

Response to PSAA Consultation questions

The Public Sector Audit Appointment Authority (PSAA) has recently launched its consultation on the fee scale for the 2023/24 audits (note these largely relate to audit fees payable in 2024/25 for the audit of the 2023/24 accounts). As the table shows this results in an increase of c150% for all authorities. Following a procurement exercise the fees have been released for each authority, for the CFA the fee is set out below:

Fee scale elements	
1) 2022/23 scale fee	£29,295
2) Add: approved fee variations or estimates for recurring work not already included (see Table 2 for details)	£600
3) Add: changes in audit requirements (VFM arrangements, ISA 540)	£7,000
4) Add: adjustment for special circumstances (where applicable)	£0
Subtotal 2022/23 scale fees plus recurring fees	£36,895
5) Audit fee adjustment to reflect the procurement outcome (uplift by 151%)	£55,711
Scale fee for 2023/24	£92,606

The PSAA have asked a small number of questions of which the key questions and responses are proposed below:

3. Do you support the proposals in the consultation for the fee scale for 2023/24 audits?

No. Whilst the increase in audit fees of c150% is not unexpected given PSAA's announcement in October 2022, it does represent a significant funding challenge for Lancashire Fire Authority that is already facing a range of financial pressures including significant increases in utility costs, diesel, green book costs, maintenance costs, insurance costs etc.

We feel radical change to the local audit system is clearly needed urgently. The level of work required for the current reporting and disclosure obligations on account preparers, which then require audit and oversight, is not proportionate to their value to the user of the accounts, given the potential financial or governance risks are relatively low. Our ask of Government, the PSAA and other bodies is to work together to change the regime and deliver 'a more proportionate audit' that helps public bodies, delivers better results for users of the accounts, and should also encourage competition in the sector which would ultimately reduce unnecessary costs.

Without urgent regime changes or specific new burdens funding we cannot support these increases. Fire authorities will have to make difficult decisions if cost increases are not avoided or funded, and that may result in a reduction in front line wholtime and on call firefighters with the removal of fire engines and a resultant degradation in service with an increase in response times and risk; and a reduction in those carrying out importance prevention and building safety work.

4. Do you agree with the proposed elements of the 2023/24 fee scale?

Yes, the elements of the fee are not challenged it is the quantum of the procurement outcome.

5. Are there other factors you think should be reflected in the 2023/24 fee scale?

No

6. Any other comments you would like to make?

No, see question 3.