



**Hampshire  
& Isle of Wight**  
FIRE & RESCUE AUTHORITY

## **HIWFRA Audit and Governance Committee**

Purpose: Approval

Date: **5 FEBRUARY 2025**

Title: **Statement of Accounts 2023/24**

Report of Chief Financial Officer

### SUMMARY

1. The purpose of this report is to present the updated Statement of Accounts for 2023/24 for approval by the Audit and Governance Committee to allow the audited accounts to be published by the statutory backstop date of 28 February 2025.
2. The audit of the 2023/24 accounts is nearly complete and the Audit and Governance Committee received the auditor's draft audit results report in December 2024.
3. The unaudited Statement of Accounts for 2023/24 was approved by the Standards and Governance Committee in September 2024. A number of updates to the accounts have been agreed between the Chief Financial Officer and EY since then and the updated accounts are therefore being presented for approval.

### RECOMMENDATIONS

4. That the Statement of Accounts for 2023/24 be approved by the HIWFRA Audit and Governance Committee
5. That delegation to the Chief Financial Officer to make non-material changes to the accounts agreed between EY and the Authority prior to the publication of the audited Statement of Accounts for 2023/24 by the statutory backstop

date of 28 February 2025 be approved by the HIWFRA Audit and Governance Committee.

## BACKGROUND

6. The Accounts and Audit Regulations 2015 and subsequent amendments set out the requirements for local authorities with respect to the preparation and publication of its accounts.
7. The Authority's draft accounts for 2023/24 were published on time to meet the requirements of these regulations, allowing the period of public inspection to begin at the beginning of June 2024. Following the period of public inspection the accounts were presented to the Standards and Governance Committee on 26 September 2024 to consider and approve.
8. The accounts presented to the Standards and Governance Committee in September were unaudited. The committee heard that due to the national audit backlog the audit of the accounts had not been finished and that amendments to the Accounts and Audit Regulations were being implemented to help to address the audit backlog. One of the outcomes was that a statutory backstop date of 28 February 2025 was to be introduced for the publication of audited accounts for 2023/24
9. The Standards and Governance Committee approved the unaudited accounts and delegated authority to the Chief Financial Officer to make minor changes to the accounts agreed between the Authority and the external auditor prior to publication of the audited accounts.
10. The Audit and Governance Committee received the auditor's draft audit results report at the meeting of 10 December 2024. The auditor's report highlighted that the audit was still in progress and that there was a potential adjustment to the accounts needed relating to the valuation of Local Government Pension Scheme (LGPS) pension assets and liabilities provided by the actuary. The report also confirmed that due to the impact of the national audit backlog a disclaimed audit opinion was likely to be issued for the 2023/24 accounts. For example, the disclaimed audit opinion for 2022/23 meant the auditor could not take assurance from the opening balances used in the 2023/24 accounts.

## STATEMENT OF ACCOUNTS 2023/24

11. The unaudited Statement of Accounts for 2023/24 was considered and approved by the Standards and Governance Committee on 26 September 2024.

12. A number of updates to the accounts have been agreed between the Chief Financial Officer and the auditor since this date. These are mostly minor changes however there are two that the Chief Financial Officer would like to highlight to Members along with an explanation of why the changes do not impact the Authority's decision making.

(a) Updates to the cash flow for 2023/24 and associated notes. This does not affect the opening or closing balances for cash and cash equivalents in the accounts but does change the split between operating activities and investing activities in the accounts. This is a change to correct the accounting presentation of these cash flows but has had no impact on the Authority's treasury management decision making or the cash balances available to the Authority. It does not change the Authority's revenue budget outturn position, useable reserves or council tax requirement. The changes are set out in the appendix.

(b) Updates to the net pension liability figure and associated disclosure notes, which was highlighted as a potential change in the December 2024 meeting. This reflects the updated IAS 19 report received from the actuary following discussions between EY and the actuary. The result is a change in the net pension liability in the accounts on an IAS 19 accounting basis from £660m to £658m.

While the pension liabilities are large numbers in the accounts, the IAS 19 pension assets and liabilities are an accounting valuation and do not impact the Authority's revenue budget. This is because the employer pension contributions charged to the revenue budget are calculated in a different way. The employer pension contributions for the funded Local Government Pension Scheme (LGPS) are based on the actuary's triennial valuation of the fund's assets and liabilities. All costs in connection with the unfunded Firefighters' Pension Scheme except those relating to injury pensions and any ill-health early retirement costs are funded by the Government with the employer contribution rate set by the Government Actuary's Department (GAD).

### SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. Strong financial management and demonstrating the effective stewardship of public money are important in supporting our safety plan and priorities.

### RESOURCE IMPLICATIONS

14. This report is backwards looking in presenting the 2023/24 Statement of Accounts for approval and does not therefore propose any additional resources.
15. The accounts are audited by EY under the national arrangements managed by Public Sector Audit Appointments Ltd (PSAA). The final audit fees payable for 2023/24 have not been confirmed and will be affected by the national audit backlog. PSAA will be reviewing fee variation proposals submitted by the audit firms but it may be some time before the final fees for the 2023/24 audit are confirmed.

### IMPACT ASSESSMENTS

16. The report does not propose the implementation of a new change activity and/or introducing or amending a service policy, procedure or guidance document.

### LEGAL IMPLICATIONS

17. The report is part of the account and audit process required to ensure the Authority complies with the requirements of the Accounts and Audit Regulations 2015 and subsequent amendments.

### CONCLUSION

18. The Statement of Accounts for 2023/24 is presented for approval by the Audit and Governance Committee. The auditor has indicated that they will be issuing a disclaimed audit opinion however this will be due to the impact of the national audit backlog and the measures put in place to address this rather than any identified issues with the Authority's accounts.
19. It is recommended that the Audit and Governance Committee reviews and approves the updated Statement of Accounts for 2023/24.

### APPENDICES ATTACHED

20. Statement of Accounts 2023/24

### BACKGROUND PAPERS

[Audit Results report 2023/24 covering report September 2024](#)

[HIWFRA draft audit results report 2023/24](#)

[Statement of Accounts 2023/24 covering report September 2024](#)

Unaudited Statement of Accounts 2023/24 September 2024

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## Appendix 1 – additional information on changes to the accounts since September 2024

### Changes to the cash flow statement

	<b>Sept 2024</b>	<b>Updated Feb 2025</b>
Net surplus(deficit) on the provision of services	28,049	27,991
Adjustments for non-cash movements	(43,581)	(31,592)
Adjustments for items that are investing and financing activities	1,152	117
<b>Net cash flows from operating activities</b>	<b>(14,380)</b>	<b>(3,484)</b>
Net cash flows from investing activities	28,935	18,039
Net cash flows from financing activities	(9,650)	(9,650)
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>4,905</b>	<b>4,905</b>
<b>Cash &amp; cash equivalents at the beginning of the reporting period</b>	<b>(14,988)</b>	<b>(14,988)</b>
Net (increase)/decrease in cash and cash equivalents	4,905	4,905
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>(10,083)</b>	<b>(10,083)</b>

### Pension assets and liabilities

<b>Impact on the general fund, council tax and usable reserves at 31/3/24</b>	<b>What will change in the accounts</b>	<b><u>Approximate value</u></b>
No impact. This relates to accounting valuations on the basis stipulated by the CIPFA Code. Regulations require a different basis to be used to calculate employer's pension contribution as charged to the revenue budget.	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• CIES</li> <li>• Movement in Reserves</li> <li>• Cash flow statement</li> <li>• Note 2: Unusable reserves</li> <li>• Note 11: Financing and Investment Income and Expenditure</li> <li>• Note 23: Pension Schemes</li> <li>• Note 26: Cash Flow Statement Notes</li> </ul>	£1.94m