



AUDIT & FINANCE COMMITTEE

23 JANUARY 2024

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2023

REPORT OF TREASURER

Purpose of the Report

1. The purpose of this report is to seek Members' approval of the attached Statement of Accounts for County Durham and Darlington Fire and Rescue Authority, for the financial year ended 31 March 2023.

Background

2. The '*Accounts and Audit Regulations 2003*', as amended, set out the requirements for the production and publication of the annual Statement of Accounts. To comply with the Regulations, the Statement of Accounts must be approved by the Treasurer on or before 31 May 2023. The audited Statement must then be approved by members of the Audit Committee on or before 30 November 2023.
3. At previous meetings of the Committee, the auditor explained the challenges that they are facing due to a backlog of work and resource difficulties which reflect the significant challenges in the local audit sector and are being experienced nationally by all audit firms within the local audit regime. The audit work has now been completed and the auditor's report is incorporated into the attached Statement of Accounts.
4. During the audit, working in collaboration with the auditor several improvements and amendments have been identified which have been included in the Statement of Accounts presented today.

Statement of Accounts

5. The Statement of Accounts has been prepared in accordance with the requirements of the '*Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*' issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the '*Accounts and Audit Regulations 2003*', as amended. CIPFA's Code of Practice is based upon International Financial Reporting Standards (IFRS).
6. The Narrative Report explains the purpose of the financial statements and provides a summary of the Authority's financial activities during 2022/23 and the financial position as

at 31 March 2023. It focusses on matters of relevance to the principal users of the accounts and provides a forward look on issues likely to have an impact in the future.

7. There are four core statements which provide fundamental information on the financial activities and position of the Fire and Rescue Authority, namely the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash Flow Statement. These financial statements are grouped together followed by notes to the core statements and the Pension Fund Account.
8. The Statement of Accounts also includes the Group Financial Statements consolidating the performance and balances of Vital Fire Solutions Limited and County Durham and Darlington Fire and Rescue Service CIC. The preparation of Group Financial Statements eliminates the requirement for separate audits of the two companies.
9. The Statement of Accounts contains a great deal of detailed financial information. To assist in reading and interpreting the contents, Appendix A briefly explains the purpose of each section of the document.

Outturn Position

10. The total net revenue expenditure for 2022/23 was £30.202M which was in line with the original budget. Further information on the outturn position is set out in the separate outturn report which was presented to the last meeting of the Committee on 30 November 2023.

Reserves

11. The Authority's useable reserves totalled £5.507M on 31 March 2022, comprising of a general reserve of £1.605M (5% of net revenue expenditure) and earmarked reserves of £3.902M.

Recommendation

12. Members are recommended to **approve** the Statement of Accounts for County Durham and Darlington Fire and Rescue Authority for the financial year ended 31 March 2023.

STATEMENT OF ACCOUNTS – EXPLANATION

Item	Pages	Explanation of Purpose and Content
Narrative Report	2-11	Summary of the most significant matters reported in the accounts and the overall financial position of the Fire Authority.
Independent Auditors' Report	12-15	On completion of the audit this sets out the auditor's comments.
Statement of Responsibilities for the Statement of Accounts	16	Sets out the responsibilities of the Authority and the Treasurer and includes the Treasurer's certificate.
Group Accounts	17-22	Consolidates the performance and balances of the two subsidiary companies - Vital Fire Solutions and the CIC into the statements of the Authority.
Movement in Reserves Statement	23-24	Summarises the movement on different reserves held by the Authority in the year.
Comprehensive Income and Expenditure Statement	25	Discloses the income receivable and expenditure incurred in operating the Authority for the year.
Balance Sheet	26	Sets out the financial position of the Authority as at 31st March 2023.
Cash Flow Statement	27	Summarises the inflows and outflow of cash and cash equivalents arising from transactions with other parties for revenue and capital purposes.
Notes to the Core Financial Statements	28-90	Provides further information on significant items in the Core Financial Statements as required by the Code.
Pension Fund Account	91-92	Sets out the financial position of the Fire Pension Fund.