



MINUTES

POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX AND ESSEX COUNTY FIRE & RESCUE SERVICE

Strategic Board - Extraordinary
30 May 2024 11:00 – 12:00

Present:

Roger Hirst (RH)	Police, Fire and Crime Commissioner (Chair)
Colette Black (CB)	Director of People Services, ECFRS
Emily Bownes (EB)	Head of Performance and Scrutiny (Fire), PFCC's office
Pippa Brent-Isherwood (PBI)	Chief Executive Officer, PFCC's office
Moira Bruin (MB)	Deputy Chief Fire Officer, ECFRS
Emily Cheyne (EC)	Assistant Director Communications, ECFRS
Neil Cross (NC)	Chief Finance Officer, ECFRS
Karl Edwards (KE)	Director of Corporate Services, ECFRS
Heather Kinzett (HK)	Strategic Advisor, ECFRS
Austin Page (AP)	Financial Accounting and Compliance Manager, ECFRS
Janet Perry (JP)	Chief Financial Officer / Strategic Head of Performance and Resources, PFCC's Office

Helen Notman (HN) (Minutes) Scrutiny Officer, PFCC's office

Apologies:

Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Rick Hylton (RHyl)	Chief Fire Officer, ECFRS
Andy Smith (AS)	Director of Operations, ECFRS

1. Introductions

1.1. RH welcomed all to the meeting, apologies were noted from those above. RH thanked everyone for their hard work on this key document and recognised that it was important for these things to be well audited, scrutinised and publicised.

2. Publication of Draft 2023/24 Accounts

2.1. NC provided an update on the accounts which have progressed through the necessary governance boards, Audit Committees as well as the Senior Leadership Team. The decision report lays out the pre-publication of accounts and reserve positions. The decision report contains the published 2024-25 reserve strategy alongside the budget. Within this there were projections about where the Service's reserves were projected to land and where they had actually landed, and these were included within the decision report to ensure transparency. In terms of the general reserve the final outturn was a small surplus. NC reminded colleagues that at one point the Service were projecting a deficit of approximately £0.5m. So, the final position had meant that the Service had actually had a slight increase in the general reserves in terms of the Service's earmarked reserves. The final earmarked reserves per the accounts are £6.2m. The Service were projecting them to be in their reserve strategy at just under £5.1m, the difference between those figures is because some income had been unexpectedly received, which they had decided to earmark for the protection uplift grant. The Service had not expected to receive that money in 2023/24, but that was received on the back of the plans that were submitted to the Home Office. That money had not been spent

in year but would be spent in the coming 12 months. In addition to that, the Service have had some income that was on the balance sheet that had previously been classified as grants received in advance. That was money that was associated with a previous grant for Grenfell and Building Risk Review. The Service had reclassified that to earmark as a reserve, rather than classified as grants received in advance. The final element of grants received in advance was £200k that the Service have added to their national non-domestic rate (NNDR) collection reserve. £700k had been received as hospitality relief, the Service were not sure what the returns for this would be, so took a prudent approach to keep back £200k to earmark that against the collection reserve in case they needed to repay any of this back once the districts had done their final reconciliation. Other differences in the earmarked reserves were due to the innovation and transformation reserve and purely due to the timing of the spending. For example, the costs associated with the finance system project with the fleet workshops, and fire training facilities are DRs that had been signed off, but the costs had not yet been incurred. These had been expected in 2023/24, but now would occur in 2024/25, and the reserve would be released against that cost, once it had been incurred.

- 2.2. In the capital receipts reserve, the Service was about £1m higher in their closing reserve position than what had been reported in their reserve strategy. This was due to two conflicting issues, the sale of Dovercourt to Essex Police in 2023/24, which had yet to happen, and was now expected in 2024/25, and also the draw down of some of those capital receipt reserve items. In terms of those projects there were timing differences, for example on the final control system projects the Service were awaiting final costs. NC highlighted that these were all timing differences rather than fundamental issues. RH asked whether with the Dovercourt delay this meant that the Service would get an increase in capital receipt reserves as opposed to a decrease? NC confirmed that the capital receipts reserve had projected the income in reserve strategy £350k for the sale of Dovercourt. Which would be discussed at the June Strategic Board meeting. RH raised some questions around when the Service expected clarity about the NNDR collection reserve figure. RH added that presumably if the Service had clarity that this was not required by their partners, then that would be released to the general reserve? NC confirmed that yes NNDR accounts final position is once all Districts had been audited, however the time frame for this was not yet known.
- 2.3. RH stated that the earmarked reserves were now £6.2m in total against the projection of £5.1m but questioned where they were the previous year. NC confirmed that last year there was £7.1m of earmarked reserves and £900k of those were used, so this had then reduced to £6.2m. So, in the last two years, in line with the strategies put together the Service had been utilising their earmark reserves. RH confirmed that he was pleased this was going down rather than up and that they were being used for what had been predicted.
- 2.4. RH asked about the Inspection issue and NC clarified that the DR would need to be updated to reflect whatever was decided next. JP & NC had drafted the inspection notice and once the draft accounts had been published, which was due by 31 May 2024, a formal 30-day inspection period would commence with the public. The Service hoped to publish a formal inspection notice and on that they would quote who the external auditors were in case the public raised any objections to this. The current challenge with this was that [REDACTED] were doing the 2022/23 audit and 2023/24 audit, but that [REDACTED] were the incoming auditors, but they could not be formally appointed until [REDACTED] had resigned. NC explained that JP had just provided an update around this, that the Service had had verbal communications with the new [REDACTED] partner, who said they were happy to be quoted on the inspection notice. The draft audit notice was then sent to the audit partner to show what it would state and then they had emailed back that morning to say [REDACTED] could not be named because they were not yet formally appointed, contrary to what had

previously been said. [REDACTED] had already written to the Service to clarify that they could not be named on the inspection notice. This then left the Service in the position of having the accounts ready to publish, but the issue remaining regarding notifying the public of the auditors. NC explained the two options the Service had come up with to deal with this; one to delay the notice, not to publish the accounts, and to state the reason for the delay because they are appointing new auditors, and the 2022/23 accounts have not yet been completed because of the pension assurance letters. Option two would be to proceed with publishing the accounts as they were, but to put a note out there to say the Service cannot commence the formal inspection period due to that audit position that the Service were appointing new auditors and were still awaiting the 2022/23 accounts completion. NC asked if there were any additional suggestions around this to let them know. NC added that it was important to note that in either option, the Service would be in breach of a regulation, but clearly there was an option to publish and to be transparent to the public, and with either option the Service would use the same narrative. RH asked for any views in addition to options one & two.

- 2.5. KE clarified that the outgoing auditors for the accounts were [REDACTED], the 2022/23 accounts were completed but not signed off because of the pension assurance letter, but that these had still been published. RH explained that they had got to the situation where [REDACTED] agreement was to provide the Service with a modified opinion, saying that there was an issue around pension assurance, but that had not yet been issued, once it was then they could complete their audit? KE clarified that [REDACTED] were the last company to deal with the accounts, so they should be the ones named on the published documents. NC explained that [REDACTED] had given clear confirmation in writing that as they were not the auditors for 2023/24, they could not be named. JP added that they were very close to the modified opinion coming back, which she would chase today. Once the Service had that modified opinion, they have had the VFM report and then presumably they could end the Service's relationship with [REDACTED], and then sign the contract with [REDACTED]. JP & NC clarified that they both preferred option two of those outlined. NC added that in reality under either option the narrative was identical, and it would be a shame not to make them transparent to the public, and he could not imagine that anyone had been in that position before. RH concluded that there were no alternative suggestions, he shared NC's view that a lot of work had gone into preparing the accounts and he would support option two that they were published with a notice making it clear where the Service was, and then to formally notify when the inspection period would start once they had a set of auditors who would be able to field queries around this. RH asked for the Board's endorsement of option two, there were no objections to this.

Action 09/24

Option two agreed to publish the 2023/24 accounts with a note to state the Service could not commence the formal inspection period due to not being able to name the incoming auditors until they were formally appointed.

- 2.6. JP asked whether the Service should write to the Home Secretary regarding this, for clarity? RH was unsure what the narrative to the Home Office had been around this already and JP confirmed that she would check this. RH added that it would be useful to write to them and explain the Service's position and that [REDACTED] would be taking this forward. NC felt that some form of communication would be useful because the Service was outside of their Statutory Duty, but that the previous communications should be reviewed first. NC added that it would be helpful to put pressure on [REDACTED] to complete their accounts, and some support from RH on this matter would be helpful, rather than to allow it to keep rolling on. RH agreed this was a very good point. JP suggested that an email from Paris had come in this week about VFM for Essex Police, and if a meeting had been offered on the back of this, RH could take this up urgently to discuss the modified opinion issue as well. RH agreed that this was a

good idea. JP agreed to pick this up with Camilla. RH suggested that in the first two weeks of June, if [REDACTED] had not been formally appointed by then, the Service should notify the Home Office within the first two weeks of June.

Action 10/24

JP to check what communication had been sent to the Home Office regarding delays in publishing the accounts.

Action 11/24

JP to look into arranging a meeting with Paris and RH to discuss with [REDACTED] about completion of the accounts including the modified opinion issue.

2.7. NC added that as a result of the agreement to option two within the meeting, he would update the DR to reflect this and return that today.

Action 12/24

NC to update DR to reflect decisions agreed at the meeting today, to take forward option two and return that today.

3. Any Other Business

3.1. There being no further business the meeting closed at 11:36

Future meeting dates

- 13th June 2024 at 14:00
- 19th September 2024 at 10:00