



CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY

**Draft Statement of Accounts
for the year ending
31 March 2022**



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Narrative Report

Cambridgeshire and Peterborough Fire Authority was formed on 1 April 1998 following Local Government reorganisation in Cambridgeshire. Our three main roles are fire prevention, protection and response to fires, road traffic collisions and specialist services (including flooding, animal rescues, chemical spills, water rescues and freeing people). Our aim is to provide these services as effectively and efficiently as possible within the resource constraints we experience, whilst achieving our response time targets.

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 2021/22', 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 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 undertaken a full refresh of the Integrated Risk Management Plan (IRMP) for 2020-24. Performance and progress against the current IRMP is regularly reported to the Fire Authority other stakeholders.

The Service currently responds to the most critical incidents in urban areas in 07:36 minutes which is 84 seconds quicker than the 09:00 measure in the IRMP. Rural attendance times currently exceed our 12 minutes measure by 14 seconds, currently sitting at 12:14 this is mainly due to non-addressable locations in rural areas which means that attending appliances require more time to locate the incident.

Total fires have increase from 286 in 2020/21 to 401 in 2021/22. Of the 401 fires, 202 were primary fires*, 186 were secondary fires** and 13 were chimney fires.

**Primary fires are fire in buildings, vehicles or some outdoor structures / any fire involving death, injury or rescue / fires attended by five or more pumping appliances.*

***Secondary fires are small outdoor fires, not involving people of property.*

Deliberate fires increased from 55 in 2020/21 to 117 in 2021/22. Accidental dwelling fires has also increased from 57 to 71. The increases have mainly been due to the Covid-19 pandemic when most people were working and isolating in and at their homes during 2020/21.

Calls to Combined Fire Control calls continue to increase with 18,462 calls being received in 2021/22 which was up by 1,656 compared to 2020/21. Approximately 59% of these calls were to the Service and 41% for Suffolk Fire and Rescue Service of which we share a combined fire control with. The Service has noticed an increase in the amount of call to assist the ambulance which is due to Covid and the increased demand on the Ambulance Service.

The Service continues to see a reduction in the availability of our on-call strategic appliances from 82.49% last year to 66.81% this year. This follows a year-long trend of normalising after the first year of Covid when we had higher levels of on-call availability due to home working. Despite this return to normal availability, the Service is not seeing any impact to our rural attendance times.

Fire prevention and protection activities were reduced during the Covid-19 pandemic, during 2021/22 these activities continued again with a total of 1,308 safe and well visits delivered in quarter 4 out of 2,074 households targeted, an efficiency rate of 63%. Business engagements, fire protection audits and consultations have also continued again with a total of 267 audits being carried out in quarter 4 of 2021/22.

The number of operational staff has decreased by 30 over the past 12 months, to bring the workforce back in line with the agreed establishment and eliminating the over-establishment that we have had in place over the past couple of years. This has been a managed process in order to retain experiences and provide opportunity for skills transfer.

The Service continues to focus on equality, diversity and inclusion. 24% of our workforce overall is female - 8.7% of the operational workforce. 22.9% of all managers are female, with 4.8% of operational managers being female.

More details on the Services equality and inclusion plan can be found at **www.cambsfire.gov.uk/about-us/equality-and-inclusion/**

There has been a notable decrease in overall sickness rates compared to 2020/21. There has been a reduction in long-term sickness and increase in short term sickness. This has been predominantly due to Covid illness and self- isolation.

The Service's Response to Covid-19

Following the announcement by the Prime Minister on the evening of 23rd March 2020 instructing the public to stay at home, the Chief Fire Officer advised that all staff, unless on operational duty, should stay and work from home and not come into their offices.

During 2021/22, as restrictions eased, we saw small numbers of non-operational staff return to the offices, whilst maintaining social distancing and good sanitisation practices. As a result of staff being able to work from home without any detrimental impact to the services provided, a review was undertaken on the ways of working. The result has been the adoption and acceptance of an agile way of working.

In 2021/22, we received further covid funding of £48k, this funding is to be used to cover any outstanding covid costs and put towards improving efficiency and productivity in the Service.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services

The Government has commissioned Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services to inspect all 44 fire and rescue services. The general inspection looks at three main areas – how effective we are, how efficient we are and how well we look after our people. Other themed inspections can also be carried out, such as the one in 2020 looking at how we had responded to the Covid pandemic.

In our first inspection in 2018, we achieved a rating of Good across all three areas of the general inspection. We were inspected again in the spring of 2021 and received the outcome in December 2021. We were again rated as good in all three areas, putting us amongst the best performing fire and rescue services in the first tranche.

More details concerning our latest inspection report can be found at www.cambsfire.gov.uk/about-us/our-inspection-report/

Internal Controls

The service carries out internal audits using an external provider – RSM UK Risk Assurance Services LLP. During 2021/22, the Service carried out seven assurance assignments.

- Human Resources – Wellbeing strategy
- Key financial controls
- CFRMIS – Collection and update of risk information
- Capital projects – Training Centre
- Asset and fleet management system
- Sickness absence management
- Training centre resourcing

Of the assurance assignments completed, four were completed with positive assurance and two with partial assurance. One assignment is yet to be completed.

The Service actively reviews the assignments and addresses deficiencies in controls and standards to ensure that these deficiencies in controls are rectified.

Sustainability & Environmental Impact

The Service is actively looking at ways it can reduce its impact on the environment and promote sustainability in the service that it provides. The Service is currently looking at moving its fleet to more sustainable electric vehicles. This has begun within the silver fleet provision with electric pool vehicles being purchased and this will be rolled out across the Service in the future.

The Service has also considered the use of bio diesel in some of its red operational fleet and is actively looking at ways it can create sustainability in other areas such as property and ICT.

Financial Outlook

The Government's Comprehensive Spending Review (CSR) 2021 maintained levels of central government funding for Fire and Rescue Services, however there may be plans in the future for funding to be reduced. The Authority has been actively looking at what effects a reduction in funding may have on the services that it provides.

The Authority has an efficiency plan in place which details how the Fire Authority plans to improve the service it provides whilst managing with reduced real-term funding levels. It is also looking at a contingency plan should funding be reduced significantly whilst costs are rising. In anticipation of these financial burdens the service may experience in the forthcoming year(s), it has allocated £1m to a Finance Business Continuity Reserve in 2021/22.

The government carried out a one-year CSR for 2020/21 and again in 2021/22, there is no certainty that a CSR for three years will be provided in 2022/23, making financial planning for future years difficult.

The Service's investments over 2020/21 generated lower than anticipated returns due to the reduction in base rate by the Bank of England and the consequential lowering of the interest rates. This has continued in 2021/22, however the Service has started to see an increase in interest rates available in the investments it has made during the period.

The invasion of Ukraine launched by the Russian President, Vladimir Putin, has created significant uncertainty in the global economy, particularly in energy markets. These uncertainties are and will have an adverse effect on the UK economy and other economies too.

Higher than expected global energy and goods prices have already led to an unavoidable increase in the cost of living in the UK, and the invasion of Ukraine will add to these pressures and increase inflation over the coming months with long-term consequences not yet being clear.

The Service is expecting the pay award for 2022/23 to be bigger than the budgeted 2% and with energy prices and support service charges increasing, there is an increased pressure on the Service's budget for 2022/23 and beyond.

The government has taken steps to assist individuals and businesses with the cost of living crisis and it is hoped that assistance is also provided to local government to help with the additional costs in delivering its services to their communities.

Other than the above, the Service/Authority does not forecast any other material financial impacts.

The Statement of Accounts for the year ended 31 March 2022 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 statutory requirements; 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 2022, 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.

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 2022 and its income and expenditure for the year then ended.



Matthew Warren CPFA
Treasurer
Date: 28 June 2022

Signed on behalf of the Fire Authority:

I confirm that these accounts were approved and events after the 31 March 2022 up to the 28th June 2022 were taken into account by the Cambridgeshire and Peterborough Fire Authority.



Cllr Edna Murphy
On behalf of Cambridgeshire and Peterborough Fire Authority

Date: 28th June 2022

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

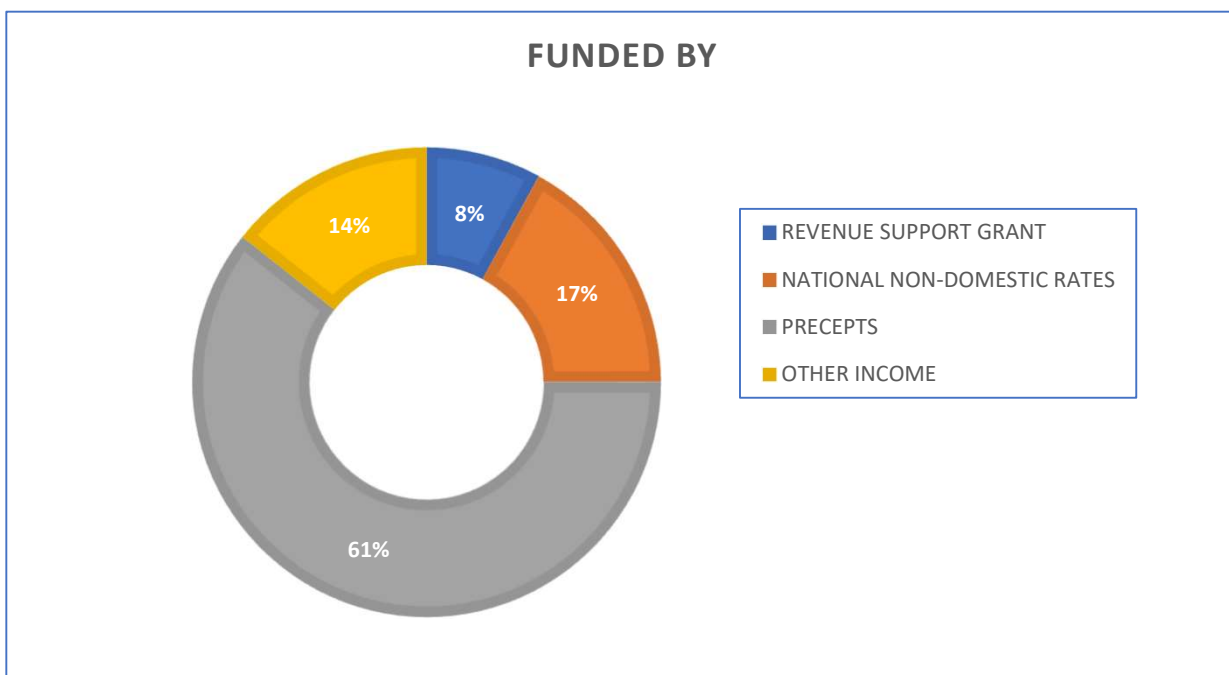
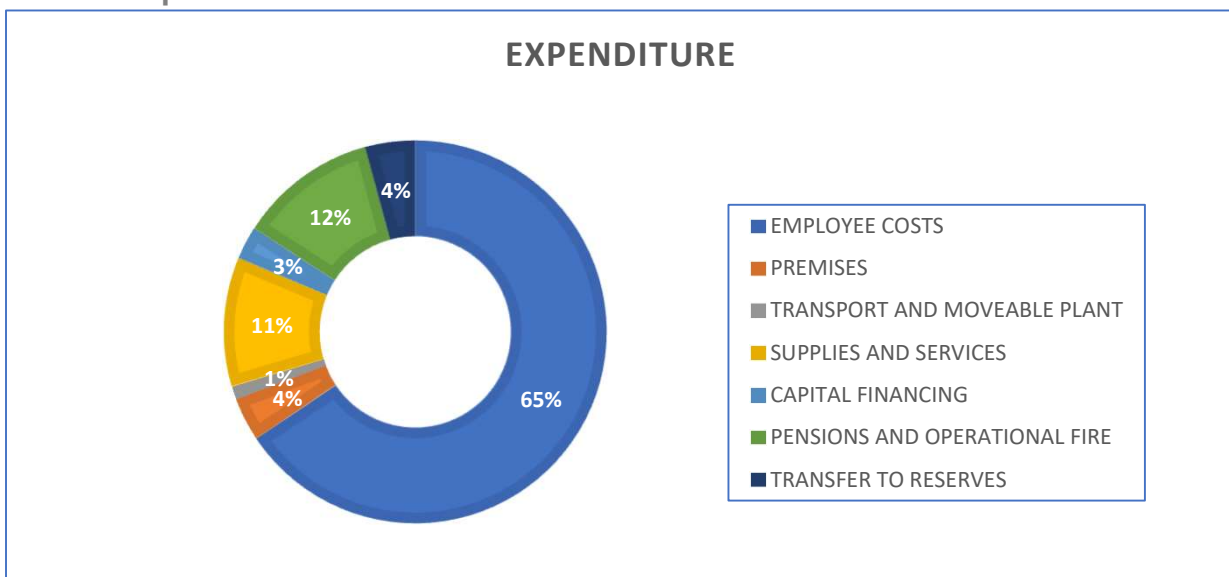
Summary of the Financial Year

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. The Fire Authority's total net expenditure was £30.201m. This is made up of £35.27m (expenditure) less £5.069m (other income). This equates to a cost of £35.12 per head of population (based on the latest population figure from the Office of National Statistics).

The following charts show where the monies we received came from and how we spent it.

2021/22 Expenditure and income charts - £35.27m



The Fire Authority held £2.133m in general reserves as at 31 March 2022, which equals 7% of the 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. In particular £1m has been carried forward as a Finance Business Continuity Reserve to help provide some security as we experience record inflation rates at the beginning of 2022/23, resulting in increases in costs across the whole service over and above those budgeted, alongside unknown future incomes. A statement detailing our earmarked reserves is set out at Note 8.

A summarised comparison of the Fire Authority’s expenditure for the year to the budget is presented in the table on page 11. 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 14.

The table below shows the cash movements to reconcile with that in the Movement in Reserves Statement (page 16).

	£000's
General reserve balance as at 31st March 2021	2,098
Transfer from General Reserve	35
General reserve balance as at 31st March 2022	2,133

The Fire Authority has undertaken wholetime firefighter recruitment campaigns during 2021/22 to ensure that operational firefighter numbers remained at the budgeted position. The Authority has reduced the number of operational staff over the past 12 months, however this has been a controlled process to bring our workforce back in line with establishment whilst having consideration of our estimated retirement profile over the next 18 months. A separate reserve was earmarked to fund wholetime recruitment and additional expenditure. No funding was applied in 2021/22 to fund wholetime recruitment or expenditure.

The primary variances against the budget are as follows:

Employee Costs: This area of expenditure is under budget by 1%, this is mainly due to training being deferred to 2022/23.

Premises Costs: This area of expenditure is under budget by 8%, this is mainly due to reduced utility costs as usage of authority premises during the pandemic continued to be dramatically reduced. The Service also continued to benefit from the rate reduction exercise commenced in 2020/21, seeing the rateable value of many of the Authority’s portfolio reduce.

Transport and Plant: This area of expenditure is under budget by 12%, this is due a reduction in the running costs of our fleet and reduced motor insurances due to a reduction in use and insurance claims.

Supplies and Services: This area of expenditure is under budget by 28%, this has been mainly due to some IT costs being absorbed in the 2020/21 accounts, delays in some IT projects and availability of service uniforms, as well as savings achieved from a comprehensive spending review commenced in 2021/22.

Other Government Grants: 2021/22 also saw a significant increase in the receipt of Government Grants. Note 25 provides some details of the grants received.

Summary Financial Table

Description	Revised Budget £'000's	Actual to Date £000's	Variance £000's	Variance %
Full Time Firefighters	13,169	13,218	49	0%
Control Room Staff	1,677	1,749	72	4%
Local Govt. Employees	3,441	3,304	(137)	-4%
Senior Management (Hay)	3,696	3,624	(72)	-2%
Recruitment & Training	777	541	(236)	-30%
Fire Allowances	681	697	16	2%
EMPLOYEE COSTS	23,441	23,133	(308)	-1%
Property Maintenance	351	399	48	14%
Insurance	74	46	(28)	-38%
Energy Costs	320	255	(65)	-20%
Cleaning	61	46	(15)	-25%
Rents & Rates	614	559	(55)	-9%
PREMISES	1,420	1,305	(115)	-8%
Car & Cycle Allowances	69	46	(23)	-33%
Vehicle Running Expenses	177	186	9	5%
Vehicle Insurance	179	140	(39)	-22%
TRANSPORT AND MOVEABLE PLANT	425	372	(53)	-12%
Office Expenses	315	178	(137)	-43%
IT & Communications Equip.	2,235	1,625	(610)	-27%
Fire Equipment	361	335	(26)	-7%
Uniforms & Clothing	394	285	(109)	-28%
Other Supplies & Services	2,034	1,434	(600)	-29%
SUPPLIES AND SERVICES	5,339	3,857	(1,482)	-28%
Debt Charges	1,266	976	(290)	-23%
External Interest	(90)	(20)	70	-78%
CAPITAL FINANCING	1,176	956	(220)	-19%
CONTROLLABLE EXPENDITURE	31,801	29,623	(2,178)	-7%
Other Income	(1,938)	(1,856)	82	-4%
Other Government Grants	(1,802)	(3,193)	(1,391)	77%
CONTROLLABLE INCOME	(3,740)	(5,049)	(1,309)	35%
NET CONTROLLABLE EXPENDITURE	28,061	24,574	(3,487)	-12%
Pensions - Lump Sums	660	981	321	49%
Operational Fire Budget	3,329	3,158	(171)	-5%
SAFETY-NETTED EXPENDITURE	3,989	4,139	150	4%
NET EXPENDITURE	32,050	28,713	(3,337)	-10%
Grant/Precept Income	(30,683)	(30,201)	482	
Transfers to/(from) earmarked reserves	(1,367)	1,453	2,820	
CONTRIBUTIONS	(32,050)	(28,748)	3,302	
CONTRIBUTION TO GENERAL RESERVE	-	35	35	

Capital Spending

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

Expenditure	£000's	£000's
Vehicles	300	
IT & Equipment	230	
Building Works	661	
Assets Under Construction	<u>4952</u>	
		6143
Financed By		
Borrowing	2595	
Transfer from Capital Reserve	2587	
Application of Capital Receipts and revenue contribution	<u>961</u>	
		6143

This vehicles expenditure covers the purchase of provided and non-operational vehicles. The Fire Authority has committed to purchase seven fire appliances over the next 18 months totalling £1,746k.

This property expenditure relates to the maintenance of existing properties and the investment in new facilities. The Service is currently building a new fire station and training centre will be built over the next 18-24 months.

The equipment relates to the technical refresh of breathing apparatus equipment and the purchase of new personal issue drysuits for operational crews.

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

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; and
- 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; and
- complied with the Code.

The Treasurer has also:

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



Matthew Warren CPFA
Treasurer

Date: 28 June 2022

Expenditure and Funding Analysis

This analysis 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 accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. A further breakdown of the adjustments can be found in Note 6.

Please note this is not a primary statement to the accounts.

Net Expenditure Chargeable to the General Fund Balance	2020/21		Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	2021/22		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments				Adjustments		
£000	£000	£000		£000	£000	£000	
26,886	(2,981)	23,905	Employee Costs	26,919	(658)	26,261	
1,446	-	1,446	Premises Costs	1,306	-	1,306	
549	-	549	Transport and Plant	697	-	697	
5,520	-	5,520	Supplies and Services	3,899	-	3,899	
-	2,154	2,154	Depreciation and Amortisation	-	1,708	1,708	
-	(1,780)	(1,780)	Other Income	-	(1,856)	(1,856)	
34,401	(2,607)	31,794	Net Cost of Services	32,821	(806)	32,015	
(32,869)	8,141	(24,728)	Other Income and Expenditure	(34,310)	7,175	(27,135)	
1,532	5,534	7,066	Deficit on Provision of Services	(1,489)	6,369	4,880	
(10,637)			Opening Combined General Fund Balance	(9,105)			
1,532			Plus/Less (Surplus) or Deficit on the General	(1,489)			
(9,105)			Closing Combined General Fund Balance	(10,594)			

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21			2021/22			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
23,905	-	23,905	Employee Costs	26,261	-	26,261
1,446	-	1,446	Premises Costs	1,306	-	1,306
549	-	549	Transport and Plant	697	-	697
5,520	-	5,520	Supplies and Services	3,899	-	3,899
2,154	-	2,154	Depreciation and Amortisation	1,708	-	1,708
-	(1,780)	(1,780)	Other Income	-	(1,856)	(1,856)
33,574	(1,780)	31,794	Cost of Services	33,871	(1,856)	32,015
-	(234)	(234)	Other Operating Income and Expenditure	-	(37)	(37)
7,929	(873)	7,056	Financing and Investment Income and Expenditure	8,723	(965)	7,758
-	(31,550)	(31,550)	Taxation and Non Specific Grant Income	-	(34,856)	(34,856)
41,503	(34,437)	7,066	Deficit on Provision of Services	42,594	(37,714)	4,880
		(2,212)	Surplus on revaluation of Property, Plant and Equipment	Note 11		(3,368)
		(87)	Impairment reversals on non-current assets charged to the Revaluation Reserve	Note 11		(250)
		71,652	Remeasurement of the net defined benefit liability / asset	Note 29		(30,834)
		69,353	Other Comprehensive Income and Expenditure			(34,452)
		76,419	Total Comprehensive Income and Expenditure			(29,572)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Fire Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments. Further details can be found in Notes 18 and 19.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2021	(2,098)	(7,007)	(9,105)	(1,319)	(2,587)	(13,011)	339,129	326,118
Rounding Adjustment	-	-	-	-	-	-	(3)	(3)
Revised opening balance	(2,098)	(7,007)	(9,105)	(1,319)	(2,587)	(13,011)	339,126	326,115
Movement in reserves during 2021/22								
Net Deficit on the provision of services	4,880	-	4,880	-	-	4,880	-	4,880
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(34,452)	(34,452)
Total Comprehensive Income and Expenditure	4,880	-	4,880	-	-	4,880	(34,452)	(29,572)
Adjustments between accounting basis and funding basis under regulations	(6,369)	-	(6,369)	-	-	(6,369)	6,369	-
Net Increase or Decrease before Transfers to Earmarked Reserves	(1,489)	-	(1,489)	-	-	(1,489)	(28,083)	(29,572)
Transfers to / from Earmarked Reserves	1,454	(1,454)	-	-	2,587	2,587	(2,587)	-
Increase in 2021/22	(35)	(1,454)	(1,489)	-	2,587	1,098	(30,670)	(29,572)
Balance at 31 March 2022	(2,133)	(8,461)	(10,594)	(1,319)	-	(11,913)	308,456	296,543

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2020	(3,185)	(7,452)	(10,637)	(1,319)	(2,587)	(14,543)	264,242	249,699
Movement in reserves during 2020/21						-		-
Net Deficit on the provision of services	7,066	-	7,066	-	-	7,066		7,066
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	69,353	69,353
Total Comprehensive Income and Expenditure	7,066	-	7,066	-	-	7,066	69,353	76,419
Adjustments between accounting basis and funding basis under regulations	(5,534)	-	(5,534)	-	-	(5,534)	5,534	-
Net Increase or Decrease before Transfers to Earmarked Reserves	1,532	-	1,532	-	-	1,532	74,887	76,419
Transfers to / from Earmarked Reserves	(445)	445	-	-	-	-	-	-
Decrease in 2020/21	1,087	445	1,532	-	-	1,532	74,887	76,419
Balance at 31 March 2021	(2,098)	(7,007)	(9,105)	(1,319)	(2,587)	(13,011)	339,129	326,118

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, ie 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 Statements 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 2021 £000	Notes	BALANCE SHEET AS AT	31 March 2022 £000
46,888	Note 11	Property, Plant and Equipment	54,442
580	Note 12	Intangible Assets	825
47,468		Long Term Assets	55,267
9,004	Note 13	Short term Investments	6,006
-		Assets Held for Sale	-
10		Inventories	19
4,029	Note 15	Short Term Debtors	4,391
1,693	Note 16	Cash and Cash Equivalents	2,542
14,736		Current Assets	12,958
(16)	Note 13	Short Term Borrowing	(30)
(5,836)	Note 17	Short Term Creditors	(3,909)
(537)		Provisions	(375)
-		Grants Receipts in Advance - Capital	-
(6,389)		Current Liabilities	(4,314)
(637)	Note 13	Long Term Creditors	(636)
(3,200)	Note 13	Long Term Borrowing	(5,700)
(378,096)	Note 29	Other Long Term Liabilities	(354,118)
(381,933)		Long Term Liabilities	(360,454)
(326,118)		Net Liabilities	(296,543)
(13,011)	Note 18	Usable Reserves	(11,913)
339,129	Note 19	Unusable Reserves	308,456
326,118		Total Reserves	296,543

The draft unaudited financial statements are confirmed by the Chief Finance Officer Matthew Warren on 28 June 2022.

31 March 2020 £000	BALANCE SHEET AS AT	31 March 2021 £000
41,627	Property, Plant and Equipment	46,888
486	Intangible Assets	580
42,113	Long Term Assets	47,468
11,249	Short term Investments	9,004
10	Inventories	10
3,299	Short Term Debtors	4,029
4,197	Cash and Cash Equivalents	1,693
18,755	Current Assets	14,736
(15)	Short Term Borrowing	(16)
(3,982)	Short Term Creditors	(5,836)
(492)	Provisions	(537)
(4,489)	Current Liabilities	(6,389)
(637)	Long Term Creditors	(637)
(3,200)	Long Term Borrowing	(3,200)
(302,241)	Other Long Term Liabilities	(378,096)
(306,078)	Long Term Liabilities	(381,933)
(249,699)	Net Liabilities	(326,118)
(14,543)	Usable Reserves	(13,011)
264,242	Unusable Reserves	339,129
249,699	Total Reserves	326,118

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the 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 Authority.

2020/21 £000	Notes		2021/22 £000
7,066	CIES	Net Deficit on the provision of services	4,880
(7,702)	Note 20	Adjustment to surplus or deficit on the provision of services for noncash movements	(6,360)
203	Note 20	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	292
(433)		Net cash flows from operating activities	(1,188)
2,937	Note 21	Net cash flows from investing activities	2,852
-	Note 21	Net cash flows from financing activities	(2,513)
2,504		Net (increase) or decrease in cash and cash equivalents	(849)
4,197		Cash and cash equivalents at the beginning of the reporting period	1,693
1,693		Cash and cash equivalents at the end of the reporting period	2,542

Note 1 - Accounting Policies

A1.1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the financial year and its position at the year-end. The Fire Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year.

A1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Fire Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Fire Authority.
- Revenue from the provision of services is recognised when the Fire Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Fire Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

A1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

A1.4 Charges to Revenue for Non-current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the service.

The Fire Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Fire Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

A1.5 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Fire Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Fire Authority is demonstrably committed to the termination of employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Fire Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

There is a requirement for a disclosure note setting out the number of exit packages agreed, analysed between compulsory redundancies and other departures. The total cost of packages in each band must also be disclosed. Please see Note 23.

Post-employment Benefits

Employees of the Fire Authority are members of the following pension schemes:

- The Local Government Pension Scheme for non-uniformed and control room employees, administered by Cambridgeshire County Council. This is a funded scheme, meaning that the Fire Authority and employee pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- The four Firefighters Pension schemes for uniformed employees. A separate account detailing the 2021/22 transactions and liabilities is shown within the Firefighter Pension Fund Account. These schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees worked for the Authority.
- The liabilities of the Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet, along with those of the Firefighters' schemes, on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality AA rated corporate bonds).
- There are no assets in the Firefighters schemes. The assets of Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value.

The change in the net pension's liability is analysed into the following components:

- Current service cost – the increase in the present value of a defined benefit obligation (liability) resulting from employee service in the current period. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service costs – the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan (scheme) amendment (i.e. the introduction or withdrawal of, or change to, a defined benefit plan) or a curtailment (i.e. a significant reduction by the Fire Authority in the number of employees covered by a plan). It is debited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Any gain or loss on settlements – a settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of employees, that is set out in the terms of the plan and included in the actuarial assumptions. However, if the plan is replaced by a new plan that offers benefits that are, in substance the same, the termination of a plan is not a settlement.

- Net interest on the net defined benefit pensions' liability – the change during the period in the net defined benefit liability that arises from the passage of time. The net interest on the net defined benefit liability comprises the interest income on plan assets and interest cost on the defined benefit obligation. It is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period. This takes into account any changes in the net defined liability during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability – this is defined as interest, dividends and other income derived from the plan assets, together with realised and unrealised gains and losses on the plan assets, less:
 - any costs of managing plan assets; and
 - any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.
 It is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Cambridgeshire County Council pension fund and Firefighters' funds – amounts paid by the employer to reduce scheme liabilities.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Fire Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

A1.6 Financial Instruments

A financial asset or liability is recognised on the Balance Sheet when the Fire Authority becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line on the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowing that the Fire Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial Assets at amortised cost are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

The Fire Authority has no Available for Sale Assets.

A1.7 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Fire Authority when there is reasonable assurance that:

- The Fire Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Fire Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

A1.8 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis subject to a de minimis of £7,500 for vehicles and £10,000 for all other assets, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Fire Authority and the cost of the item can be measured reliably. Expenditure that is below the de minimis or maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price;
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Fire Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Fire Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Fire Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction and vehicles, plant, furniture and equipment – depreciated historical cost; or
- Land and buildings current value; or
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every three years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

A full year's depreciation is applied in the year of purchase and none applied in the year of sale.

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer. Currently the useful life is between 25-60 years depending on the component type.
- Vehicles, plant, furniture and equipment – straight line allocation, of each class of assets in the Balance Sheet, over the useful life of the asset as advised by a suitably qualified officer. Currently the useful life of these types of assets are 3-15 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount for the asset in the Balance Sheet (whether Property, Plant or Equipment) is written off to the other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital receipts are generally categorised as those for which the disposal amount is in excess of £10,000, although some exceptions apply. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Subsequent measurement is in accordance with the Property, Plant and Equipment policy and are depreciated accordingly.

A1.9 Reserves

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Fire Authority – these reserves are explained in the relevant policies.

Note 2 - Accounting Standards Issued, Not Adopted

Accounting standards that have been issued but not adopted

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. After a review of the relevant standards the following has been determined:

- Amendments to IFRS 3 Business Cominations.
- Amendments to IFRS7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform.
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS16 and IAS 39 Interest Rate Benchmark Reform phase 2.

Adoption of IFRS 16 Leases – The implementation of this standard was deferred from 01/04/2020 to 01/04/2024. The Authority are currently reviewing its current leases and service contracts to determine what will be required to disclose under the new standard. Note 28 sets out what the present value of the relevant lease liabilities are, but these have not been adopted in our core financial statements.

The section 151 officer, on behalf of the Fire Authority, has assessed the impact of the relevant future standards above and there would be no material changes to the accounts if they were to be adopted.

Note 3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Fire Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Fire Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Fire Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The fair value of the PWLB loan is disclosed in the accounts using the new loan rate from the market rather than the premature loan rate from PWLB. The new loan rate is felt to be more appropriate to use as there is no intention to repay the loan early. This treatment is consistent to that in previous years. The difference between the two is £1.030m based on the differing calculation methods.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Fire Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Fire Authority's Balance Sheet at 31 March 2022 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- Land and Buildings (Carrying value £41.756m)
- Based on this year's movements in indices and revaluations the valuations in following years could have a material impact.
- The Remaining useful lives of all assets are estimated and the Fire Authority relies on the expertise of external valuers to determine the current valuations of the Land & Buildings on an annual basis.

The effect of changes in their assumptions would have the following effect:

Assumed Fees %	15%
Age & Obsolence Allowance	Varies per site
	£'000s
Reduction in fees by 1%	(160)
Reduction in Age & Obsolence allowance by 1%	(452)
Reduction in Fees & Age & Obsolence by 1%	(638)
Increase in fees by 1%	157
Increase in Age & Obsolence allowance by 1%	456
Increase in Fees & Age & Obsolence by 1%	640

- The Valuer's general assumptions in regard to costs are that our valuations have been provided in gross form and do not include an allowance for purchaser's costs at the appropriate rate. The Valuer would expect purchaser's cost to be in the region of 0.5% and 5.0% dependant on the overall value of the asset and property type. The Valuer has made no allowance for any vendor's costs or taxation (actual or notional) nor has any allowance been made for any capital or annual grants or incentives to which a purchaser may be entitled. The Valuer has not been asked by the Fire Authority to specifically reflect these costs separately.
- Pensions Liability (Carrying value £354.118m)
- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fire Authority with expert advice about the assumptions to be applied.
- The effect on net pension's liability of changes in individual assumptions can be measured. Assumptions are detailed in Note 29.

Note 5 - Events After the Balance Sheet Date

Events after the balance sheet date have been assessed and there are no material events after the balance sheet date. It is worth noting that the operational staff from Papworth Fire Station have been relocated to Cambourne Fire Station from May 2022 and the land and buildings in Papworth will be put up for sale during 2022.

Note 6 - Note to the Expenditure and Funding Analysis

2021/22	Net Capital Statutory Adjustments £	Net Pensions Statutory Adjustments £	Other Statutory Adjustments £	Other Differences £	Total Adjustments £
Employee Costs	-	(744)	-	86	(658)
Depreciation and Amortisation	1,708	-	-	-	1,708
Other Income	-	-	-	(1,856)	(1,856)
Net Cost of Services	1,708	(744)	-	(1,770)	(806)
Other Income and Expenditure	-	7,600	-	(425)	7,175
Difference between the Statutory Charge and the Deficit in the Comprehensive Income and Expenditure Statement	1,708	6,856	-	(2,195)	6,369

2020/21	Net Capital Statutory Adjustments £	Net Pensions Statutory Adjustments £	Other Statutory Adjustments £	Other Differences £	Total Adjustments £
Employee Costs	-	(2,749)	-	(232)	(2,981)
Depreciation and Amortisation	2,154	-	-	-	2,154
Other Income	-	-	-	(1,780)	(1,780)
Net Cost of Services	2,154	(2,749)	-	(2,012)	(2,607)
Other Income and Expenditure	-	6,952	-	1,189	8,141
Difference between the Statutory Charge and the Deficit in the Comprehensive Income and Expenditure Statement	2,154	4,203	-	(823)	5,534

Net Capital Statutory Adjustments – this adds in depreciation and impairment and revaluation gains and losses in the services line.

Net Pensions Statutory Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

- For other income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments – Other statutory differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- The charge under other income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7 - Adjustments between Accounting Basis and

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Fire Authority in the year, in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions, as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

- **General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Fire Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.
- **Capital Receipts Reserve** - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.
- **Capital Grants Unapplied** - The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Fire Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2021/22	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(6,855)	-	-	6,855
Council tax and NDR (transfers to or from the Collection Fund)	1,462	-	-	(1,462)
Holiday pay (transferred to the Accumulated Absences reserve)	(86)	-	-	86
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,916)	-	-	1,916
Total Adjustments to Revenue Resources	(7,395)	-	-	7,395
Adjustments between Revenue and Capital Resources				
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	114	-	-	(114)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	668	-	-	(668)
Total Adjustments between Revenue and Capital Resources	782	-	-	(782)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	292	-	(292)
Application of capital grants to finance capital expenditure	-	-	2,587	(2,587)
Total Adjustments to Capital Resources	-	292	2,587	(2,879)
Total Adjustments	(6,613)	292	2,587	3,734

2020/21	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(4,204)	-	-	4,204
Council tax and NDR (transfers to or from the Collection Fund)	(2,085)	-	-	2,085
Holiday pay (transferred to the Accumulated Absences reserve)	233	-	-	(233)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,328)	-	-	2,328
Total Adjustments to Revenue Resources	(8,384)	-	-	8,384
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	203	(203)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	119	-	-	(119)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,528	-	-	(2,528)
Total Adjustments between Revenue and Capital Resources	2,850	(203)	-	(2,647)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	203	-	(203)
Total Adjustments to Capital Resources	-	203	-	(203)
Total Adjustments	(5,534)	-	-	5,534

Note 8 - Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure.

	Balance at 1 April 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance at 31 March 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Financial Business Continuity Reserve	-	-	-	-	(1,000)	-	(1,000)
Community Safety/Tactical Reserve	(200)	-	-	(200)	(100)	-	(300)
Revenue Pension Reserve	(523)	-	-	(523)	-	-	(523)
On Call Operations Reserve	(975)	-	575	(400)	-	-	(400)
Property Development Reserve	(4,444)	-	-	(4,444)	-	-	(4,444)
Revenue C/Forwards Reserve	(1,310)	(1,412)	1,282	(1,440)	(1,721)	1,367	(1,794)
Total General Fund	(7,452)	(1,412)	1,857	(7,007)	(2,821)	1,367	(8,461)

Note 9 - Financing and Investment Income and Expenditure

	2020/21 £000	2021/22 £000
141 Interest payable and similar charges		178
6,952 Net interest on the net defined benefit liability or asset		7,600
(37) Interest receivable and similar income		(20)
7,056 Total		7,758

Note 10 - Taxation and Non-Specific Grant Income

	2020/21 £000	2021/22 £000
(20,547) Council tax income		(21,683)
(6,900) Non-domestic rates income and expenditure		(7,825)
(4,104) Non-ringfenced government grants		(5,348)
(31,551) Total		(34,856)

Note 11 - Property, Plant and Equipment

Movements to 31 March 2022

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2021	37,542	20,149	1,262	58,953
Additions	661	530	4,676	5,867
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,010	-	-	3,010
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	543	-	-	543
Derecognition – disposals	-	(2,351)	-	(2,351)
Reclassifications and transfers	-	639	(639)	-
at 31 March 2022	41,756	18,967	5,299	66,022
Accumulated Depreciation and Impairment				
at 1 April 2021	-	(12,064)	-	(12,064)
Adjusted Opening Balance	-	(12,064)	-	(12,064)
Depreciation charge	(726)	(1,611)	-	(2,337)
Depreciation written out to the Revaluation Reserve	358	-	-	358
Impairment reversals recognised in the Revaluation Reserve	250	-	-	250
Impairment reversals recognised in the Deficit on Provision of Services	118	-	-	118
Derecognition – disposals	-	2,095	-	2,095
at 31 March 2022	-	(11,580)	-	(11,580)
Net Book Value				
at 31 March 2022	41,756	7,387	5,299	54,442
at 31 March 2021	37,542	8,084	1,262	46,888

Movements to 31 March 2021

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
at 1 April 2020	33,619	19,310	218	53,147
	-	-	-	
Adjusted Opening Balance	33,619	19,310	218	53,147
Additions	2,126	1,842	1,262	5,230
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,797	-	-	1,797
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition – disposals	-	(1,221)	-	(1,221)
Reclassifications and transfers	-	218	(218)	-
	-	-	-	-
at 31 March 2021	37,542	20,149	1,262	58,953
Accumulated Depreciation and Impairment				
at 1 April 2020	-	(11,520)	-	(11,520)
Adjusted Opening Balance	-	(11,520)	-	(11,520)
Depreciation charge	(651)	(1,591)	-	(2,242)
Depreciation written out to the Revaluation Reserve	415	-	-	415
Impairment reversals recognised in the Revaluation Reserve	87	-	-	87
Impairment reversals recognised in the Deficit on Provision of Services	149	-	-	149
Derecognition – disposals	-	1,046	-	1,046
at 31 March 2021	-	(12,065)	-	(12,065)
Net Book Value				
at 31 March 2021	37,542	8,084	1,262	46,888
at 31 March 2020	33,619	7,790	218	41,627

Property, Plant and Equipment Revaluations

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000
Carried at historical cost	-	7,387	7,387
Valued at current value as at 31 March 2022	41,756	-	41,756
Total Cost or Valuation	41,756	7,387	49,143

Valuations of all the Authority's property was carried out by the appointed valuer, Wilks, Head and Eve, a surveyor with a RICS qualification with an effective revaluation date of 31 March 2022.

See Note 4 for valuer's general assumptions.

Property, Plant and Equipment Disposals

The Authority has set a de minimus level of £10k relating to capital receipts. Capital receipts falling below this threshold are charged to revenue rather than included in disposal proceeds of non-current assets. In the financial year ending 31 March 2022, £0.1k of the total disposal proceeds for the year were recorded as revenue income.

Note 12 - Intangible Assets

The Fire Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

31 March 2021		31 March 2022
Total		Total
£000		£000
	Balance at start of year:	
2,169	Gross carrying amounts	2,324
(1,683)	Accumulated amortisation	(1,744)
486	Net carrying amount at start of year	580
155	Purchases	276
-	Disposals	(48)
-	Other adjustments	-
(61)	Amortisation for the period	(31)
-	Amortisation written off on disposal	48
580	Net carrying amount at end of year	825
	Comprising:	
2,324	Gross carrying amounts	2,552
(1,744)	Accumulated amortisation	(1,727)
580	Total	825

Note 13 - Financial Instruments

Current Financial Assets								
	Investments		Debtors		Cash		Total	Total
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost	9,004	6,006	860	1,442	1,693	2,542	11,557	9,990
Total financial assets	9,004	6,006	860	1,442	1,693	2,542	11,557	9,990

Non-Current Financial Liabilities							
	Borrowings		Creditors		Total	Total	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	
	£000	£000	£000	£000	£000	£000	
Amortised cost	(3,200)	(5,700)	(637)	(636)	(3,837)	(6,336)	
Total financial liabilities	(3,200)	(5,700)	(637)	(636)	(3,837)	(6,336)	

On 15th June 2021, a £2.5m PWLB loan was taken out over 50 years at 1.89% interest rate to help finance the capital programme.

Current Financial Liabilities							
	Borrowings		Creditors		Total	Total	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	
	£000	£000	£000	£000	£000	£000	
Amortised cost	(16)	(30)	(2,884)	(3,364)	(2,900)	(3,394)	
Total financial liabilities	(16)	(30)	(2,884)	(3,364)	(2,900)	(3,394)	

Note 14 - Financial Instruments - Fair Value

Fair Values of Assets and Liabilities

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the market have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

The valuation basis adopted in calculating fair value uses level 2 inputs - i.e. inputs other than quoted prices that are observable for financial assets and financial liabilities. There has been no change to the valuation techniques applied in previous years.

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are required)

Financial Liabilities

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities held at Amortised Cost	(3,200)	(4,873)	(5,700)	(6,617)
Total	(3,200)	(4,873)	(5,700)	(6,617)

The value of the liabilities is greater than the carry amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is

The £2.5m loan taken out during 2021/22, as detailed in Note 13, has a lower interest rate than the discount rate(3.39%) giving it a fair value of £1.6m.

Note 15 - Debtors

31 March 2021		31 March 2022
£000		£000
387	Trade Receivables	228
	Other:	
452	Prepayments	807
2,740	Local Authorities Accrued income & Levies	2,801
181	VAT debtor	240
-	Pension scheme debtor	995
269	Other accrued income and receivable Amounts	(680)
3,642	Total other	4,163
4,029	Total	4,391

During the year to 31 March 2022, £16k (of which £8k related to 2020/21) was written off as a bad debt (nil in 2020/21).

Note 16 - Cash and Cash Equivalents

31 March 2021		31 March 2022
£000		£000
16	Cash and Bank balances	37
1,677	Short Term Deposits	2,505
1,693	Total Cash and Cash Equivalents	2,542

Note 17 - Creditors

31 March 2021		31 March 2022
£000		£000
(4)	Trade payables	(154)
(854)	Deferred income	(576)
(699)	Tax creditor	(22)
(375)	Pension scheme creditor	-
(2,615)	Local Authorities Provision for bad debts & overpayments	(1,159)
(1,289)	Accruals and other payables	(1,998)
(5,836)	Total Creditors	(3,909)

Note 18 - Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Total General Fund Balance

31 March 2021		31 March 2022
£000		£000
(2,098)	General Fund Balance	(2,133)
	Earmarked Reserve:	
-	Finance Business Continuity Reserve	(1,000)
(200)	Community/Tactical Reserve	(300)
(523)	Pension Reserve	(523)
(400)	On-call Operations Reserve	(400)
(4,444)	Property Development Reserve	(4,444)
(1,440)	Revenue C/Forwards Reserve	(1,794)
(9,105)	Balance 31 March	(10,594)

Capital Receipts Reserve

31 March 2021		31 March 2022
£000		£000
(1,319)	Balance 1 April	(1,319)
(203)	Capital Receipts in year	(292)
203	Capital Receipts used for financing	292
(1,319)	Balance 31 March	(1,319)

Prior year adjusted by 1 to account for accumulated rounding difference.

Capital Grants Unapplied

31 March 2021		31 March 2022
£000		£000
(2,587)	Balance 1 April	(2,587)
-	Capital grants recognised in year	-
-	Capital grants and contributions applied	2,587
(2,587)	Balance 31 March	-

(13,011)	Total Usable Reserves Balance 31 March	(11,913)
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Note 19 - Unusable Reserves

31 March 2021		31 March 2022
£000		£000
(17,046) *	Revaluation Reserve	(20,397)
(24,312) *	Capital Adjustment Account	(26,278)
378,096	Pension Reserve - IAS19	354,118
2,075	Collection Fund Adjustment Account	614
313	Accumulated Absences Account	399
339,126	Total	308,456

*Prior year restated, see note on Capital Adjustment Reserve.

Revaluation Reserve

31 March 2021		31 March 2022
£000		£000
(15,120)	Balance 1 April	(17,046)
155	Adjustment to prior year balance	
(2,298)	Upward revaluation of assets	(3,619)
(2,143)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(3,619)
217	Difference between fair value depreciation and historical cost depreciation	268
217	Amount written off to the Capital Adjustment Account	268
(17,046)	Balance 31 March	(20,397)

Capital Adjustment Account

31 March 2021		31 March 2022
£000		£000
(23,415)	Balance 1 April	(24,312)
(158)	Adjustment to prior year balance	
(23,573)	Adjusted Brought Forward Balance	(24,312)
2,091	Charges for depreciation and impairment of non-current assets	2,219
-	Revaluation gains on non-current assets	(543)
61	Amortisation of intangible assets	32
176	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	256
2,328	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	1,964
(217)	Adjusting Amounts written out of the Revaluation Reserve	(268)
2,111	Net written out amount of the cost of non-current assets consumed in the year	1,696
(203)	Use of Capital Receipts Reserve to finance new capital expenditure	(292)
(119)	Statutory provision for the financing of capital investment charged against the General Fund	(114)
(2,528)	Capital expenditure charged against the General Fund	(3,256)
(2,850)	Capital financing applied in year:	(3,662)
(24,312)	Balance 31 March	(26,278)

The Prior year balance adjustments relates to a £154k processed in 2019/20 between the Capital Adjustment Account and the Revaluation Reserve which wasn't reflected in the tables within Note 19 at the time. The additional £4k in the Capital Adjustment Account is accumulated rounding differences.

Pension Reserve - IAS19

31 March 2021		31 March 2022
£000		£000
302,241	Balance 1 April	378,096
71,652	Remeasurements of the net defined benefit (liability)	(30,834)
13,264	Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	17,265
(9,061)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,409)
378,096	Balance 31 March	354,118

Collection Fund Adjustment Account

31 March 2021		31 March 2022
£000		£000
(10)	Balance 1 April	2,075
2,085	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,462)
2,075	Balance 31 March	613

Accumulated Absences Account

31 March 2021		31 March 2022
£000		£000
546	Balance 1 April	313
(546)	Settlement or cancellation of accrual made at the end of the preceding year	(313)
313	Amounts accrued at the end of the current year	399
(233)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	86
313	Balance 31 March	399

Note 20 - Cash Flow used in Operating Activities

The cash flows for operating activities include the following items:

31 March 2021		31 March 2022
£000		£000
(39)	Interest received	(19)
134	Interest paid	164
95	Total	145

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2021		31 March 2022
£000		£000
(2,242)	Depreciation	(2,337)
149	Impairment and downward valuations	661
(61)	Amortisation	(32)
(1,855)	Decrease/(Increase) in creditors	1,927
756	Increase in debtors	362
-	Increase in inventories	9
(4,203)	Movement in pension liability	(6,856)
(176)	Carrying amount of non-current assets sold or derecognised	(256)
(70)	Other non-cash movements charged to the deficit on provision of services	162
(7,702)	Total	(6,360)

The deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

31 March 2021		31 March 2022
£000		£000
203	Proceeds from the sale of property, plant and equipment	292
203	Total	292

Note 21 - Cash Flow used in Investing Activities

31 March 2021		31 March 2022
£000		£000
5,385	Purchase of property, plant and equipment and intangible assets	6,143
15,234	Purchase of short-term and long-term investments	23,230
(203)	Proceeds from the sale of property, plant and equipment	(292)
(17,479)	Proceeds from short-term and long-term investments	(26,229)
2,937	Net cash flows from investing activities	2,852

Cash Flow from Financing Activities

31 March 2021		31 March 2022
£000		£000
-	Increase in short-term borrowing	(14)
-	Decrease in long-term creditors	1
-	Increase in long-term borrowing	(2,500)
-	Net cash flows from financing activities	(2,513)

Note 22 - Members' Allowances

31 March 2021		31 March 2022	
£000		£000	
43	Salaries	41	
37	Allowances	37	
1	Expenses	-	
81	Total Members' Allowances	78	

Note 23 - Officers' Remuneration

Senior Officer Remuneration

2021/22		Salary, Fees and Allowances	Other Payments	Expenses Allowances	Pension Contribution	Total
		£	£	£	£	£
Chief Fire Officer - C Strickland	2021/22	154,441	-	80	-	154,521
	2020/21	152,009	-	78	-	152,087
Assistant Chief Fire Officer - R Hylton	2021/22	-	-	-	-	-
	2020/21	35,898	-	20	8,917	44,835
Deputy Chief Executive & Treasurer to the Fire Authority - M Warren	2021/22	134,116	-	11,817	24,946	170,879
	2020/21	132,134	-	11,815	24,577	168,526
Assistant Chief Fire Officer - J Anderson	2021/22	125,458	-	80	36,132	161,670
	2020/21	123,716	-	78	32,351	156,145
Total	2021/22	414,015	-	11,977	61,078	487,070
	2020/21	443,757	-	11,991	65,845	521,593

The Expenses Allowances column reflects Benefits in Kind (e.g. Car Allowance).

For 2021/22 part of the Treasurer's total remuneration, amounting to £9k (£8.5k in 2020/21), was recharged to the Cambridgeshire Police & Crime Commissioner for work on their behalf.

Assistant Chief Fire Officer R Hylton left the Authority on 30th June 2020 and Assistant Chief Fire Officer Jon Anderson was permanently promoted to this position on the 1st July 2020.

Officer Remuneration

	Number of Employees	
	2020/21	2021/22
£50,001 to £55,000	8	10
£55,001 to £60,000	11	7
£60,001 to £65,000	18	24
£65,001 to £70,000	9	8
£70,001 to £75,000	2	2
£75,001 to £80,000	5	4
£80,001 to £85,000	1	-
£85,001 to £90,000	-	1
£90,001 to £95,001	2	2
Total	56	58

Officer remuneration does not include the senior officer remuneration as these are stated in the senior officer remuneration table.

Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0-£20,000	-	3	5	5	5	8	40,409	71,199
Total	-	3	5	5	5	8	40,409	71,199

Note 24 - External Audit Costs

2020/21		2021/22
£000		£000
26	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	37
26	Total	37

There is an additional fee of £11k agreed during 2021/22, which have yet to be invoiced and reflect the increase in audit requirements.

Note 25 - Grant Income

Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2021		31 March 2022	
£000		£000	
(2,795)	Revenue Support Grant	(2,811)	
(202)	New Burdens Grant	(177)	
(283)	Emergency Services Mobile Communications Programme (ESMCP) Grant	(599)	
(31)	Other Minor Grants	(382)	
(45)	Home Office Pension Grant	(1,379)	
(748)	Covid Support Grant	-	
(4,104)	Total	(5,348)	

Note 26 - Related Parties

The Fire Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Fire Authority or to be controlled or influenced by the Fire Authority. Disclosure of these transactions allows readers to assess the extent to which the Fire Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Fire Authority.

During the year the Deputy Chief executive held the position of Chief Financial Officer (CFO) for the Police and Crime Commissioner. Cambridgeshire and Peterborough Fire Authority received £15k (£14k in 2020/21) during the year in relation to Local Resilience contributions and the recharge for the CFO. The year end debtor balance as at 31 March 2022 was £3k (£3k in 2020/21).

Central Government

Central government has effective control over the general operations of the Fire Authority – it is responsible for providing the statutory framework within which the Fire Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Fire Authority has with other parties (e.g. Council Tax bills). Grants receipts outstanding at 31 March 2022 are included in Note 17.

Members

Members of the Fire Authority have direct control over the Fire Authority's financial and operating policies. The total of member's allowances paid in 2021/22 is shown in Note 22. Contracts were entered into in full compliance with the Fire Authority's standing orders. We have consulted with all members of the Fire Authority with regard to Related Party Transactions for 2021/22 and there are no material transactions to disclose (Nil in 2020/21). The Fire Authority has 17 elected members of which 13 are Cambridgeshire County Councillors and 4 are Peterborough City Councillors.

Officers

We have consulted with all Senior Managers of the Fire Authority with regard to Related Party Transactions for 2021/22 and there are no material transactions to disclose (Nil in 2020/21).

Note 27 - Capital Expenditure and Capital Financing

31 March 2021		31 March 2022
£000		£000
3,575 *	Opening Capital Financing Requirement	6,110
	Capital Investment:	
5,230	Property Plant and Equipment	5,867
155	Intangible Assets	276
5,385	Total Capital Spending	6,143
	Sources of Finance:	
(203)	Capital receipts	(292)
-	Government grants and other contributions	(2,587)
	Sums set aside from revenue:	
(2,528)	Direct revenue contributions	(668)
(119)	Minimum revenue provision	(114)
(2,850)	Total Sources of Finance	(3,661)
6,110	Closing Capital Financing Requirement	8,592

*The figures above for the prior year have been restated. An adjustment of £910k has been made to the opening balance; £887k of this relates to finance leases not having been included in this calculation from 2009/10 to 2013/14, a £26k imbalance in 2018/19 and £3k accumulated rounding differences.

Explanation of movements in year

31 March 2021		31 March 2022
£000		£000
47,468	Long Term Assets	55,267
(17,047)	Revaluation Reserve	(20,397)
(24,311)	Capital Adjustment Account	(26,278)
6,110	Net Asset Total	8,592
2,535	Movement	2,482
(2,818)	Borrowings in year	(2,596)
(283)	Decrease in underlying need to borrow (unsupported by government financial assistance)	(114)
(283)	Decrease in Capital Financing Requirement	(114)

Note 28 - Leases

Parkside Fire Station

The Fire Authority retains the freehold of the land at Parkside, Cambridge. However the Authority leased out this land to allow for the development of 99 residential units, a commercial unit and a fire station.

On completion of the development the fire station was leased back to the Fire Authority in July 2013 for 999 years on a peppercorn rent. Fair value rates have been used to calculate the effective lease liability and present value of the lease.

Milton Training Centre

The Land at the Milton training centre site has been leased from Anglian Water since April 2012 on a 20 year lease at an initial annual rental of £25k. The rental value was uplifted in April 2018 to £27.6k per annum.

The discount rate used in the calculation of the present values is the same as that used in the present value pension liability at 2.7%.

Authority as Lessee - Right of Use Assets

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2022			
	Land & Property	Vehicles	Plant	Total
Net Book Value:-	£000	£000	£000	£000
Balance B/Fwd	7,732	-	-	7,732
Depreciation	(152)	-	-	(152)
Revaluation	972	-	-	972
Additions	-	-	-	-
Total	8,552	-	-	8,552

Effective Lease Liability (IFRS 16 information only):-

1 year	181	-	-	181
1-5 years	722	-	-	722
Present Value of Leases	6,065	-	-	6,065

Lease Schedule (Milton Training Centre only):-

1 year	28	-	-	28
1-5 years	110	-	-	110
Total Cost of Leases 0-5 years	138	-	-	138

	31 March 2021			
	Land & Property	Vehicles	Plant	Total
Net Book Value:-	£000	£000	£000	£000
Balance B/Fwd	7,472	-	-	7,472
Depreciation	(123)	-	-	(123)
Revaluation	383	-	-	383
Additions	-	-	-	-
Total	7,732	-	-	7,732

Milton Training Centre was not previously included in this note but is now included in these totals.

Note 29 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Fire Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Fire Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Fire Authority participates in five post employment schemes:

- The Local Government Pension Scheme (LGPS) for non-uniformed and control room employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that The Fire Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- There are four Firefighters' (FF) Pension schemes for uniformed employees. These are unfunded defined benefit schemes. The Firefighters' pension schemes have no assets. The total contributions, by both current members and the Fire Authority, are used to fund payments to the current pensioners regardless of which scheme they are in. A separate account detailing the 2021/22 transactions and liabilities is shown within the Firefighters' Pension Fund Account note.

The Local Government pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Cambridgeshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The operation of the Firefighters' Pension Schemes is controlled by the Firefighters Pension Scheme (Amendment)(England) Order 2006 (SI 2006/1810) and The Firefighters' Pension Scheme (England) Regulations 2014. Employees' and employers' contributions into the Firefighter Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund. Government grant is payable to cover any shortfall on the Pension Fund account.

The principal risks to the Fire Authority are statutory change to the scheme and the number of ill health retirements and injury awards. The Authority contributes at the rate prescribed by the Fund's actuary.

The actuarial value of the fund's liabilities as at 31 March 2022, in accordance with International Accounting Standard (IAS) 19, was completed by the Government's Actuary Department on 31 March 2022, and subject to triennial valuation.

Transactions relating to retirement benefits:

- We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

- The employer contributions figure includes the relief from Ministry of Housing, Communities and Local Government (MHCLG) (Top-up Grant). The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2023 will be £1,540k. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2023 are £3,218k.

General Fund Transactions

2020/21			Comprehensive Income and Expenditure Statement (CIES)	2021/22			Total	
LGPS	FF Main Scheme	FF Injury Pensions		LGPS	FF Main Scheme	FF Injury Pensions		
£000	£000	£000	£000	£000	£000	£000	£000	
Service cost comprising:								
1,912	3,900	500	6,312	Current service cost	3,265	5,700	700	9,665
-	-	-	-	- Past service cost	-	-	-	-
Financing and Investment Income and Expenditure:								
252	6,100	600	6,952	Net interest expense	400	6,600	600	7,600
2,164	10,000	1,100	13,264	Total charged to Deficit on Provision of Services	3,665	12,300	1,300	17,265
Other post-employment benefits charged to the CIES								
Re-measurement of the net defined benefit liability comprising:								
(7,977)	-	-	(7,977)	Return on plan assets (excluding the amount included in the net interest expense)	(3,041)	-	-	(3,041)
(425)	(9,300)	(600)	(10,325)	Actuarial gains and losses - experience	156	3,100	100	3,356
749	3,600	200	4,549	Actuarial gains and losses arising on changes in demographic assumptions	(299)	(3,500)	(100)	(3,899)
14,905	65,900	4,600	85,405	Actuarial gains and losses arising on changes in financial assumptions	(5,150)	(21,500)	(600)	(27,250)
7,252	60,200	4,200	71,652	Total charged to Other CIES	(8,334)	(21,900)	(600)	(30,834)
9,416	70,200	5,300	84,916	Total charged to the CIES	(4,669)	(9,600)	700	(13,569)

2020/21			Movement in Reserves Statement		2021/22			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(2,164)	(10,000)	(1,100)	(13,264)	Reversal of net charges made to the Deficit on the Provision of Services	(3,665)	(12,300)	(1,300)	(17,265)
1,461	7,000	600	9,061	Actual amount charged against the general fund balance for pensions in the year: Employers' contributions payable to scheme	1,509	8,200	700	10,409

2020/21			Pensions Assets and Liabilities Recognised in the Balance Sheet		2021/22			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(64,335)	(329,600)	(29,800)	(423,735)	Present value of the defined obligation	(63,083)	(311,900)	(29,700)	(404,683)
45,639	-	-	45,639	Fair value of plan assets	50,565	-	-	50,565
(18,696)	(329,600)	(29,800)	(378,096)	Net liability arising from the defined benefit obligation	(12,518)	(311,900)	(29,700)	(354,118)

2020/21			Movement in the Value of Scheme Assets		2021/22			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
35,938	-	-	35,938	Opening fair value of scheme assets	45,639	-	-	45,639
836	-	-	836	Interest income	945	-	-	945
7,977	-	-	7,977	Re-measurement gains and losses: The return on plan assets, excluding the amount included in the net interest expense	3,041	-	-	3,041
1,461	7,000	600	9,061	Contributions from employer	1,509	8,200	700	10,409
386	1,400	-	1,786	Contributions from employees into the scheme	406	1,400	-	1,806
-	-	-	-	- Transfers in	-	-	-	-
(959)	(8,400)	(600)	(9,959)	Benefits / transfers paid	(975)	(9,700)	(700)	(11,375)
45,639	-	-	45,639	Closing value of scheme assets	50,565	(100)	-	50,465

2020/21			Movements in the Fair Value of Scheme Liabilities		2021/22			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(46,679)	(266,400)	(25,100)	(338,179)	Opening balance at 1 April	(64,335)	(329,600)	(29,800)	(423,735)
(1,912)	(3,900)	(500)	(6,312)	Current service cost	(3,265)	(5,700)	(700)	(9,665)
(1,088)	(6,100)	(600)	(7,788)	Interest cost	(1,345)	(6,600)	(600)	(8,545)
(386)	(1,400)	-	(1,786)	Contributions from scheme participants	(406)	(1,400)	-	(1,806)
Re-measurement gains and losses:								
425	9,300	600	10,325	Actuarial gains / (losses) - experience	(156)	(3,100)	(100)	(3,356)
(749)	(3,600)	(200)	(4,549)	Actuarial gains / (losses) from changes in demographic assumptions	299	3,500	100	3,899
(14,905)	(65,900)	(4,600)	(85,405)	Actuarial gains / (losses) from changes in financial assumptions	5,150	21,500	600	27,250
-	-	-	-	- Past service cost	-	-	-	-
-	-	-	-	- Transfers in	-	-	-	-
959	8,400	600	9,959	Benefits / transfers paid	975	9,700	700	11,375
(64,335)	(329,600)	(29,800)	(423,735)	Balance as at 31 March	(63,083)	(311,700)	(29,800)	(404,583)

LGPS - Pension Scheme - Assets comprised of:

2020/21			2021/22			
Quoted	Unquoted	Total	Fair value of scheme assets	Quoted	Unquoted	Total
£000	£000	£000		£000	£000	£000
704	-	704	Cash and cash equivalents	595	-	595
Equity Instruments by industry type:						
-	3,438	3,438	Private Equity	-	4,879	4,879
-	27,412	27,412	Investment Funds & Unit Trusts	-	29,833	29,833
-	-	-	Real Estate Overseas Property	-	-	-
-	2,807	2,807	Real Estate UK Property	-	3,339	3,339
-	33,657	33,657	Subtotal Equity Instruments	-	38,051	38,051
Bonds by sector:						
-	5,296	5,296	Investment Funds & Unit Trusts	-	5,358	5,358
-	2,037	2,037	UK Government	-	2,638	2,638
-	-	-	Other	-	(26)	(26)
-	7,333	7,333	Subtotal Bonds	-	7,970	7,970
Investment Funds and Unit Trusts						
-	4,132	4,132	Infrastructure	-	3,949	3,949
-	4,132	4,132	Subtotal Investment Funds and Unit Trusts	-	3,949	3,949
704	45,122	45,826	Total Assets	595	49,970	50,565

The significant assumptions used by the actuary have been:

2020/21	LGPS	2021/22
Long term expected rate of return on assets:		
2.1%	Equity Instruments	2.8%
2.1%	Bonds	2.8%
2.1%	Investment Funds and Unit Trusts	2.8%
Mortality assumptions:		
Longevity at retirement for current pensioners		
22.2	Men	22.0
24.4	Women	24.2
Longevity at retirement for future pensioners		
23.2	Men	22.9
26.2	Women	26.0
Other assumptions:		
2.9%	Rate of inflation	3.6%
3.3%	Rate of increase in salaries	3.7%
2.8%	Rate of increase in pensions	0.0%
2.1%	Rate for discounting scheme liabilities	2.8%

Impact of assumptions on the obligation:

Increase by 1%	LGPS	Decrease by 1%
£000	Assumption	£000
1,070	Rate of increase in salaries	(1,070)
12,900	Rate of increase in pensions	(12,900)
14,060	Rate for discounting scheme liabilities	(14,060)

The significant assumptions used by the actuary have been:

2020/21	Firefighters Main Scheme	2021/22
Mortality assumptions:		
Longevity at retirement for current pensioners		
26.6	Men	26.3
28.9	Women	28.7
Longevity at retirement for future pensioners		
27.9	Men	27.7
30.3	Women	30.1
Other assumptions:		
2.9%	Rate of inflation	3.6%
3.3%	Rate of increase in salaries	3.7%
2.9%	Rate of increase in pensions	3.2%
2.0%	Rate for discounting scheme liabilities	2.7%

Impact of assumptions on the obligation:

Increase by 1%	Firefighters Main Scheme	Decrease by 1%
£000	Assumption	£000
10,187	Longevity - 1 year increase	(10,187)
3,806	Rate of increase in salaries	(3,806)
53,672	Rate of increase in pensions	(53,672)
66,150	Rate for discounting scheme liabilities	(66,150)

The table above shows the amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans.

Note 30 - Nature and Extent of Risks Arising from Financial Instruments

Disclosure of Nature and Extent of Risk Arising From Financial Instruments

All monies within these institutions are currently subject to the respective administration

Key Risks

The Fire Authority's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Interest rate risk – the possibility that the Authority could pay higher costs on variable rate debt.
- Price risk – the possibility that the Authority could lose money on its investments.

Overall Procedures for Managing Risk

The Fire Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the finance team, under policies approved by the Fire Authority in the Annual Treasury Management Statement. The Fire Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Treasury Management Statement, which requires that deposits are not made with banks and financial institutions unless they meet minimum credit criteria of A, as laid down by Moody, Fitch, Standard & Poor's Rating Services and Credit Default Spread data provided by Link Asset Services. The Fire Authority has a policy of not investing more than £4m with any one group of institutes, unless it is UK Government backed where it is capped at £8m.

The Fire Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £8,508k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Fire Authority's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Fire Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Fire Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Fire Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Fire Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure budget certainty through the use of long term funding secured at low rates of interest. The maturity analysis of financial liabilities is shown in the Liquidity Risk table below.

Time to maturity (years)	Liabilities	
	Interest £000's	Principle £000's
Not over 1	(187)	-
Over 1 but not over 2	(187)	-
Over 2 but not over 5	(562)	-
Over 5 but not over 10	(937)	-
Over 10 but not over 20	(1,875)	-
Over 20 but not over 40	(2,836)	(5,700)
Total	(6,584)	(5,700)

Market Risk

Interest rate risk - The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Fire Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The finance team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Sensitivity Analysis

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest receivable on variable rate investments	44
Increase in government grant receivable for financing costs	58
Impact on Surplus or Deficit on the Provision of Services	102
Decrease in fair value of fixed rate investment assets	(41)
Impact on Other Comprehensive Income and Expenditure	(41)

Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the provision of Services or Other Comprehensive Income and Expenditure). The impact of a 1% fall in interest rates would be as above, but with the movements being reversed. 1% is not the Fire Authority's estimate of probable variation, it is used as an example to allow readers to easily work out comparisons using their own estimates.

Fire Fighters Pension Fund Account

This account shows the contributions made to and payments from the Firefighters' Pension Schemes. The schemes are unfunded and consequently since the scheme has no investment assets, the difference between the contributions and payments is now fully financed by the Home Office. The net effect on the Fire Authority will always be nil.

The fund's financial statements do not take into account any liabilities to pay pension and

2020/21 £000's		2021/22 £000's
	Contributions Receivable	
(3,232)	Employers	(3,101)
(120)	Ill-health retirements	(242)
(1,437)	Employees	(1,383)
(4,789)		(4,726)
-	Transfers in from other schemes	(159)
	Benefits Payable	
7,242	Pensions	7,466
1,919	Commutation of pension and lump sum retirement benefits	2,818
12	Transfers out to other schemes	-
4,384	Deficit for the year before top up grant receivable from sponsoring department	5,399
(4,384)	Top up grant receivable from sponsoring department	(5,399)
-	Net amount payable/receivable for the year	-

Notes to the Fire Fighters Pension Fund Account

Note F1

Firefighters Pension Fund Statement Notes

- The fund was established under the Firefighters' Pensions Scheme (Amendment) (England) Order 2006. The scheme is an unfunded scheme and has no investment assets. The fund pays all Firefighters' retirement benefits with the exception of injury awards which are paid from the Fire Authority's account and included in the Comprehensive Income and Expenditure Statement on page 15.
- The fund displays the contributions receivable and the benefits paid out in respect of pensions and leavers. As there are no investment assets held within the fund the difference between the income, from employee and employer contributions, and expenditure is met by a contribution from / to the Department of Communities and Local Government, thus the fund is balanced to nil each year. The fund is administered by the LGSS (Local Government Shared Service) Pensions Section of Cambridgeshire County Council and managed by Cambridgeshire & Peterborough Fire Authority.
- The accounting policies followed are as stated in the Accounting Policies on page 21. The Pension Fund Account only relates to the liabilities incurred during the 2021/22 financial year. All future liabilities are accounted for on an IAS 19 basis and
- The employees' and employer's contributions are based on percentages of pensionable pay set nationally by the MHCLG and subject to triennial revaluation by the Government Actuary's Department.

Note F2

Net Assets Statement

2020/21		2021/22
£000's		£000's
375	Top-up grant due from/refundable to(-) the Government	(995)
(375)	Amount due to (-)/from General Fund	995
<u>-</u>		<u>-</u>

**Independent Auditors' Report to the Members of
Cambridgeshire and Peterborough Fire Authority**

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Glossary

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

A statement of the Fire Authority's policy expressed in financial terms.

CAPITAL EXPENDITURE

Expenditure on the acquisition of non-current assets or expenditure, which adds to the value of existing non-current assets, (i.e. over and above maintenance).

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Fire Authority intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Income from the sale of assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The principal accountancy body dealing with local government finance.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Fire Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSETS

A possible asset arising from past events, whose existence will only be confirmed by future events not wholly within the Fire Authority's control.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Fire Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CREDITORS

Amounts owed by the Fire Authority for which payment has not been made by the end of the financial year.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTORS

Amounts due to the Fire Authority but unpaid at the end of the financial year.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Fire Authority's non-current assets.

EQUITY

The Fire Authority's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Fire Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Fire Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Fire Authority in general.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

INJURY AWARD

An injury award compensates an individual for the potential loss of earnings for injury sustained whilst on duty that results in some level of disablement which hinders or prevents them from working in the future. An injury award is a life time award.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Fire Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

LIABILITY

A liability is where the Fire Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Fire Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

LONG TERM BORROWING

Loans raised to finance capital spending which have still to be repaid.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

PAST SERVICE COST (PENSIONS)

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEMES

a) Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of: (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

b) Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPTING

The Fire Authority is deemed a major precepting authority and now has the power to levy a local Council Tax charge on the local taxpayer.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROPERTY, PLANT AND EQUIPMENT

Tangible assets that yield benefits to the Fire Authority for a period of more than one year.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

The government body that provides local authority loans.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Fire Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Fire Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life.

REVENUE EXPENDITURE AND INCOME

Expenditure and income arising from the day to day operation of the Fire Authority.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

ROYAL INSTITUTE OF CHARTERED SURVEYORS (RICS)

The body dealing with property surveys.

STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Fire Authority will derive benefits from the use of a fixed asset.