

HUMBERSIDE FIRE AUTHORITY

DRAFT ANNUAL STATEMENT OF ASSURANCE 2021/22

Introduction

1. The Fire and Rescue National Framework for England sets out a requirement for Fire and Rescue Authorities to provide annual assurance on financial, governance and operational matters and show they have had due regard to the expectations set out in their Community Risk Management Plan (CRMP) and the requirements included in the Framework.
2. The content of the Humberside Fire Authority (HFA) Statement of Assurance is based upon the Department for Communities and Local Government (DCLG) Guidance on Statements of Assurance for Fire and Rescue Authorities in England (2013).

Financial Assurance

3. The HFA places a great deal of emphasis on ensuring that its financial management arrangements meet the highest standards.
4. This is discharged through a number of key processes as follows:
 - The Annual Statement of Accounts is produced in line with accounting Codes of Practice, is scrutinised by an independent Governance, Audit and Scrutiny Committee (GAS) approved by the Fire Authority and audited by independent external auditors prior to publication.
 - Management Accounts are distributed for consideration by the Strategic Leadership Team, the GAS and the HFA.
 - An independent external audit view is given on an annual basis as to whether the HFA is delivering a value for money service.

Governance Assurance

5. The HFA has an approved 'Local Code of Corporate Governance' in accordance with the CIPFA/SOLACE Framework for Corporate Governance.
6. The Constitution of the HFA includes:
 - Committee Membership and Terms of Reference.
 - Scheme of Delegation to Officers.
 - Financial Procedure Rules.
 - Contract Procedure Rules.
 - Members' Code of Conduct.
 - Officers' Code of Conduct.
 - Protocol for Member and Officer Relationships.
 - Code of Corporate Governance.

The Constitution is published on the HFRS Website.

7. An Annual Governance Statement (AGS) is produced explaining how the HFA has complied with the code of corporate governance and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011. The AGS is published on the Humberside Fire and Rescue Service (HFRS) website.

Operational Assurance

8. The Strategic Plan (SP) and CRMP have a three-year life cycle, reviewed annually in accordance with the Business Planning Framework. Both the SP and CRMP are published on the HFRS Website.
9. The SP 2021/24 includes strategic objectives across the following headings:
 - What we must do well.
 - How we support our communities.
 - We value and support the people we employ.
 - We efficiently manage the Service.
10. The CRMP 2021/24 takes account of the requirements of the National Framework, providing a detailed assessment of the risks facing our communities and firefighters and the measures taken to mitigate those risks.
11. Mutual aid arrangements are in place with other services and agencies to provide resilience for large scale or complex incidents, or events, where additional resources need to be called on. HFRS actively contributes to local and national resilience and has made its assets available to support local and national emergencies.
12. Business Continuity plans exist for generic, key functions and building asset risks and have been developed over many years in conjunction with partners. There is a coordinated approach to Business Continuity Management across HFRS including development, training, exercising and review. Arrangements are aligned to International Standard ISO22301
13. A sequence of Bi-Annual Performance and Risk Reporting are provided to the HFA.

Conclusions

15. Due regard has been paid to the requirements placed upon HFA through the National Framework and other governance and financial frameworks.

Signed

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John Briggs
Chair of Humberside Fire Authority

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Chris Blacksell
Chief Fire Officer and Chief Executive

Audit Progress Report

Humberside Fire Authority

July 2022



1. Audit progress
2. National publications

01

Section 01: **Audit progress**

Audit progress

Purpose of this report

This report provides the Governance, Audit and Scrutiny Committee with an update on progress in delivering our responsibilities as your external auditors and also includes, at Section 2, for your information, a summary of recent national reports and publications.

2020/21 audit

We have still not received group instructions from the National Audit Office allowing us to complete work on the Whole of Government accounts and close our 2020/21 audit.

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2021/22 audit

We received the draft financial statements as planned on 20 June 2022, which made Humberside Fire Authority one of the first authorities in the country to provide 2021/22 financial statements for audit. Our final accounts audit is now in progress and at the time of drafting this report there are no material issues to bring to your attention. We will provide an up to date verbal progress report at the Governance, Audit and Scrutiny Committee on 4 July 2022.

02

Section 02:

National publications

National Publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	Understanding the Challenge of Local Authority Governance	This document provides guidance on learning from recent governance failures in local government..
2.	Updated Statement on the Deferral of IFRS16 Leases	Following its emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement..
3	Position Statement: Audit Committees in Local Authorities and Police 2022	The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt.
Department for Levelling Up, Housing and Communities		
4.	Creation of the Audit Reporting and Governance Authority	A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework.
National Audit Office (NAO)		
5.	Audit and Assurance Committee effectiveness tool	NAO's effectiveness tool provides a way for ARACs to assess their effectiveness. .
Public Sector Audit Appointments Ltd		
6.	Annual Quality Monitoring Report 2019/20	This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA's quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance. The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard.

National Publications

	Publication/update	Key points
Home Office		
7.	Fire Safety (England) Regulations 2022	The regulations will come into force on 23 January 2023 following the publication of supporting guidance which is due later in 2022.
8.	Amendments to the Firefighter’s Pension Schemes in England 2022	This paper considers the responses to consultation on amending the Firefighters’ Pension Scheme (England) regulations 2014. This is necessary to comply with the Public Service Pensions and Judicial Offices (PSPJO) Bill and the Court of Appeal’s ruling in 2018 in the McCloud/Sargeant litigation

NATIONAL PUBLICATIONS

CIPFA

1. Understanding the Challenge of Local Authority Governance, March 2022

CIPFA recently published Advisory note one: “*Understanding the challenge to local authority governance*”.

The aim of the advisory note, which applies to all local government bodies in the UK, is to formalise key messages surrounding recent governance failures that have been identified in statutory and non-statutory reviews and public interest reports. It reinforces the good practice principles local government bodies in the UK should adopt, and signposts relevant documentation. CIPFA expects all organisations to be aware of and learn lessons from recent examples of failure described in this advisory note.

[Understanding the challenge to local authority governance \(cipfa.org\)](https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/understanding-the-challenge-to-local-authority-governance)

2. Updated Statement on the Deferral of IFRS16 Leases, May 2022

Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023. CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases>

3 Position Statement: Audit Committees in Local Authorities and Police 2022, May 2022

CIPFA has published an updated position statement that covers the purpose, model, core functions and membership of the audit committee. This updates the 2018 version. CIPFA has also published some FAQs on its website setting out the purpose and value of the audit committee.

[Support for audit committees \(cipfa.org\)](https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/support-for-audit-committees)

NATIONAL PUBLICATIONS

DLUHC

4. Creation of the Audit Reporting and Governance Authority, May 2022

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the Government.

This government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.

The consultation response also announces plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

<https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system>

NATIONAL PUBLICATIONS

National Audit Office

5. Audit and Assurance Committee effectiveness tool, May 2022

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

<https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/>

6. Annual Quality Monitoring Report 2019/20, April 2022

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

PSAA summarise the results of 2019/20 quality monitoring reviews undertaken by the FRC in this report. We commented on the FRC's own report in our progress report to the February Governance, Audit and Scrutiny Committee. This showed a significant improvement in Mazars audits reviewed by the FRC. All 2019/20 Mazars audits reviewed by the FRC were assessed as meeting the required standard.

<https://www.psaa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/>

NATIONAL PUBLICATIONS

Home Office

7. Fire Safety (England) Regulations 2022, May 2022

The Fire Safety (England) Regulations 2022 will implement the majority of the recommendations made by the Grenfell Tower Inquiry in its Phase 1 report which required a change in the law. The regulations will come into force on 23 January 2023. The regulations seek to improve the fire safety of blocks of flats in ways which are practical, cost effective for individual leaseholders and proportionate to the risk of fire. For high-rise residential buildings (a multi-occupied residential building at least 18 metres in height or 7 or more storeys), responsible persons must:

- share electronically with their local fire and rescue service (FRS) information about the building's external wall system and provide the FRS with electronic copies of floor plans and building plans for the building.; and
- inform the FRS if a lift used by firefighters or one of the pieces of firefighting equipment is out of order for longer than 24 hours.

[Fire Safety \(England\) Regulations 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/fire-safety-regulations-2022)

8. Amendments to the Firefighter's Pension Schemes in England 2022, June 2022

The Home Office has published a summary of responses to the consultation on proposed amendments to the Firefighters' Pension Scheme (England) regulations 2014 as part of the first phase, which will move all members (including those formerly protected) to the 2015 scheme ('the reformed scheme') on 1 April 2022 and close the legacy schemes to future accrual from 31 March 2022. This will mean that all members are treated equally in respect of any pensionable service accrued after 31 March 2022. The Home Office is now seeking parliamentary approval to implement the first phase of the remedy with immediate effect.

A further consultation on amendments to the Firefighters' Pension Scheme to implement the second phase of the remedy will follow in 2022. This will focus on implementing members having a choice of benefits for the period which the remedy for age discrimination applies: 1 April 2015 to 31 March 2022.

[Amendments to the firefighters' pension schemes in England 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/amendments-to-the-firefighters-pension-schemes-in-england-2022)

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