Transfers out 2021/22 £'000	Transfers in 2021/22 £'000	Balance at 31/03/22 £'000
Earmarked Reserve:							
Body Bag Decontamination	40	-	-	40	-	-	40
Business Rate Appeals	1,114	-	-	1,114	-	187	1,301
Capital Finance Reserve	16,154	-1,348	3,500	18,306	-157	5,988	24,137
Control Room	563	-	-	563	-	-	563
Council Tax Reform Credits	27	-	-	27	-	-	27
COVID19	406	-1,143	2,093	1,356	-681	-	675
Data Transparency	46	-	8	54	-	8	62
Enhanced Logistics	202	-	-	202	-	-	202
ESMCP	258	-	-	258	-	-	258
Insurance Claims	419	-	-	419	-202	171	388
Medium-Term Funding Impact Reserve	2,000	-	-	2,000	-	-	2,000
Pay and Prices	3,627	-1,500	-	2,127	-	-	2,127
Pension Equalisation	4,070	-	513	4,583	-	439	5,022
Service Support	742	-399	-	343	-95	-	248
Tax Income Guarantee	-	-	922	922	-318	-	604
Pensions Admin Remedy	-	-	-	-	-	145	145
Capital Receipts Reserve	-	-	85	85	-	-	85
Total	29,668	-4,390	7,121	32,399	-1,453	6,938	37,884

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.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The £0.085m remaining in the reserve at 31st March 2022 is from the sale of a registration plate donated to the Authority.

Control Room

This reserve holds the grant from Central Government for the purchase of a New Control System. West Yorkshire Fire and Rescue and South Yorkshire Fire and Rescue have jointly purchased the new system and the grant of £3.6m is for both Authorities. The system went live in November 2014 and it is expected that the remainder of the grant will be spent during 2022/23.

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 several 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 £0.675m remains in the reserve at 31st March 2022.

£0.888m was used during 2021/22 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.

Notes to the Main Financial Statements

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 2021, 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.

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. A transfer of £0.202m from the reserve was required during 2021/22 as a larger than budgeted insurance cost was incurred. There was also a transfer to the reserve of £0.172m 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 2022 onwards. This reserve will in the short term mitigate the impact of a funding cut being higher than that forecast. Efficiencies can take several years to realise and this reserve will enable the Authority to manage the potential funding short fall.

Pay and Prices

This reserve will enable the Authority to manage expenditure increases in future years due to changes in pay awards and inflation.

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 2021/22 to support the continuing workstreams within lean working, the property and ICT digital and data review, CLM and retirements.

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 £0.937m and £0.333m has been applied to cover the deficit in payments received from the five billing authorities in 2021/22.

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 2021 £'000		31 March 2022 £'000
10,427	Revaluation Reserve	12,617
39,279	Capital Adjustment Account	40,246
-502	Financial Instruments Adjustment Account	-440
-1,563,290	Pensions Reserve	-1,564,942
-5,133	Collection Fund Adjustment Account	563
-838	Accumulating Compensated Absences Adjustment Account	-717
-1,520,057	Total Unusable Reserves	-1,512,673

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.

2020/21 £'000		2021/22 £'000
10,767	Balance at 1 April	10,427
-284	Difference between fair value depreciation and historical cost depreciation	-301
-284	Amount written off to the Capital Adjustment Account	-301
-364	Downward Revaluations	-277
308	Upward Revaluations	2,768
10,427	Balance at 31 March	12,617

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.

2020/21 £'000		2021/22 £'000
33,000	Balance as at 1 April	39,279
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-5,068	Charges for depreciation and impairment of non current assets	-5,309
-742	Revaluation losses on property, plant and equipment	-1,299
216	Revaluation gains on property, plant and equipment	2,174
-119	Amortisation of intangible assets	-92
-202	Revenue expenditure funded from capital under statute	-375
-256	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	53
-6,171		-4,848
284	Adjusting amounts written out of the Revaluation Reserve	301
-5,887	Net written out amount of the cost of non current assets consumed in the year	-4,547
	Capital financing applied in the year:	
32	Use of the Capital Receipts Reserve to finance new capital expenditure	-
950	Revenue Contributions to Capital outlay	2,587
11,184	Statutory and voluntary provision for the financing of capital investment charged against the General Fund	2,927
12,166		5,514
39,279	Balance as at 31 March	40,246

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.

2020/21 £'000		2021/22 £'000
-563	Balance as at 1 April	-502
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
-502	Balance as at 31 March	-440

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.

2020/21 £'000		2021/22 £'000
-1,411,344	Balance at 1 April	-1,563,290
-137,800	Re-measurements of the net defined liability/(asset)	15,755
-63,064	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	-64,774
48,918	Employer's pensions contributions and direct payments to pensioners payable in the year	47,367
-1,563,290	Balance as at 31 March	-1,564,942

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.

2020/21 £'000		2021/22 £'000
52	Balance at 1 April	-5133
-5185	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate	5,696
-5133	Balance as at 31 March	563

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.

2020/21 £'000		2021/22 £'000
-309	Balance at 1 April	-838
241	Settlement or cancellation of accrual made at the end of the preceding year	838
-770	Amounts accrued at the end of the current year	-717
-838	Balance as at 31 March	-717

Note 31. Members' Allowances

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

2020/21 £'000		2021/22 £'000
139	Allowances	139
1	Expenses	3
140		142

The amount paid to members in 2020/21 has been reduced by £0.003m. Members' allowances qualify for a refund of £0.004m per year in employer's national insurance contributions and only £0.001m had been applied.

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)	2020/21	£169,502	-	-	£7,523	£177,025	£48,916	£225,941
	2021/22	£172,065	-	-	£7,523	£179,588	£49,588	£229,176
Director Of Service Delivery	2020/21	£144,076	-	-	£6,662	£150,738	£53,580	£204,318
	2021/22	£146,255	-	-	£6,638	£152,893	£54,589	£207,482
Director of Service Support	2020/21	£124,025	-	£105	£6,595	£130,725	£35,291	£166,016
	2021/22	£129,075	-	-	£6,595	£135,670	£36,753	£172,423
Chief Legal & Governance Officer (1)	2020/21	£65,487	-	£213	£2,529	£68,229	£7,653	£75,882
	2021/22	-	-	-	-	-	-	-
Chief Finance & Procurement Officer	2020/21	£88,261	-	£5,218	-	£93,479	£15,212	£108,691
	2021/22	£89,613	-	£5,148	-	£94,761	£15,243	£110,004
Chief Employment Services Officer	2020/21	£76,847	-	£437	£4,562	£81,846	£13,218	£95,064
	2021/22	£89,613	-	£349	£4,710	£94,672	£15,243	£109,915

Notes

⁽¹⁾ The Chief Legal & Governance Officer retired in October 2020 and whilst vacant, the role was undertaken by the Chief Fire Officer and through a service level arrangement with Calderdale Council. The post has been recruited to and the new postholder commenced on 23rd May 2022.

Remuneration Band	Number of Employees 2020/21	Number of Employees 2021/22
£50,000 - £54,999	40	59
£55,000 - £59,999	32	42
£60,000 - £64,999	7	12
£65,000 - £69,999	7	4
£70,000 - £74,999	6	8
£75,000 - £79,999	2	2
£80,000 - £84,999	1	0
£85,000 - £89,999	-	2
	95	129

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

Note 33. External Audit Costs

2020/21 £'000		2021/22 £'000
34	Fees payable to Deloitte with regard to external audit services.	28
-	Public Sector Audit Appointments refund received in 2021-22.	-5
34		23

Notes to the Main Financial Statements

Note 34. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22.

2020/21 £'000		2021/22 £'000
	Credited to Taxation and non specific Grant Income	
43,633	Council Tax Income	43,952
16,921	Business Rates Top Up Grant	16,922
-5,077	Collection Fund and NNDR Surplus / (Deficit)	4,829
8,052	Business Rates Retention (Local Share)	7,642
2,003	Business Rates Reduction (Section 31 Grant)	2,090
922	Tax Income Guarantee	333
13,556	Revenue Support Grant	13,631
4,286	Pensions Grant	4,286
-	Local Council Tax Support Schemes Grant	1,178
84,296	Total	94,863
	Credited to Services	
169	Apprenticeship Levy	187
2,093	COVID19	207
96	COVID19 LRF	134
1,503	New Dimension Programme	1,441
8	Transparency Code Set Up	8
29	Marauding Terrorist Firearms Attack (MTFA)	55
555	Emergency Services Mobile Communications Programme (ESMCP)	743
199	Grenfell	39
325	Fire Protection (Building Risk Review)	445
142	Sales, Fees & Charges - Income Support	17
-	Pensions Admin	187
-	Kickstart	5
5,119	Total	3,468

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 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

Notes to the Main Financial Statements

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 2021/22 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 2021/22 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 2022 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 2021/22 are detailed below.

2020/21 £'000		2021/22 £'000
249	Financial Support Services	286
15	Refuse Collection	-
7	Other Services	8
271		294

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.

	2020/21 £'000	2021/22 £'000
Opening Capital Financing Requirement	51,027	43,090
Capital Investment :		
Property, Plant and Equipment	4,027	3,094
Intangible Assets	-	-
Revenue Expenditure Funded from Capital under Statute	202	375
Sources of Finance :		
Capital Receipts	-32	-
Sums set aside from revenue :		
Direct Revenue Contributions	-8,819	-2,587
MRP/loan fund principal	-3,315	-2,927
Closing Capital Financing Requirement	43,090	41,045
Explanation of Movement in Year :		
Decrease in underlying need to borrow (unsupported by Government financial assistance)	-7,937	-2,045
(Decrease) in Capital Financing Requirement	-7,937	-2,045

Notes to the Main Financial Statements

The capital investment of £3.094m shown in the table varies to the PPE additions of £3.230m shown in Note 14. This is due to the correction of historic accounting errors in 2021/22; the addition of an asset that had been disposed of in error and the correction of an overstated commitment against a closed capital scheme.

The Capital Financing Reserve helped to fund £0.157m of capital expenditure in 2021/22 and transfers from the revenue underspend contributed towards funding £2.587m 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:

	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	707	652
Later than one year but not later than five years	1,333	889
	2,040	1,541

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

		2020/21 £'000	2021/22 £'000
Minimum lease payments		673	771
		673	771

The Authority has identified the use of phone lines as being under the terms of an operating lease under IFRS. These items have not been included within the calculation as the Authority has been unable to place a value on these leases.

Notes to the Main Financial Statements

Note 38. Termination Benefits

Within 2021/22 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	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	£	£	£	£	£	£	£	£
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	1	-	1	-	15,279
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	1	-	1	-	73,687	-
£80,001 - £100,000	-	-	1	-	1	-	80,731	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,0001 +	-	-	-	-	-	-	-	-
TOTAL	-	-	2	1	2	1	154,418	15,279

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

This is summarised in the table below:

	2020/21	2021/22
	£	£
Redundancy Costs	46,778	0
Enhanced Pension Costs	107,640	15,279
TOTAL	154,418	15,279

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 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

Notes to the Main Financial Statements

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 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

Notes to the Main Financial Statements

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 - 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	-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 the Comprehensive Income and Expenditure Statement	15,825	610	1,450	-2,470	340	15,755
Total	10,321	-26,300	-20	-32,250	-770	-49,019

Comprehensive Income & Expenditure Statement - 2020/21	Local Government Pension Scheme 2020/21 £'000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £'000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £'000	Firefighters 2015 (FPS) Pension Scheme 2020/21 £'000	Firefighters Compensation Pension Scheme 2020/21 £'000	Total 2020/21 £'000
Service Cost Comprising:						
Current Service Cost	-3,296	-1,410	-170	-21,790	-550	-27,216
Cost covered by employee contributions	-	-350	-90	-3,840	-	-4,280
Past Service Cost	-27	-	-	-	-	-27
Financing and Investment Income and Expenditure:						
Net Interest Expense	-781	-26,970	-1,240	-1,920	-630	-31,541
Total Post Employment Benefits charged	-4,104	-28,730	-1,500	-27,550	-1,180	-63,064
Return on plan assets (excluding the amount included in net interest)	13,701	-	-	-	-	13,701
Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-	-	-
Actuarial gains and losses arising on changes in financial assumptions	-21,349	-115,460	-9,930	-14,500	-1,770	-163,009
Actuarial gains and losses due to liability experience	728	-8,000	-1,030	17,560	2,250	11,508
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-6,920	-123,460	-10,960	3,060	480	-137,800
Total	-11,024	-152,190	-12,460	-24,490	-700	-200,864

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Movement in Reserves Statement

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

Movement in Reserves Statement - 2020/21	Local Government Pension Scheme 2020/21 £'000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £'000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £'000	Firefighters 2015 (FPS) Pension Scheme 2020/21 £'000	Firefighters Compensation Pension Scheme 2020/21 £'000	Total 2020/21 £'000
Reversal of net charges to the Surplus or Deficit for the provision of services for post employment benefits in accordance with the code	-4,104	-28,730	-1,500	-27,550	-1,180	-63,064
Employer's contributions payable to scheme	1,678	853	128	8,582	1,463	12,704
Retirement benefits payable to pensioners	-	41,228	74	-5,088	-	36,214
	-2,426	13,351	-1,298	-24,056	283	-14,146

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:

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 Pension's Scheme of £9.13m.

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2020/21	Local Government Pension Scheme 2020/21 £'000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £'000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £'000	Firefighters 2015 (FPS) Pension Scheme 2020/21 £'000	Firefighters Compensation Pension Scheme 2020/21 £'000	Total 2020/21 £'000
Present Value of the defined benefit obligation	123,162	1,328,830	67,270	95,480	27,610	1,642,352
Fair Value of plan assets	-79,062	-	-	-	-	-79,062
Sub total	44,100	1,328,830	67,270	95,480	27,610	1,563,290
Other movements in the liability (asset) if applicable	-	-	-	-	-	-
Net liability arising from defined benefit obligation	44,100	1,328,830	67,270	95,480	27,610	1,563,290

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 2022 is a gain of £15.8m (2020/21 reduction of £137.8m). The net liability relating to the defined Benefit Pension Schemes recognised in the Balance Sheet at 31st March 2022 is -£1,564.9m (2020/21 -£1,563.3m), which is made up of scheme liabilities totaling -£1,651.3m (2020/21 -£1,642.3m) less scheme assets £86.4m (2020/21 £79.0m).

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 2022.

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

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):	-	-	-	-	-	0
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

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2020/21	Local Government Pension Scheme 2020/21 £'000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £'000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £'000	Firefighters 2015 (FPS) Pension Scheme 2020/21 £'000	Firefighters Compensation Pension Scheme 2020/21 £'000	Total 2020/21 £'000
Opening fair value of scheme assets	64,191					64,191
Interest income	1,473	-	-	-	-	1,473
Re-measurement gain (loss): The return on plan assets, excluding the amount included in the net interest expense	13,701	-	-	-	-	13,701
Contributions from employers	1,678	-	-	-	-	1,678
Contributions from employees into the scheme	614	-	-	-	-	614
Benefits paid	-2,595	-	-	-	-	-2,595
Closing fair value of scheme assets	79,062					79,062

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

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

2020/21	Local Government Pension Scheme 2020/21 £'000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £'000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £'000	Firefighters 2015 (FPS) Pension Scheme 2020/21 £'000	Firefighters Compensation Pension Scheme 2020/21 £'000	Total 2020/21 £'000
Opening Balance at 1 April	-98,945	-1,218,920	-55,010	-74,520	-28,140	-1,475,535
Current Service Cost	-3,296	-1,410	-170	-21,790	-550	-27,216
Transfers In	-	-	-	-210	-	-210
Interest Cost	-2,254	-26,970	-1,240	-1,920	-630	-33,014
Contributions from scheme participants	-614	-350	-90	-3,840	-	-4,894
Re-measurement gain (loss):						
Actuarial (gains)/losses arising from changes in demographic assumptions						
Actuarial (gains)/losses arising from changes in financial assumptions	-21,349	-115,460	-9,930	-14,500	-1,770	-163,009
Actuarial (gains)/losses on liabilities - experience	728	-8,000	-1,030	17,560	2,250	11,508
Past Service Cost	-27	-	-	-	-	-27
Benefits paid	2,595	42,280	200	3,740	1,230	50,045
Closing Balance 31 March	-123,162	-1,328,830	-67,270	-95,480	-27,610	-1,642,352

Notes to the Main Financial Statements

Local Government Pension Scheme Assets

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

The significant assumptions used by the actuary in 2021/22 have been:

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 Equity investments	79.8%			
Bonds	12.2%			
Other	8.0%			

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 significant assumptions used by the Actuary in 2020/21 were:

2020/21	Local Government Pension Scheme 2020/21	Firefighters 1992 (FPS) Pension Scheme 2020/21	Firefighters 2006 (NFPS) Pension Scheme 2020/21	Firefighters Compensation Pension Scheme 2020/21
Long term expected rate of return on Equity investments	79.7%			
Bonds	12.9%			
Other	7.4%			

Notes to the Main Financial Statements

Mortality assumptions :	Local Government Pension Scheme 2020/21	Firefighters 1992 (FPS) Pension Scheme 2020/21	Firefighters 2006 (NFPS) Pension Scheme 2020/21	Firefighters 2015 (FPS) Pension Scheme 2020/21	Firefighters Compensation Pension Scheme 2020/21
Longevity at 65 for current pensioners :					
- Men	21.90	21.40	21.40	21.40	21.40
- Women	24.70	21.40	21.40	21.40	21.40
Longevity at 65 for future pensioners :					
- Men	22.60	23.10	23.10	23.10	23.10
- Women	25.80	23.10	23.10	23.10	23.10
	%	%	%	%	%
Rate of inflation CPI	2.70	2.40	2.40	2.40	2.40
Rate of increase in salaries	3.95	4.15	4.15	4.15	4.15
Rate of increase in pensions	2.70	2.40	2.40	2.40	2.40
Rate for discounting scheme liabilities	2.10	2.00	2.00	2.00	2.00
Pensions account revaluation rate	2.70	4.15	4.15	4.15	4.15
Take up option to convert annual pension into retirement lump sum.	75.0	25.00	17.50	25.00	17.50

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)	122,308	-114,036
Rate of general increase in salaries (increase or decrease by 0.1%)	118,527	-117,817
Rate of increase in pensions (increase or decrease by 0.1%)	120,299	-116,045
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	115,690	-120,654

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)	48,000	-48,000
Rate of general increase in salaries (increase or decrease by 0.5%)	8,000	-8,000
Rate of increase in pensions (increase or decrease by 0.5%)	95,000	-95,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-106,000	106,000

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)	2,000	-2,000
Rate of general increase in salaries (increase or decrease by 0.5%)	4,000	-4,000
Rate of increase in pensions (increase or decrease by 0.5%)	7,000	-7,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-10,000	10,000

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)	4,000	-4,000
Rate of general increase in salaries (increase or decrease by 0.5%)	8,000	-8,000
Rate of increase in pensions (increase or decrease by 0.5%)	12,000	-12,000
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	-19,000	19,000

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 £11.56m 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 Firefighters Pension Scheme 1992, the New Firefighters Pension Scheme 2006 (including retained modified scheme) and 2015 Firefighters pension scheme. This grant is received in July which is based on 80% of the estimated pensions deficit for 2021/22 plus the remainder of the 2020/21 grant. The amount received in July 2021 was £30.2 million which the Authority uses to manage its pension cash flows during the year.

Note 40. Contingent Liabilities

At 31 March 2022, 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 must be made 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

Notes to the Main Financial Statements

scheme retirement age is lower than 55 it is assumed that the member would remain in their legacy scheme. The effect of this adjustment to the McCloud allowance is a very slight reduction to the overall liability.

The Authority is aware of a claim for 'injury to feelings' arising from the McCloud / Sargeant pensions issue. The claim seeks compensation for individual claimants in respect of non-financial damage caused by the transitional arrangements that were put in place related to the introduction of the Firefighters' Pension Scheme 2015. If this claim is successful then the Authority may be liable to make compensation payments. At this point in time it is not possible to estimate how many claims there might be or their value.

- 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 several 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 like those of care support workers as there will be times when they are not undertaking "actual work" whilst they are providing on call duties.

Notes to the Main Financial Statements

The judgement is currently being assessed by the Fire Legal Network with a view to seeking leading council opinion. Until the outcome of the opinion is reached the financial consequences cannot be quantified.

4) Mid and West-Wales Pension Dispute

At the end of March 2019 the High Court ruled on Firefighters' pensionable pay in the case against Mid and West Wales Fire and Rescue Authority. The main issue in this case surrounds payments for duty systems and additional responsibilities which have previously been interpreted as 'temporary' because the Fire & Rescue Authority could change the duty system. Because the regulations themselves do not provide a definition of 'temporary', the application of the pensionable pay regulations has long been an issue for the Firefighters' Pension Scheme with confusion over the correct interpretation of 'temporary' in regulations.

The Authority are now awaiting guidance from the Local Government Association (LGA) 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.

6) The Authority engaged taxation specialists to assist with a review of vehicle arrangements following the April 2020 changes to legislation affecting the 'use of assets'. The Authority was found to be non-compliant in the reimbursement of on call commuting mileage and in the calculation of P11ds for 2020/21. A disclosure has been submitted to HMRC and corrective actions put in place for 2021/22. HMRC have indicated they will seek recovery of the tax and National Insurance due on the understated benefits for 2020/21 and are considering whether to apply this to 2019/20 and to 2018/19. The Authority are now awaiting the outcome of this decision and subsequent settlement arrangements.

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.

2020/21 £'000	Contributions Receivable	2021/22 £'000
	From employer	
-9,563	Normal	-9,734
-237	Ill Health	-131
-4,284	From members	-4,394
-14,084		-14,259
	Transfers in	
-217	Individual transfers in from other schemes	-72
	Benefits Payable	
40,135	Pensions	40,158
5,846	Lump Sums	3,950
	Payments to and on account leavers	
240	Individual transfers out to other schemes	442
31,920	Net amount payable for the year	30,219
-31,920	Top Up Grant payable by the Government	-30,219
-		-

The table below presents the net asset statement as at 31st March 2022.

2020/21 £'000	Net current assets and Liabilities	2021/22 £'000
3,725	Top Up Grant receivable from Government	2,244
-7	Pensionable Pay Creditor to Home Office	-2
7	Pension payments due but not paid	-1,286
-3,725	Cash (Overdrawn)	-956
-		-

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 2022 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

Accounting Policies

The Pension Fund Accounts for the year ended 31st March 2022 are presented in the format as laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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.

West Yorkshire Fire and Rescue Authority Pension Fund

Current Assets

Debtors are raised for known contributions due at the 31st March 2022 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 2022.

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.

Commutation

This is where a member of the pension scheme gives up part of their pension in exchange for an immediate lump sum payment.

Consistency

The concept is that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Glossary of Terms

Contingent Liability

A possible obligation which exists at the Balance Sheet date, whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a liability is accrued in the financial statements. If however a loss cannot be accurately estimated or its occurrence is not considered sufficiently probable to accrue it, the obligation is disclosed in a note to the Balance Sheet. Examples of contingent liabilities include legal claims pending settlement.

Corporate Governance

This is concerned with the Authority's accountability for the stewardship of resources, risk management and relationship with the community. It encompasses policies on fraud, whistle blowing and corruption.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered but for which payment has not been made at the balance sheet date.

Current Service (Pensions) Cost

The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to a pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Debtors

Amounts of money due to the Authority but are unpaid at the balance sheet date.

Depreciated Replacement Cost

A method of valuation based on the gross cost of replacing the asset/building less an allowance for depreciation.

Default

The failure to fulfil the obligation to repay a financial instrument with corrective action required to prevent potential future credit losses.

Deferred Liabilities

These represent the outstanding obligations on finance leases.

Deferred Premiums and Discounts

These are payment penalties (premiums), or gains (discounts) incurred on certain loans that have been repaid prematurely. The premium or discount is equal to the present value of the difference between the remaining payments, which would have been made on the repaid loan, and the amount that could be received if the sum prematurely repaid was re-advanced at the current rate on a new loan for a period equal to the unexpired term of the original loan.

Defined Benefit Pension Scheme

Retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service), and matching them with the organisation's attributable share of the scheme's investments.

Glossary of Terms

Depreciation

The wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

De-recognition

The removal of financial assets that have previously been recognised in the balance sheet. A financial asset is de-recognised when the contractual rights to the cash flows from the financial asset have been expired or transferred.

Donated Asset

A donated asset is an asset that is transferred to/from the organisation for no monetary exchange.

Earmarked Reserve

An amount set aside for a specific purpose to be expended in future years

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue (i.e. Authorised by the Authority's Chief Finance and Procurement Officer).

Expected Rate of Return on Assets (Pensions)

The expected return is a measure of the return on the investment assets held by the scheme for the year. It is not intended to reflect the actual realised return by the scheme, but a longer-term measure, based on the value of assets at the start of the year (taking into account movement in assets during the year) and an expected return factor.

Fair Value

This is the amount that an asset could be bought or sold for between parties; the current market value of an asset can be evidence that the assets have been valued fairly.

Financial Instruments

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

Fixed Assets

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

Funded Pension Scheme

A Funded Pension Scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business. The Authority's employees, with the exception of Firefighters, are covered by such a scheme, which is managed on its behalf by West Yorkshire Pension Fund.

Glossary of Terms

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.

Integrated Risk Management Plan (IRMP)

This is a strategy for managing risk within West Yorkshire. It leads to formulation of a strategic framework for managing community risk. The IRMP is underpinned by a suite of detailed risk indicators and demographic information which reflects key risks for both the community and Firefighters.

Intangible Assets

These are non-financial fixed assets that do not have a physical substance but are identifiable and utilised by the Authority through legal or custody rights.

International Financial Reporting Standards

These are the accounting standards that have been adopted from 2010/11 onwards.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of scheme liabilities because the benefits are one period closer to settlement.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use.

Leasing

A method of financing capital expenditure which allows the Authority to use, but not own an asset. A third party (the lessor) purchases the asset on behalf of the Authority (the lessee) which then pays the lessor a rental over the life of the asset.

A finance lease substantially transfers the risks and rewards of ownership of a fixed asset to the lessee. An operating lease is any lease other than a finance lease.

Liability

A liability is where an Authority owes payment to an individual or organisation. There are two types:

- Current Liability – an amount which will become payable or could be called within the next accounting period.
- Deferred Liability – an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

Market Value

The monetary value of an asset determined by current market conditions.

Glossary of Terms

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 (NDR)

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

Annual Governance Statement

Audit Committee

Date: 29 July 2022

Agenda Item:

10

Submitted By: Chief Finance and Procurement Officer

Purpose	To present the Annual Governance Statement 2021/22
Recommendations	That members approve the report
Summary	This report presents the Annual Governance Statement of the Authority for approval and inclusion in the 2021/22 Statement of Accounts

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: Annual Governance Statement

1 Introduction

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 works 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 that 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 2021/22.
- 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.

A new governance issue identified for 2022/23 is the implementation of the fire standards programme.

In addition, the following governance issues remain from 2020/21

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. Implementation of the performance management system

One governance issue identified in 2020/21, which was the provision of a monitoring officer was resolved following the appointment of the Director of Corporate Services in May 2022.

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 resources and diversity implications associated with this report

6 Health and Safety Implications

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

7 Environmental Implications

There are no environmental implications associated with this report

8 Your Fire and Rescue Service Priorities

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

9 Conclusions

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.westyorkshire.gov.uk which includes the Authority's Code of Corporate Governance which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government (2016).

These core principles are:

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

In publishing this statement, the Authority fulfils the requirement under regulation 4(2) of the Accounts and Audit Regulations 2015 and accompanies the 2021/22 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 2022 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 has been updated and replaces the "Your Fire and Rescue Service 2019-2022". 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.
- Constantly review and when necessary, develop new ways of working which 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.
- Engage with our communities to 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.
- Contribute to sustainability by implementing environmentally friendly ways of working.
- Continue working towards delivering a more inclusive workforce, which reflects the diverse communities we serve.

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. It is published on the website at www.westyorkshire.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, 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. In addition, each committee is recorded and is available on the Authority's website for viewing (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.

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 (employment to commence 23rd May 2022)

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 provide 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 next survey will be undertaken in 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 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.

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). The results of the reviews are reported to the Authority through the committee structure, in the first inspection, the Authority received a rating of good against thirteen criteria.

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 in December 2019. In 2021/22 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.

- 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 provided 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 and Management Team 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 August 2021, the responsibility for Treasury Management which was previously provided by Kirklees Council via an SLA, 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 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. The requirement is that this is fully implemented by Local Authorities including Fire and Rescue Services during 2021/22 and has become mandatory from the 1st 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. Adherence to the code has been assessed and reported to Finance and Resources Committee in October 2021, the assessment concluded that the authority is fully compliant against the code. A couple of areas of minor improvement were identified primarily around stakeholder engagement which will be addressed in this financial year. In addition, adherence to the Financial Management Code was subject to review by internal audit in July 2022, which received a substantial opinion.

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 current methodology of ranking each risk is

to be reviewed during 2022/23. 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. 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.

- 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 the budget proposals.

The Authority has a Service Improvement and Assurance Team (SIAT). The 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 West Yorkshire Fire & Rescue Service (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.

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

In 2017 Her Majesty's Inspectorate of Constabulary extended its remit to include inspections of England's Fire and Rescue Services. The aim of HMICFRS is to monitor and report on the efficiency and effectiveness of FRSs with the aim of encouraging improvement. HMICFRS assesses services in 11 key areas and grades them from inadequate, requires improvement, good and up to outstanding. HMICFRS undertook its first inspection of WYFRS in June 2019. The inspection was focussed on efficiency, effectiveness and how well it looks after its people. The result of the WYFRS inspection was released in December 2019 and reported that the service was performing at a good standard in each of the 11 assessed areas. Although the Authority performed well in the inspection, HMICFRS identified eight areas for improvement for which a service-wide action plan was put in place to implement these recommendations.

The Authority was included in tranche two of the HMICFRS round of inspections, this was undertaken in October/November 2021. The results of this inspection will be published in Summer 2022. Round two inspections will consider the direction of travel from the first inspection and will look for evidence of improvement from this first baseline assessment.

Following each round of inspections, HMICFRS produce a State of Fire Report, the latest report was published on the 15th December 2021 and draws on all the fire and rescue service inspection activity carried out since the first round of inspections in 2018. This is reported to members and the actions resulting from the report are managed by SIAT.

- Internal Audit

The Authority procures its internal audit service from Kirklees Council which complies with Public Sector Internal Audit Standards. 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 business continuity plan.

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 a follow up audit is carried out within the next twelve months to ensure that actions have been implemented. During 2021/22, ten audits were completed, and one is currently in progress, all reports received a positive assurance. 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 will be subject to a peer review from Doncaster Metropolitan Borough Council.

The Audit Charter and Strategy was approved at Audit Committee in April 2022, members approved 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 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.

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 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 2021/22
- 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 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 will be reviewed by management and implemented if deemed appropriate.

The existing contract with Deloitte LLP will end on the 31st March 2023. The Authority gave approval in December 2021 to sign up to the Public Sector Audit Appointments who will manage the process for the appointment of new external auditors from the 1st 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 2022/23 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 2022. A full comprehensive spending review is scheduled to commence in Summer 2022 which is expected to result in a multi-year funding deal from April 2023 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 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 further comment in the Fire Service Reform White Paper which is expected during 2022.

- Reforms to Fire and Rescue Services

The HMICRFS State of Fire and Rescue Reports, published in January 2020, March 2021, and December 2021, 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.

The Home Office launched a consultative White Paper on fire reform on the 18th May, called "Reforming Our Fire and Rescue Service ". The governments' vision for reform seeks to drive change and improvement in three key areas: People, Professionalism and Governance. The proposals seek to strengthen governance arrangements across the sector, to include the transfer of fire to a single, elected individual who would hold the Chief Fire Officer to account. The White Paper specifies that this person could be a mayor who could delegate responsibility to a deputy mayor, a council leader, who could delegate responsibility to a cabinet member or to a Police Fire and Crime Commissioner. The governance implications for West Yorkshire Fire will be assessed but the impact will be unknown until the 10-week consultation has ended and government has reviewed the responses.

- Performance Management System

The Authority is currently developing a Performance Management System, this project is progressing and it 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 following significant issues identified in 2020/21 have been addressed during 2021/22:

- Changes to Monitoring Officer Provision

From the 1st April 2021, the Authority's Monitoring Officer was provided through a Service Level Agreement (SLA) with Calderdale Metropolitan Borough Council. Due to capacity, this SLA arrangement was terminated at the end of December 2021, after which the role of monitoring officer was carried out by the Chief Fire Officer/Chief Executive. There were no governance issues during this period. This was an only a temporary arrangement and a new Director of Corporate Services, commences employment with the Authority on the 22nd May who will as one of his responsibilities be the Authority's monitoring officer.

Significant Governance Issues 2022/23

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 Fire Standard Programme

The Fire Standards Board has been set up to oversee the identification, organisation, development, and maintenance of professional standards for fire and rescue services in England. Within the Fire and Rescue National Framework, all fire and rescue authorities in England must implement the approved fire standards and the HMICFRS inspection will have regard to these standards during the course of their inspection. The aim of the fire standards is to help drive continual improvement across the service. To date there has been ten fire standards published and a further eleven standards to be released over the next three years. To ensure adherence in West Yorkshire, a fire standards programme, with specific terms of reference has been established which will treat each standard as a separate project. This process will be managed by SIAT and progress will be reported to both Management Team and the Fire Authority.

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.

