



CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY

STATEMENT OF ACCOUNTS 2016/17

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Narrative Report

Cambridgeshire and Peterborough Fire Authority was formed on 1 April 1998 following Local Government reorganisation in Cambridgeshire.

The Fire Authority must prepare and publish a Statement of Accounts annually. Its purpose is to give electors, local taxpayers, Fire Authority Members, employees and other interested parties clear information about the Fire Authority's finances.

Publication of these accounts, which have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom for 2016/17', which is based on International Financial Reporting Standards (IFRS), is required under the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015.

The purpose of the Statement of Accounts aim is to provide information on:

- the cost of providing Fire Authority services in the financial year;
- how these services were paid for;
- what assets the Fire Authority owned at the end of the financial year; and
- what was owed, to and by, the Fire Authority at the end of the financial year.

This report gives a guide to the most important matters included in the Statement of Accounts.

Performance

The Authority has fully reviewed and refreshed its Integrated Risk Management Plan (IRMP). This will be reviewed every three years and the Authority receives monitoring reports on these indicators annually. The most recent report was presented at the meeting of the Overview and Scrutiny Committee on 19th October 2016 covering 2017/18 to 2019/20. This report can be viewed via the following link:

<http://www.cambsfire.gov.uk/october-19-2016-2891.aspx>

The Statement of Accounts for the year ended 31 March 2017 consists of the following: -

The Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Fire Authority and the Treasurer for preparing the Statement of Accounts.

The Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Fire Authority analysed between usable and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Fire Authority's service, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Fire Authority raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet

This shows information on the financial position of the Fire Authority as at the 31 March 2017, including the level of balances and reserves at the Fire Authority's disposal, its long term indebtedness and the value of the assets held by the Fire Authority.

The Cash Flow Statement

This shows the cash and cash equivalent movements in and out of the Fire Authority due to transactions with third parties for revenue and capital purposes.

The Statement of Accounting Policies

This summarises the accounting rules used to prepare the Statement of Accounts.

Notes to the Financial Statements

These explain in more detail a number of entries in the core financial statements.

The Firefighter Pension Fund Accounts

These set out the payments made and received in respect of the Firefighter Pension Schemes.

The Net Asset Statement

This sets out the balance of Firefighters Pension funding payable to / from central government.

External Borrowing

The Fire Authority has existing long term borrowing from the Public Works Loans Board (PWLB), totalling £3,200k, which has been taken out to fund the Fire Authority's historical capital programme. No new borrowing was taken during the financial year.

Pensions Liability

The Fire Authority participates in five defined benefit pension schemes. Although the benefits will not actually be payable until employees retire, the Fire Authority has a commitment, under International Accounting Standard 19 – Employee Benefits, to account for the significant liability that is disclosed within the Balance Sheet.

Opinion

In my opinion the statement of accounts present a true and fair view of the financial position of the Fire Authority at 31 March 2017 and its income and expenditure for the year then ended.

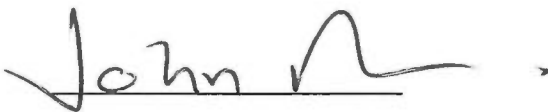


Matthew Warren CPFA
Treasurer

Date: 28th September 2017

Signed on behalf of the Fire Authority:

I confirm that these accounts were approved and events after the 31 March 2017 up to the 28th September were taken into account by the Cambridgeshire and Peterborough Fire Authority.



Cllr John Peach
On behalf of Cambridgeshire and Peterborough Fire Authority

Date: 28th September 2017

For further information concerning any items contained in this Statement please write to:

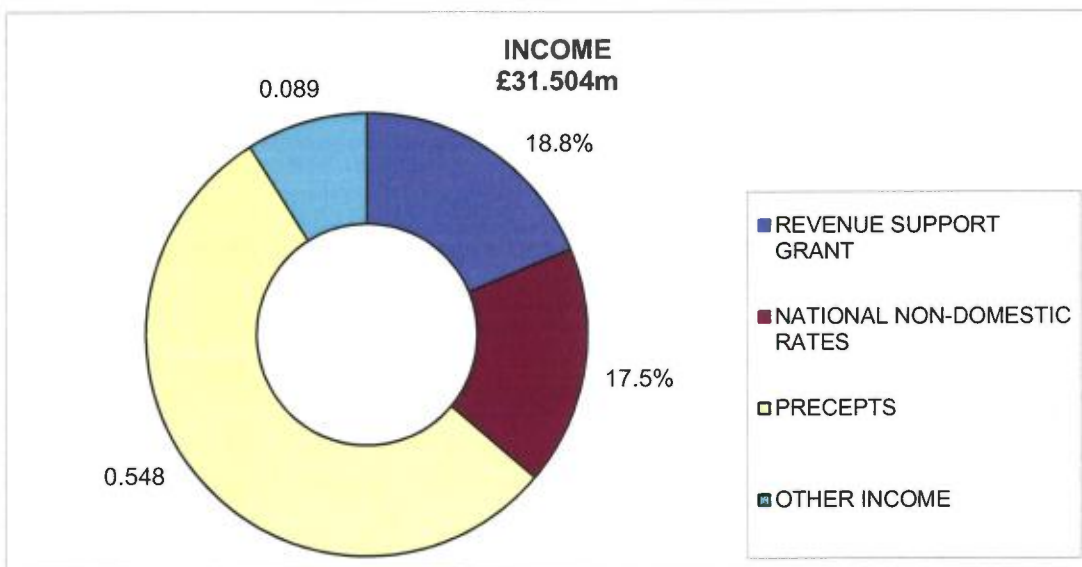
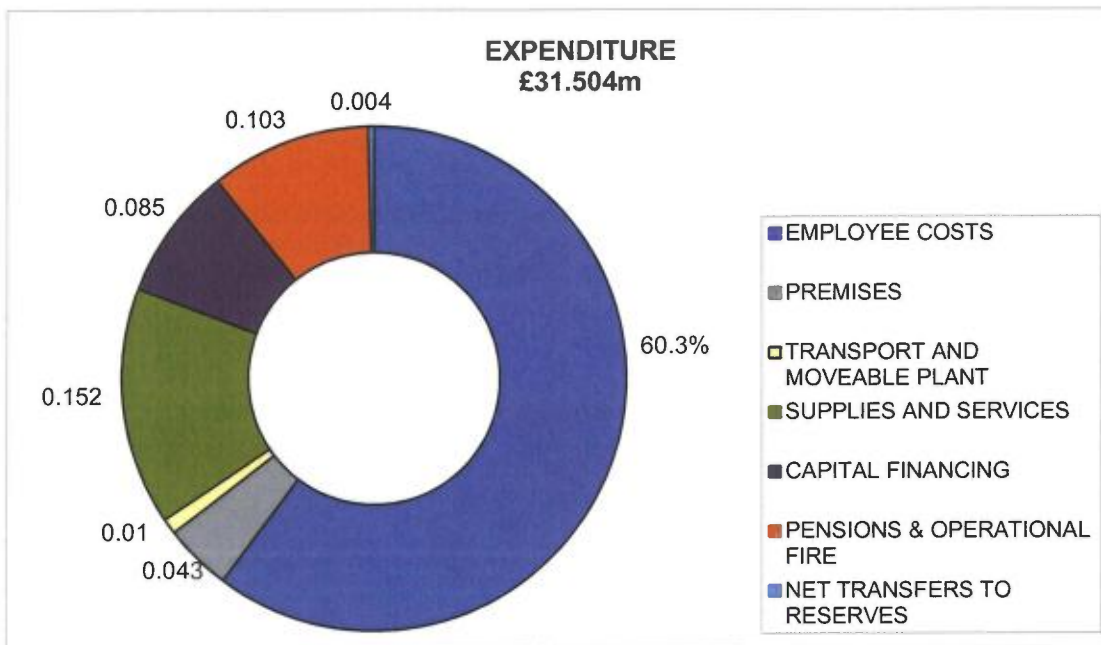
The Treasurer
Cambridgeshire and Peterborough Fire Authority
Hinchingsbrooke Cottage
Brampton Road
Huntingdon
Cambs PE29 2NA

or telephone (01480) 444500

Summary of the Financial Year

Revenue Spending

The figures used in this summary are taken from the Fire Authority's management accounts and will be different in some areas to the numbers in the Statement of Accounts (as seen in the reconciliation note C10). The Fire Authority's total net expenditure was £28.557m. This is made up of £31.504m (expenditure) less £2.808m (other income) less £0.139m (net transfers from reserves). The following charts show where the monies we received came from and how we spent it.



The Fire Authority held £2.423m in general reserves as at 31 March 2017, which equals 7.7% of revenue budget. The General Reserve is required to provide the Fire Authority with financial flexibility when dealing with unexpected circumstances. Specific Reserves have also been established to provide for future or predicted liabilities. A statement detailing our earmarked reserves is set out at Note B2 on page 28 to the Statement of Accounts.

A summarised comparison of the Fire Authority's expenditure for the year to the budget is presented in the table on page 6. A reconciliation between the figures shown in this table and the Comprehensive Income and Expenditure Statement is shown in the Expenditure and Funding Analysis on page 8.

Under spends can be used to help finance capital expenditure and reduce our borrowing requirement and debt financing costs in the future. £2.240m has been used to fund the capital programme; this is consistent with the Fire Authority's approved treasury management strategy and has avoided the need for any new borrowing.

The table below shows the cash movements to reconcile with that in the Movement in Reserves Statement (page 10).

	£000
General Reserve Balance as at 31st March 2016	2,349
Transfer to Revenue C/Forwards Reserve	74
General Reserve Balance as at 31st March 2017	2,423

As part of the budget preparation process for 2016/17 a total of £0.650m savings were identified and applied.

The Fire Authority undertook a wholetime recruitment campaign to bring the operational numbers up to the budgeted position. This recruitment offset the previous under spend, resulting in the budget for full time firefighters being marginally over spent at the year end (0.237m).

The budgets for support and control were under spent at year-end (total of £0.648m). This was due to increased turnover and subsequent delays in recruiting to the affected posts.

The under spend against the supplies and services budget (£0.720m) relates to projects running behind schedule and monies set aside for budget reductions in 2016/17 not being fully spent. In addition, there are some carry forward requests and orders not yet received; this under spend has been utilised to finance capital expenditure.

2015/16			2016/17			
Revised Budget £000's	Actual £000's	Variance £000's	Description	Revised Budget £000's	Actual £000's	Variance £000's
10,321	10,299	-22	Full Time Firefighters	10,525	10,762	237
1,513	1,356	-157	Control Room Staff	1,539	1,466	-73
3,360	2,832	-528	Local Govt. Employees	3,306	3,015	-291
2,387	2,487	100	Senior Management (Hay)	2,677	2,393	-284
985	877	-108	Recruitment & Training	796	842	46
510	547	37	Fire Allowances	485	499	14
19,076	18,398	-678	EMPLOYEE COSTS	19,328	18,977	-351
448	394	-54	Property Maintenance	429	361	-68
224	188	-36	Insurance	208	123	-85
280	253	-27	Energy Costs	268	222	-46
125	129	4	Cleaning	111	107	-4
536	562	26	Rents & Rates	551	548	-3
1,613	1,526	-87	PREMISES	1,567	1,361	-206
65	60	-5	Car & Cycle Allowances	74	82	8
186	186	0	Vehicle Running Expenses	157	141	-16
183	145	-38	Vehicle Insurance	172	98	-74
434	391	-43	TRANSPORT AND MOVEABLE PLANT	403	321	-82
302	310	8	Office Expenses	358	291	-67
1,663	1,416	-247	IT & Communications Equip.	1,604	1,504	-100
287	253	-34	Fire Equipment	289	281	-8
618	523	-95	Uniforms & Clothing	523	497	-26
3,529	1,320	-2,209	Other Supplies & Services	2,720	2,201	-519
6,399	3,822	-2,577	SUPPLIES AND SERVICES	5,494	4,774	-720
1,826	2,452	626	Debt Charges	2,726	2,676	-50
-90	-121	-31	External Interest	-90	-109	-19
1,736	2,331	595	CAPITAL FINANCING	2,636	2,567	-69
29,258	26,468	-2,790	CONTROLLABLE EXPENDITURE	29,428	28,000	-1,428
-1,353	-1,171	182	Other Income	-1,300	-1,443	-143
-2,006	-2,080	-74	Other Government Grants	-415	-1,256	-841
-3,359	-3,251	108	CONTROLLABLE INCOME	-1,715	-2,699	-984
25,899	23,217	-2,682	NET CONTROLLABLE EXPENDITURE	27,713	25,301	-2,412
588	750	162	Pensions - Injury Awards	596	759	163
3,880	3,451	-429	Operational Fire Budget	3,054	2,498	-556
4,468	4,201	-267	SAFETY-NETTED EXPENDITURE	3,650	3,257	-393
30,367	27,418	-2,949	NET EXPENDITURE	31,363	28,558	-2,805
-28,534	-28,555	-21	Grant/Precept Income	-28,453	-28,696	-243
-1,833	-53	1,780	Transfers to/from earmarked reserves	-2,910	-188	2,722
	1,126	1,126	Year end transfer to Capital Reserve		252	252
-30,367	-27,482	2,885	CONTRIBUTIONS	-31,363	-28,632	2,731
	0	0	CONTRIBUTION TO GENERAL RESERVE		-74	-74
27,418			Net expenditure as above		28,558	
-883			Prior year adjustment		-	
26,535					28,558	
114			Year end accounting entries		5,881	
-157			Other income not included in cost of sales		-1,119	
26,492			Net expenditure per the CIES		33,320	

Variations

Positive variance denotes expenditure in excess of budget or income less than budget. Negative (-) variance denotes expenditure less than budget or income more than budget.

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Capital Spending

The table below details the capital expenditure and how this was financed.

Expenditure	£000's	£000's
Vehicles	939	
IT & Equipment	270	
Building Works	755	
Assets Under Construction	583	
		2,547
Financed By		
Capital Grants Reserve	307	
Revenue Contribution	2,240	
		2,547

This vehicles expenditure covers the purchase of operational and non-operational vehicles. During the year the Fire Authority completed the build of three fire appliances and purchased 31 other vehicles.

This budget also covers the maintenance of existing properties and the investment in new facilities.

The equipment relates to heavy duty rescue equipment, thermal cameras, radios and appliance ladders.

The ICT capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment.

Expenditure and Funding analysis

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16			2016/17		
Net Expenditure chargeable to the General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000's	£000's	£000's	£000's	£000's	£000's
21,716	(2,551)	19,165	22,234	2,906	25,140
1,526	-	1,526	1,361	-	1,361
391	-	391	321	-	321
3,822	-	3,822	4,774	-	4,774
-	2,665	2,665	-	2,976	2,976
-	(1,077)	(1,077)	-	(1,252)	(1,252)
27,455	(963)	26,492	28,690	4,630	33,320
(29,486)	7,181	(22,305)	(28,828)	8,166	(20,662)
(2,031)	6,218	4,187	(138)	12,796	12,658
3,567			2,349		
2,031			138		
			-		
(3,249)			(64)		
2,349			2,423		

Note to the Expenditure and Funding analysis

The tables below provide analysis of the Adjustments between Funding and Accounting Basis for 2016/17 and 2015/16 respectively.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2016/17	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
	£000's	£000's	£000's	£000's
Provision of Fire Services	439	2,907	1,416	4,762
Other Income and Expenditure	2	9,402	-1,370	8,034
Differences between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement surplus or deficit	441	12,309	46	12,796

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2015/16	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
	£000's	£000's	£000's	£000's
Provision of Fire Services	1,522	-2,553	988	-43
Other Income and Expenditure	-1,166	9,761	-2,334	6,261
Differences between General Fund surplus or deficit and the Comprehensive Income and Expenditure Statement surplus or deficit	356	7,208	-1,346	6,218

Statement of Responsibilities for the Statement of Accounts**The Fire Authority's Responsibilities**

The Fire Authority is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Fire Authority, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Fire Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Treasurer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.



Matthew Warren CPFA
Treasurer

Date: 28th September 2017

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Fire Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Authority tax setting purposes. The Net Increase /(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund and Earmarked Reserves Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2015	9,847	-	4,343	14,190	(270,324)	(256,134)
<hr/>						
<u>Movement in reserves during 2015/16 restated</u>						
Total Comprehensive Income and Expenditure	(4,187)	-	-	(4,187)	48,806	44,619
Adjustments between accounting basis & funding basis under regulations (Note B1)	6,218	1,164	188	7,570	(7,570)	-
<hr/>						
Increase/(decrease) in 2015/16	2,031	1,164	188	3,383	41,236	44,619
<hr/>						
Balance at 31 March 2016 carried forward restated	11,878	1,164	4,531	17,573	(229,088)	(211,515)

	General Fund and Earmarked Reserves Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
<u>Movement in reserves during 2016/17</u>						
Balance at 1 April 2016 brought forward	11,878	1,164	4,531	17,573	(229,088)	(211,515)
Total Comprehensive Income and Expenditure	(12,658)	-	-	(12,658)	(35,086)	(47,744)
Adjustments between accounting basis & funding basis under regulations (Note B1)	12,796	42	(307)	12,531	(12,531)	-
Increase/(Decrease) in 2016/17	138	42	(307)	(127)	(47,617)	(47,744)
Balance at 31 March 2017 carried forward	12,016	1,206	4,224	17,446	(276,705)	(259,259)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Fire Authority. The net assets of the Fire Authority (assets less liabilities) are matched by the reserves held by the Fire Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Fire Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Fire Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations

31 March 2016 Restated £000's		Note	31 March 2017 £000's
38,233	Property, Plant & Equipment	D1	40,766
474	Intangible Assets	D2	281
1	Long Term receivables	D3	3
38,708	Long Term Assets		41,050
10,774	Short Term Investments	D3	12,249
4	Inventories	-	11
3,557	Short Term Receivables	D5	3,079
5,396	Cash and Cash Equivalents	D6	4,772
19,731	Current Assets		20,111
(15)	Short Term Borrowing	D3	(16)
(2,266)	Short Term Payables	D7	(2,554)
(428)	Provisions	D8	(336)
(2,709)	Current Liabilities		(2,906)
(3,200)	Long Term Borrowing	D3	(3,200)
(640)	Other Long Term Liabilities	D3	(639)
(263,405)	Defined Benefit Pension Scheme	D17	(313,675)
(267,245)	Long Term Liabilities		(317,514)
(211,515)	Net Assets		(259,259)
17,573	Usable Reserves	D9	17,446
(229,088)	Unusable Reserves	D10	(276,705)
(211,515)	Total Reserves		(259,259)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Fire Authority during the reporting period. The statement shows how the Fire Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Fire Authority are funded by way of taxation and grant income or from the recipients of services provided by the Fire Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Fire Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Fire Authority.

2015/16 Revised			2016/17
£000's			£000's
4,187	Net (surplus) or deficit on the provision of services		12,658
(9,368)	Adjust net surplus or deficit on the provision of services for non cash movements		(16,195)
<u>1,351</u>	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<u>190</u>
(3,830)	Net cash flows from Operating Activities	Note E1	(3,347)
4,446	Investing Activities	Note E2	3,971
<u>1</u>	Financing Activities	Note E3	<u>-</u>
617	Net (increase) or decrease in cash and cash equivalents		624
<u>6,013</u>	Cash and cash equivalents at the beginning of the reporting period		<u>5,396</u>
<u>5,396</u>	Cash and cash equivalents at the end of the reporting period		<u>4,772</u>