

# **Lancashire Combined Fire Authority**

## **Audit Committee**

Meeting to be held on 8 July 2024

## **Financial Statements Update (Appendix 1)**

Contact for further information:

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### **Executive Summary**

This report provides the Audit Committee with an update on preparation of the Authority's 2023/24 unaudited Financial Statements and includes the draft core financial statements for information; the Comprehensive Income and Expenditure Account, Movement in Reserves Statement and Balance Sheet.

### **Decision Required**

The Committee are asked to:-

- note the update with progress in preparing the unaudited Financial Statements; and
- note the Authority's draft core financial statements that will form part of the 2023/24 unaudited Financial Statements.

### **Information**

For the financial year 2023/24, the draft accounts should be published by the statutory deadline; 31 May 2024, and the audited accounts should be made available by 31 July 2024. Unfortunately, this timeline was not met due to reasons outside the organisations control but the draft accounts were subsequently published on 5 July 2024.

There is no requirement to present the unaudited accounts to the Committee before the external audit process commences however, to ensure the Committee is kept up to date with the process towards completion of the audited accounts the draft core financial statements are included in Appendix 1.

The Accounts and Audit (England) Regulations 2015 apply to the preparation, approval and audit of the Statements of Accounts and other financial statements. These regulations are based on International Financial Reporting Standards (IFRS) which attempt to standardise accounts in a consistent format across both the public and private sectors with the aim of achieving greater transparency. The table below summarises the adjustments required to the revenue outturn to reach the Total Comprehensive Income and Expenditure reported in the financial statements.

|   | <b>£'000</b> |
|---|--------------|
| <b>Revenue Outturn - Overspend</b>                            | <b>220</b>   |
| Remove Capital Contributions and transfers to / from reserves | (4,459)      |
| Adjustments for Capital Purposes                              | 4,301        |
| Net change for Pensions Adjustments                           | 4,570        |
| Other Differences   | 1,206        |
| <b>Deficit on provision of services</b>                       | <b>5,838</b> |
| (Surplus)/Deficit on revaluation of fixed assets              | (1,206)      |
| Actuarial (gains)/losses on pension fund assets               | (4,170)      |
| <b>Total Comprehensive Income and Expenditure</b>             | <b>(461)</b> |

The draft Comprehensive Income and Expenditure Account, Movement in Reserves Statement and Balance Sheet are set out in Appendix 1. Subject to changes as part of the Quality Assurance Processes these will form part of the accounts for audit.

### **Financial Implications**

As set out in the report.

### **Legal Implications**

None.

### **Business Risk Implications**

None

### **Environmental Impact**

None

### **Equality and Diversity Implications**

None

### **Human Resource Implications**

None

### **Local Government (Access to Information) Act 1985**

#### **List of background papers**

N/a

Appendix 1: Core Financial Statements

## Appendix 1

## Comprehensive Income &amp; Expenditure Account

|   | 2023/24           |                |                 | 2022/23           |                |                  |        |          |
|---|-------------------|----------------|-----------------|-------------------|----------------|------------------|--------|----------|
|   | Gross Expenditure | Income         | Net Expenditure | Gross Expenditure | Income         | Net Expenditure  |        |          |
|   | £000              | £000           | £000            | £000              | £000           | £000             |        |          |
| <b>Continuing operations</b>                                  |                   |                |                 |                   |                |                  |        |          |
| Service Delivery  | 23,174            | (2,181)        | 20,993          | 33,911            | (2,110)        | 31,801           | 23,174 | 23,174   |
| Strategy & Planning   | 12,802            | (736)          | 12,066          | 12,389            | (847)          | 11,542           | 12,802 | 12,802   |
| People & Development  | 2,081             | 0              | 2,081           | 2,334             | 0              | 2,334            | 2,081  | 2,081    |
| Corporate Services  | 6,253             | (66)           | 6,187           | 6,285             | (65)           | 6,220            | 6,253  | 6,253    |
| FF Pensions   | 1,271             | 0              | 1,271           | 1,140             | 0              | 1,140            | 1,271  | 1,271    |
| Overheads   | 8,814             | (5,366)        | 3,448           | 6,757             | (4,863)        | 1,894            | 8,814  | 8,814    |
| <b>Net cost of services</b>                                   | <b>54,395</b>     | <b>(8,349)</b> | <b>46,046</b>   | <b>62,817</b>     | <b>(7,885)</b> | <b>54,931</b>    |        | 46,046   |
| <b>Other operating expenditure</b>                            |                   |                |                 |                   |                |                  |        |          |
| (Gain)/Loss on disposal of fixed assets                       |                   |                | 32              |                   |                | (9)              |        | 32       |
| <b>Financing &amp; investment income &amp; expenditure</b>    |                   |                |                 |                   |                |                  |        |          |
| Interest payable and similar charges                          |                   |                | 1,366           |                   |                | 1,388            |        | 1,366    |
| Pensions interest cost and expected return on pensions assets |                   |                | 28,750          |                   |                | 23,246           |        | 28,750   |
| Interest and investment income                                |                   |                | (1,574)         |                   |                | (837)            |        | (1,574)  |
| <b>Taxation and non-specific grant income</b>                 |                   |                |                 |                   |                |                  |        |          |
| Tax on NWFC   |                   |                | 0               |                   |                | 0                |        | 0        |
| Council tax   |                   |                | (37,826)        |                   |                | (34,968)         |        | (37,826) |
| Revenue support grant   |                   |                | (9,727)         |                   |                | (9,642)          |        | (9,727)  |
| Non-domestic rates redistribution                             |                   |                | (16,080)        |                   |                | (15,559)         |        | (16,080) |
| Business rates S31 grant                                      |                   |                | (4,872)         |                   |                | (2,951)          |        | (4,872)  |
| Business rates additional reliefs S31 grant                   |                   |                | 0               |                   |                | 0                |        | 0        |
| Local taxation Income Guarantees                              |                   |                | 0               |                   |                | 0                |        | 0        |
| Capital grant   |                   |                | (277)           |                   |                | (253)            |        | (277)    |
| Covid relief S31 grant  |                   |                | 0               |                   |                | 0                |        | 0        |
| <b>Deficit on provision of services</b>                       |                   |                | <b>5,838</b>    |                   |                | <b>15,347</b>    |        | 5,838    |
| (Surplus)/Deficit on revaluation of fixed assets              |                   |                | (1,206)         |                   |                | (21,735)         |        | (1,206)  |
| Actuarial (gains)/losses on pension fund assets               |                   |                | (4,170)         |                   |                | (244,777)        |        | (4,170)  |
| <b>Other comprehensive income &amp; expenditure</b>           |                   |                | <b>(5,377)</b>  |                   |                | <b>(266,512)</b> |        | (5,376)  |
| <b>Total Comprehensive Income and Expenditure</b>             |                   |                | <b>461</b>      |                   |                | <b>(251,165)</b> |        | 462      |

## Movement in Reserves Statement

|  | Usable Reserves |                    |                            |               |                         |                         |                | Usable Reserves  | Unusable Reserves | Total reserves |
|--|-----------------|--------------------|----------------------------|---------------|-------------------------|-------------------------|----------------|------------------|-------------------|----------------|
|  | General Fund    | Earmarked Reserves | Total General Fund Balance | Capital Fund  | Capital grant unapplied | Usable Capital Receipts |                |                  |                   |                |
| <b>Bal at 01.04.23</b>   | <b>4,887</b>    | <b>9,258</b>       | <b>14,145</b>              | <b>20,344</b> | <b>27</b>               | <b>1,692</b>            | <b>36,207</b>  | <b>(538,698)</b> | <b>(502,492)</b>  |                |
| Surplus/(Deficit) on provision of services   | (5,838)         |                    | (5,838)                    |               |                         |                         | (5,838)        | -                | (5,838)           |                |
| Other comprehensive income &   |                 |                    | -                          |               |                         |                         | -              | 5,377            | 5,377             |                |
| Total comprehensive income &   | <b>(5,838)</b>  | <b>-</b>           | <b>(5,838)</b>             | <b>-</b>      | <b>-</b>                | <b>-</b>                | <b>(5,838)</b> | <b>5,377</b>     | <b>(461)</b>      |                |
| Adjustments between accounting basis   |                 |                    |                            |               |                         |                         |                |                  |                   |                |
| Depreciation & impairment of non-current assets  | 5,717           |                    | 5,717                      |               |                         |                         | 5,717          | (5,717)          | -                 |                |
| Amortisation of intangible assets  | 336             |                    | 336                        |               |                         |                         | 336            | (336)            | -                 |                |
| Write off of assets disposed   | 32              |                    | 32                         |               |                         | 16                      | 48             | (48)             | -                 |                |
| Utilisation of capital grant unapplied   | 27              |                    | 27                         |               | (27)                    |                         | -              | -                | -                 |                |
| Statutory provision for the repayment of debt  | (517)           |                    | (517)                      |               |                         |                         | (517)          | 517              | -                 |                |
| Capital expenditure charged to the GFB   | (4,171)         | (266)              | (4,437)                    |               |                         | (1,637)                 | (6,074)        | 6,074            | -                 |                |
| Amount by which the code & statutory pension costs differ  | 4,554           |                    | 4,554                      |               |                         |                         | 4,554          | (4,554)          | -                 |                |
| Amount by which the collection fund income in CI&E is different to the amount taken from the GFB | 87              |                    | 87                         |               |                         |                         | 87             | (87)             | -                 |                |
| Voluntary provision for the repayment of debt  | -               |                    | -                          |               |                         |                         | -              | -                | -                 |                |
|  | <b>6,066</b>    | <b>(266)</b>       | <b>5,800</b>               | <b>-</b>      | <b>(27)</b>             | <b>(1,621)</b>          | <b>4,152</b>   | <b>(4,152)</b>   | <b>-</b>          |                |
| <b>Net increase/decrease before transfers to earmarked reserves</b>                              | <b>228</b>      | <b>(266)</b>       | <b>(38)</b>                | <b>-</b>      | <b>(27)</b>             | <b>(1,621)</b>          | <b>(1,686)</b> | <b>1,225</b>     | <b>(461)</b>      |                |
| Tfr to/(from) earmarked reserves   | 550             | (550)              | -                          |               |                         |                         | -              | -                | -                 |                |
| Tfr to/(from) capital fund   |                 |                    | -                          | -             |                         |                         | -              | -                | -                 |                |
| Postings between the GFB and AAAA  | (3)             |                    | (3)                        |               |                         |                         | (3)            | 3                | -                 |                |
|  |                 |                    | -                          |               |                         |                         | -              | -                | -                 |                |
| Net tfr to/(from) earmarked reserves   | <b>547</b>      | <b>(550)</b>       | <b>(3)</b>                 | <b>-</b>      | <b>-</b>                | <b>-</b>                | <b>(3)</b>     | <b>3</b>         | <b>-</b>          |                |
| <b>Increase/Decrease in the year</b>   | <b>775</b>      | <b>(816)</b>       | <b>(41)</b>                | <b>-</b>      | <b>(27)</b>             | <b>(1,621)</b>          | <b>(1,689)</b> | <b>1,228</b>     | <b>(461)</b>      |                |
| <b>Bal at 31.03.24</b>   | <b>5,662</b>    | <b>8,442</b>       | <b>14,104</b>              | <b>20,344</b> | <b>-</b>                | <b>71</b>               | <b>34,518</b>  | <b>(537,471)</b> | <b>(502,953)</b>  |                |

## Balance Sheet

|   | At 31st March<br>2024 | At 31st March<br>2023 |
|---|-----------------------|-----------------------|
|   | £000                  | £000                  |
| <b>Long Term Assets</b>                 |                       |                       |
| Property, plant & equipment             | 126,667               | 125,717               |
| Intangible assets                       | 1,134                 | 906                   |
| Long-term investments                   | -                     | -                     |
|   | <b>127,802</b>        | <b>126,622</b>        |
| <b>Current Assets</b>                   |                       |                       |
| Inventories                             | 333                   | 310                   |
| Short term investments                  | 23,500                | 15,000                |
| Short term debtors                      | 16,336                | 13,839                |
| Payments in advance                     | 2,267                 | 2,925                 |
| Balance in GCF                          | 4,185                 | 16,160                |
| Cash & cash equivalents                 | 112                   | 156                   |
|   | <b>46,734</b>         | <b>48,390</b>         |
| <b>Current Liabilities</b>              |                       |                       |
| Short term borrowing                    | (533)                 | (522)                 |
| Other short term liabilities            | (28)                  | (37)                  |
| Short term creditors                    | (10,398)              | (10,258)              |
|   | <b>(10,959)</b>       | <b>(10,817)</b>       |
| <b>Long Term Liabilities</b>            |                       |                       |
| Provisions                              | (658)                 | (578)                 |
| Provisions                              | (571)                 | (661)                 |
| Long term borrowing                     | (2,000)               | (2,000)               |
| Long term PFI Liability - NW            | (11,339)              | (11,868)              |
| Long term PFI Liability - Hyn           | (40)                  | (45)                  |
| Other long term liabilities             | (651,920)             | (651,536)             |
|   | <b>(666,529)</b>      | <b>(666,688)</b>      |
| <b>Net Liabilities</b>                  | <b>(502,953)</b>      | <b>(502,492)</b>      |
| Revenue Reserves                        | -                     | -                     |
| Revenue Reserves                        | (5,206)               | (4,394)               |
| Revenue Reserves                        | (515)                 | (492)                 |
| Revenue Reserves                        | (3,285)               | (4,101)               |
| Revenue Reserves                        | (5,157)               | (5,157)               |
| Capital Funding Reserve                 | (20,344)              | (20,344)              |
| Capital grants unapplied Account        | -                     | (27)                  |
| Usable Capital Receipts Reserve         | 12,486                | 10,849                |
| Usable Capital Receipts Reserve         | (12,557)              | (12,541)              |
| <b>Usable Reserves:</b>                 | <b>(34,578)</b>       | <b>(36,207)</b>       |
| Revaluation Reserve                     | (73,418)              | (75,306)              |
| Capital Adjustment Account              | (41,866)              | (38,281)              |
| Collection Fund Adjustment Account      | 130                   | (207)                 |
| Collection Fund Adjustment Account      | (249)                 | -                     |
| Accumulated Absences Adjustment Account | 954                   | 957                   |
| Pensions Reserve                        | 94                    | -                     |
| Pensions Reserve                        | 651,826               | 651,536               |
| <b>Unusable Reserves:</b>               | <b>537,471</b>        | <b>538,698</b>        |
| <b>Total Reserves</b>                   | <b>502,893</b>        | <b>502,492</b>        |