



Statement of Accounts for the year ending 31 March 2023



Contents

Narrative Report	3
Expenditure and Funding Analysis	16
Comprehensive Income and Expenditure Statement	17
Movement in Reserves Statement	18
Balance Sheet	20
Cash Flow Statement	21
Note 1 - Accounting Policies	22
Note 2 - Accounting Standards Issued, Not Adopted	31
Note 3 - Critical Judgements in Applying Accounting Policies	31
Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	32
Note 5 - Events After the Balance Sheet Date	33
Note 6 - Note to the Expenditure and Funding Analysis	33
Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations	35
Note 8 - Transfers to/from Earmarked Reserves	38
Note 9 - Financing and Investment Income and Expenditure	38
Note 10 - Taxation and Non-Specific Grant Income	38
Note 11 - Property, Plant and Equipment	39
Note 12 - Intangible Assets	42
Note 13 - Financial Instruments	43
Note 14 - Financial Instruments - Fair Value	44
Note 15 - Debtors	45
Note 16 - Cash and Cash Equivalents	45
Note 17 - Creditors	45
Note 18 - Usable Reserves	46
Note 19 - Unusable Reserves	47
Note 20 - Cash Flow used in Operating Activities	50
Note 21 - Cash Flow used in Investing Activities - Cash Flow from Financing Activities	51
Note 22 - Members' Allowances	52
Note 23 - Officers' Remuneration	52
Note 24 - External Audit Costs	53
Note 25 - Grant Income	54
Note 26 - Related Parties	54
Note 27 - Capital Expenditure and Capital Financing	56
Note 28 - Leases	57
Note 29 - Defined Benefit Pension Scheme	58
Note 30 - Nature and Extent of Risks Arising from Financial Instruments	64
Fire Fighters Pension Fund Account	67
Independent Auditors' Report to the Members of Cambridgeshire and Peterborough Fire Authority	69
Glossary	72

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 2022/23', 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 measures performance and progress against its Integrated Risk Management Plan (IRMP) for 2020-24. Performance data is regularly reviewed and reported to the Fire Authority and other stakeholders.

The Service currently responds to the most critical incidents in urban areas in 07:38 minutes which is 82 seconds quicker than the 09:00 measure in the IRMP. Rural attendance times currently exceed our 12 minutes measure by 18 seconds, currently sitting at 12:18. This is mainly due to non-addressable locations in rural areas which means that attending appliances require more time to locate the incident. Within the Service we are promoting the use of the app What3words, the app is a useful tool for operational crews and the public to provide an exact location of an incident in rural and remote areas.

Total fires have increased from 1,876 in 2021/22 to 2,264 in 2022/23. Of the 2,264 fires, 1,005 were primary fires*, 1,221 were secondary fires** and 38 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 or property.*

Deliberate fires increased from 547 in 2021/22 to 584 in 2022/23. Accidental dwelling fires has also increased from 255 to 261. The year on year increases have mainly been due many returning to office premises following the Covid-19 pandemic when most people were working and isolating at their homes and the spate conditions that were experienced in the summer of 2022.

Calls to Combined Fire Control continue to increase with 20,447 calls being received in 2022/23, up by 2,110 compared with 2021/22. Approximately 58% of these calls were for the Service and 42% for Suffolk Fire and Rescue Service with whom we share combined fire control. The Service has noticed an increase in the amount of calls due to spate conditions in the summer of 2022 and to assist the ambulance service due to increased demand on the Ambulance Service.

The Service continues to see a reduction in the availability of our on-call strategic appliances from 66.81% last year to 60.77% this year. Although there has been a decrease to on-call availability, this has not had an effect on rural response times. In January 2023, the service implemented the use of crews of three for on-call appliances enabling the service to utilise pumps that were before unavailable. The Service will continue to look into the retained crewing model in 2023/24 to further increase on-call availability.

Fire prevention and protection activities continue to increase following the Covid-19 pandemic, during 2022/23 a total of 6,321 safe and well visits delivered, this was an increase of 1,132 visits compared to 2021/22. The Service also carried out 719 Business engagements, 1,257 fire protection audits and 713 building consultations throughout 2022/23 with all activities increasing compared to 2021/22.

The number of wholetime operational staff has increased by 5 over the past 12 months, to bring the workforce back in line with the agreed establishment. The Service will be carrying out another wholetime recruitment process in 2023/24 to continue to effectively manage the wholetime establishment in order to retain experiences and provide opportunity for skills transfer.

The Service continues to focus on equality, diversity and inclusion. 22.8% of our workforce overall is female - 8.1% of the operational workforce. 24.2% of all managers are female, with 5.8% 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/**

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

The Government has commissioned His 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 are also carried out, such as the one in 2020 looking at how we had responded to the Covid pandemic.

The Service was first inspected in 2018 and again in 2021 and in both inspections the Service achieved a rating of Good across all three areas, these results puts the service among the best performing Fire & Rescue Authorities in England. The Service has recently completed its third inspection as part of the first tranche and are awaiting the results of the inspection later in 2023.

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 2022/23, the Service carried out eight assurance assignments:

- Risk Management
- Debrief Following Complex Incidents
- General Data Protection Regulation (GDPR) Governance
- Key Financial Controls - General Ledger & Budgetary Controls
- System Ownership Governance
- Integrated Risk Management Planning Framework
- Governance
- ICCS Mobilising System

Of the assurance assignments completed, three were completed with substantial assurance and three with reasonable assurance. One assignment is yet to be completed. The GDPR Governance audit was a review of agreed upon procedures and as such no assurance was given.

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 put in place 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.

In 2022/23 the Service collaborated with The Carbon Trust to review our current carbon footprint, this has enabled us to determine what key areas we should focus on to reduce our overall footprint and work towards becoming a net-zero organisation.

Financial Outlook

The invasion of Ukraine has created significant uncertainty in the global economy, particularly in energy markets. These uncertainties and increase in costs have and will continue to have an adverse effect on the UK economy and other economies too.

Higher than expected global energy and goods and services prices have already led to an unavoidable increase in the cost of living in the UK, and the invasion of Ukraine will continue to add to these pressures. The government had planned to reduce inflation back to the bank of England's target of 2% by 2023/24 however increased food prices has meant that inflation has continued to increase and the long-term consequences is still not yet clear.

The Service budgeted for a 2% pay increase for 2022/23, this offer was firmly rejected by the Fire Brigades Union and following potential strike action across most public sector bodies, pay awards for firefighters and local government employee's were agreed with union bodies, these ranged from 5% to in excess of 10% for lower paid employees'. Fire fighters agreed a two year pay deal of 7% in 2022/23 and 5% in 2023/24. These above budgeted pay awards along with rising costs due to inflation have had a significant impact on the Service causing a £1.2m increased budgetary pressure going into 2023/24.

The Government's Comprehensive Spending Review (CSR) 2022 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 government carried out a one-year CSR for 2021/22 and again in 2022/23, there is no certainty that a CSR for more more than one year will be provided in 2023/24 due to economic uncertainty and a potential general election in 2023/24, making financial planning for future years difficult.

The main source of funding is from Council Tax precepts making up nearly two thirds of overall funding. In recent years annual increases have been restricted to 2%, but due to unprecedented inflation during 2022/23 this has now been increased to 3% and included a one-year allowable increase of up to £5.00 per household for 2023/24 for those services who could demonstrate their need for it. As the 2022/23 and 2023/24 expected pay awards and increases in the cost of materials and services resulted in an additional financial burden for the Service of over £2m going into 2023/24, the Service utilised this one-off increase by setting a £4.95 increase in precepts.

The Service's investments over 2022/23 have generated higher than anticipated returns by £86k due to the increase in base rate by the Bank of England and the consequential increase in the interest rates. In addition to budgeted income, in the final quarter of 2022/23, the Service received £640k of non-domestic rates deficit from the government, relating back to the Covid years. As the Service already put in place spending restrictions and deferments during the year to help manage the exceptional increases in costs, it has been able to put half of this into the Business Continuity Reserve increasing the reserve from £1,000k to £1,319k at the end of 2022/23. It is expected that some of this will be utilised in 2023/24 as costs continue to be higher than budgeted.

The Authority has an efficiency plan in place which details how it 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.

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 2023 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 2023, 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 2023 and its income and expenditure for the year then ended.



Ursula Bird CPFA

Treasurer

Date: 09 December 2024

Signed on behalf of the Fire Authority:

I confirm that these accounts were approved and events after the 31 March 2023 up to the 09 December 2024 were taken into account by the Cambridgeshire and Peterborough Fire Authority.



Cllr Edna Murphy

On behalf of Cambridgeshire and Peterborough Fire Authority

Date: 09 December 2024

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

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

or telephone (01480) 444500

Summary of the Financial Year

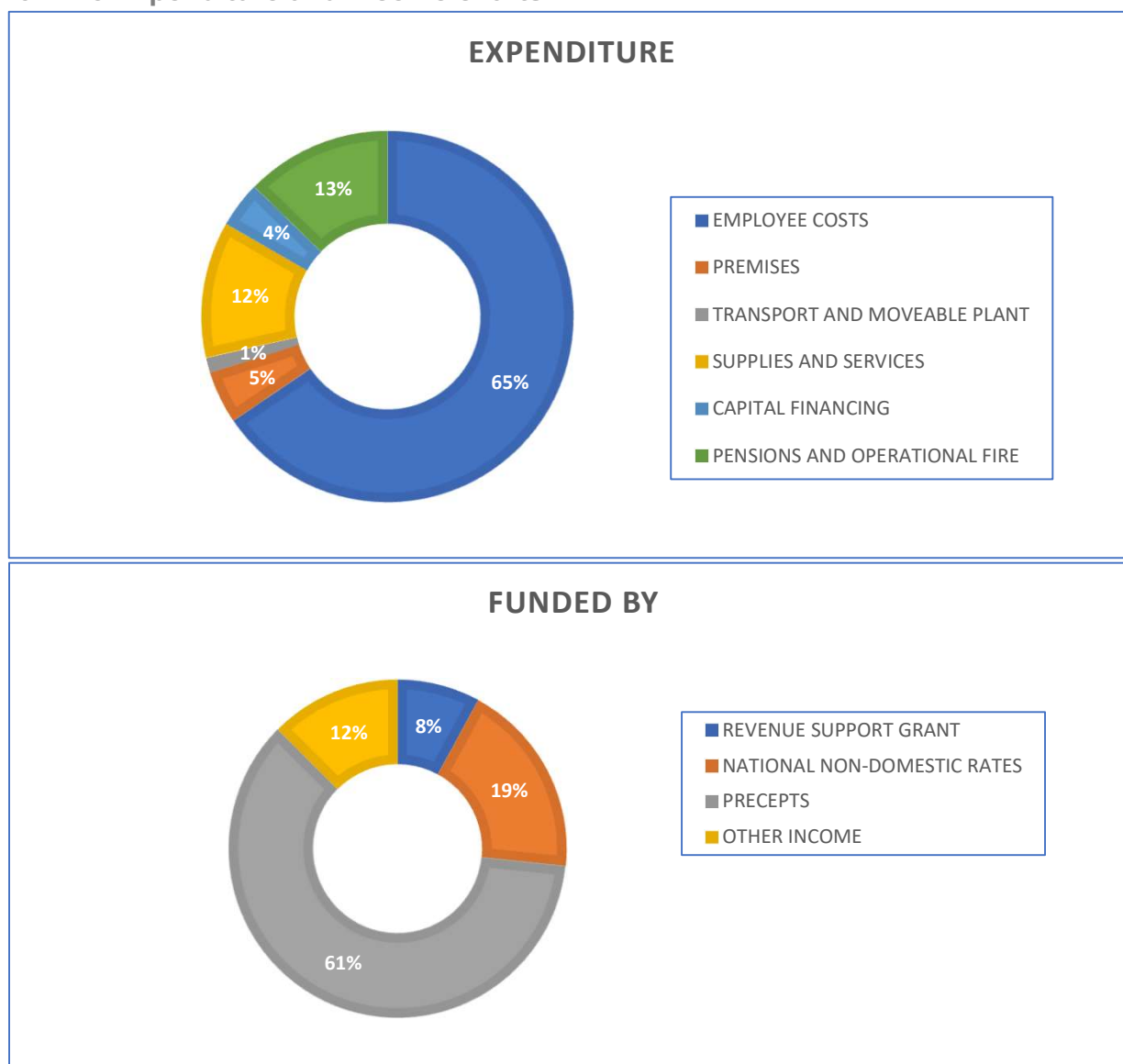
Revenue Spending

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 £31.743m. This is made up of £36.337m (expenditure) less £4.594m (other income). This equates to a cost of £35.40 (2022/23 £35.12) per head of population (based on the latest population figure from the Office of National Statistics).

Due to historical national non-domestic deficits being reimbursed during 2022/23, which were not budgeted for, the Service was able to put £0.282m into reserves.

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

2022/23 Expenditure and income charts -



The Fire Authority held £2.14m in general reserves as at 31 March 2023, 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 £1.319m has been carried forward as a Finance Business Continuity Reserve to help provide some security as we continue to experience record inflation rates over the coming twelve months, which is 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 in Note 8.

A summarised comparison of the Fire Authority's expenditure for the year to the budget is presented in the table on page 13. 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 16.

The table below shows the cash movements to reconcile with that in the Movement in Reserves Statement (page 18).

	£000's
General reserve balance as at 31st March 2022	2,133
Transfer to General Reserve	7
General reserve balance as at 31st March 2023	2,140

The Fire Authority has continued to recruit wholetime firefighters 2022/23 to ensure that operational firefighter numbers remained at the budgeted position. The Authority has increased its number of operational staff over the past 12 months, this has been a controlled process to ensure our workforce remains within 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 2022/23 to fund wholetime recruitment or expenditure from reserves.

The primary variances against the budget are as follows:

Employee Costs: This area of expenditure is under budget by 1%. The pay award agreed for 2022/23 created financial pressures, but these were offset by turnover of staff and delays in recruitment.

Premises Costs: This area of expenditure is over budget by 1%. Increased electricity and energy costs in the second half of the year were partially offset by a reduction in insurance costs due to better risk management and continued benefit from a business rate reduction exercise carried out on all our sites which commenced in 2020/21, seeing the rateable value of many of the Authority's portfolio reduce.

Transport and Plant: This area of expenditure is over budget by 21%, this is due to the inflation pressures experienced in 2022/23 having a significant impact on the cost of parts and servicing of motor vehicles in both operation and non-operational fleet vehicles.

Supplies and Services: This area of expenditure is under budget by 19%, this has been mainly due to the delay in moving some ICT projects and services to the cloud during 2022/23 as well as the continued hybrid approach to remote working resulting in a continued reduction in office expenses and staff travel expenditure. The Service also carried out another comprehensive spending review in 2022/23 which has helped eliminate some of the budget deficit in employee costs.

Operational Fire Budget: This area of expenditure is over budget by 7%. This is mainly due to the increase in retained (on-call) personnel expenditure during the spare conditions experienced in the summer of 2022, resulting in additional costs of £220k. The service also saw a significant rise in fuel costs during the same period due to inflation in which fuel prices peaked at around £2 per litre during the year.

Other Government Grants: The Service continued to receive government grants in 2022/23 above what was budgeted. Note 25 provides some details of the grants received.

Summary Financial Table

Description	Original Budget £'000's	Revised Budget £'000's	Actual to Date £000's	Variance £000's	Variance %
Full Time Firefighters	13,156	13,414	13,766	352	3%
Control Room Staff	1,728	1,740	1,823	83	5%
Local Govt. Employees	3,468	3,414	3,212	(202)	-6%
Senior Management (Hay)	3,852	4,210	3,780	(430)	-10%
Recruitment & Training	510	640	530	(110)	-17%
Fire Allowances	683	698	724	26	4%
EMPLOYEE COSTS	23,397	24,116	23,835	(281)	-1%
Property Maintenance	388	434	425	(9)	-2%
Insurance	63	63	52	(11)	-17%
Energy Costs	359	429	472	43	10%
Cleaning	46	49	37	(12)	-24%
Rents & Rates	714	658	670	12	2%
PREMISES	1,570	1,633	1,656	23	1%
Car & Cycle Allowances	41	38	37	(1)	-3%
Vehicle Running Expenses	179	180	247	67	37%
Vehicle Insurance	172	158	173	15	9%
TRANSPORT AND MOVEABLE PLANT	392	376	457	81	22%
Office Expenses	317	306	222	(84)	-27%
IT & Communications Equip.	2,130	2,369	1,956	(413)	-17%
Fire Equipment	267	324	375	51	16%
Uniforms & Clothing	391	503	357	(146)	-29%
Other Supplies & Services	1,454	1,857	1,415	(442)	-24%
SUPPLIES AND SERVICES	4,559	5,359	4,325	(1,034)	-19%
Debt Charges	771	1,378	1,452	74	5%
External Interest	(90)	(90)	(176)	(86)	96%
CAPITAL FINANCING	681	1,288	1,276	(12)	-1%
CONTROLLABLE EXPENDITURE	30,599	32,772	31,549	(1,223)	-4%
Other Income	(1,473)	(1,717)	(1,707)	10	-1%
Other Government Grants	(1,963)	(2,261)	(2,711)	(450)	20%
CONTROLLABLE INCOME	(3,436)	(3,978)	(4,418)	(440)	11%
NET CONTROLLABLE EXPENDITURE	27,163	28,794	27,131	(1,663)	-6%
Pensions - Lump Sums	766	766	863	97	13%
Operational Fire Budget	3,297	3,506	3,749	243	7%
SAFETY-NETTED EXPENDITURE	4,063	4,272	4,612	340	8%
NET EXPENDITURE	31,226	33,066	31,743	(1,323)	-4%
Grant/Precept Income	(31,226)	(31,386)	(32,026)	(640)	
Transfers to/(from) earmarked reserves	-	(1,680)	276	1,956	
CONTRIBUTIONS	(31,226)	(33,066)	(31,750)	1,316	
CONTRIBUTION TO GENERAL RESERVE	-	-	7	7	

Capital Spending

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

Expenditure	£000's	£000's
Vehicles	2,147	
IT & Equipment	1,037	
Building Works	5,397	
Assets Under Construction	<u>168</u>	
		8,749
Financed By		
Borrowing	1,651	
Transfer from Capital Reserve	5,763	
Application of Capital Receipts and revenue contribution	<u>1,335</u>	
		8,749

This vehicles expenditure covers the purchase of operational and non-operational vehicles. The Fire Authority has purchased seven new fire appliances totalling £1,779k.

This property expenditure relates to the maintenance of existing properties and the investment in new facilities. The Service completed the construction of a new fire station and training facility in Huntingdon, the total cost of this project was £11,355k.

The equipment relates to the purchase of rescue equipment for the seven new fire appliances which included investment in new battery operated cutting equipment for wholetime stations.

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

During 2022/23 the Service sold Papworth Fire Station following the move of Papworth Hospital to Cambridge. In the absense of Papworth, Cambourne Fire Station became an operational fire station utilising the crew and equipment from the former station.

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.



Ursula Bird CGMA
Treasurer

Date: 09 December 2024

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.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
26,919	(658)	26,261	Employee Costs	27,903	(2,248)	25,655
1,306	-	1,306	Premises Costs	1,661	-	1,661
697	-	697	Transport and Plant	921	-	921
3,899	-	3,899	Supplies and Services	4,399	-	4,399
-	1,708	1,708	Depreciation and Amortisation	-	4,619	4,619
-	(1,856)	(1,856)	Other Income	-	(1,707)	(1,707)
32,821	(806)	32,015	Net Cost of Services	34,884	664	35,548
(34,310)	7,175	(27,135)	Other Income and Expenditure	(35,166)	9,738	(25,428)
(1,489)	6,369	4,880	Deficit on Provision of Services	(282)	10,402	10,120
(9,105)			Opening Combined General Fund Balance	(10,594)		
(1,489)			Plus Surplus on the General Fund Balance for the Year (Statutory basis)	(282)		
-			Transfers to/from other Reserves	4,444		
(10,594)			Closing Combined General Fund Balance	(6,432)		

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.

2021/22				2022/23		
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000
26,261	-	26,261	Employee Costs	25,655	-	25,655
1,306	-	1,306	Premises Costs	1,661	-	1,661
697	-	697	Transport and Plant	921	-	921
3,899	-	3,899	Supplies and Services	4,399	-	4,399
1,708	-	1,708	Depreciation and Amortisation	4,619	-	4,619
-	(1,856)	(1,856)	Other Income	-	(1,707)	(1,707)
33,871	(1,856)	32,015	Cost of Services	37,255	(1,707)	35,548
-	(37)	(37)	Other Operating Income and Expenditure	272	-	272
8,723	(965)	7,758	Financing and Investment Income and Expenditure	11,153	(1,578)	9,575
-	-	-	Surplus or Deficit on Discontinued Operations	-	-	-
-	(34,856)	(34,856)	Taxation and Non Specific Grant Income	-	(35,275)	(35,275)
42,594	(37,714)	4,880	Deficit on Provision of Services	48,680	(38,560)	10,120
		(3,368)	Surplus on revaluation of Property, Plant and Equipment	Note 11		(2,191)
		(250)	Impairment reversals on non-current assets charged to the Revaluation Reserve	Note 11		(376)
		-	Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure	Note 11		166
		(30,834)	Remeasurement of the net defined benefit liability / asset	Note 29		(128,959)
		(34,452)	Other Comprehensive Income and Expenditure			(131,360)
		(29,572)	Total Comprehensive Income and Expenditure			(121,240)

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 2022	(2,133)	(8,461)	(10,594)	(1,319)	-	(11,913)	308,456	296,543
Rounding Adjustment	-	-	-	-	-	-	2	2
Revised opening balance	(2,133)	(8,461)	(10,594)	(1,319)	-	(11,913)	308,458	296,545
Movement in reserves during 2022/23								
Net Deficit on the provision of services	10,120	-	10,120	-	-	10,120		10,120
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(131,360)	(131,360)
Total Comprehensive Income and Expenditure	10,120	-	10,120	-	-	10,120	(131,360)	(121,240)
Adjustments between accounting basis and funding basis under regulations	(10,402)	-	(10,402)	-	-	(10,402)	10,402	-
Net Increase or Decrease before Transfers to Earmarked Reserves	(282)	-	(282)	-	-	(282)	(120,958)	(121,240)
Transfers to / from Earmarked Reserves	276	4,168	4,444	1,319	-	5,763	(5,763)	-
Decrease in 2022/23	(6)	4,168	4,162	1,319	-	5,481	(126,721)	(121,240)
Balance at 31 March 2023	(2,139)	(4,293)	(6,432)	-	-	(6,432)	181,737	175,305

	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)	-
Decrease in 2022/22	(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

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 2022 £000	Notes	BALANCE SHEET AS AT	31 March 2023 £000
54,442	Note 11	Property, Plant and Equipment	56,635
825	Note 12	Intangible Assets	954
55,267		Long Term Assets	57,589
6,006	Note 13	Short term Investments	2,018
-		Assets Held for Sale	3,603
19		Inventories	28
4,391	Note 15	Short Term Debtors	2,780
2,542	Note 16	Cash and Cash Equivalents	1,660
12,958		Current Assets	10,089
(30)	Note 13	Short Term Borrowing	(30)
(3,909)	Note 17	Short Term Creditors	(3,849)
(375)		Provisions	(343)
(4,314)		Current Liabilities	(4,222)
(636)	Note 13	Long Term Creditors	(636)
(5,700)	Note 13	Long Term Borrowing	(5,700)
(354,118)	Note 29	Other Long Term Liabilities	(232,425)
(360,454)		Long Term Liabilities	(238,761)
(296,543)		Net Liabilities	(175,305)
(11,913)	Note 18	Usable Reserves	(6,432)
308,456	Note 19	Unusable Reserves	181,737
296,543		Total Reserves	175,305

The financial statements replace the draft unaudited financial statements confirmed by the Chief Finance Officer Ursula Bird on 28 November 2024.

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.

2021/22			2022/23
£000	Notes		£000
4,880	CIES	Net Deficit on the provision of services	10,120
(6,360)	Note 20	Adjustment to surplus or deficit on the provision of services for noncash movements	(13,999)
292	Note 20	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	332
(1,188)		Net cash flows from operating activities	(3,547)
2,852	Note 21	Net cash flows from investing activities	4,429
(2,513)	Note 21	Net cash flows from financing activities	-
(849)		Net (increase) or decrease in cash and cash equivalents	882
1,693		Cash and cash equivalents at the beginning of the reporting period	2,542
2,542		Cash and cash equivalents at the end of the reporting period	1,660

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 2022/23, 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 Firefighters Pension scheme for uniformed employees. A separate account detailing the 2022/23 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 that of the Firefighters' scheme, 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 4.75% (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 two Available for Sale Assets, being land and property in Huntingdon and Ely.

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 (see Note 11 for further details).

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:

- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16).

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 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

- Land and Buildings (Carrying value £47.706m)
- 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%	(224)
Reduction in Age & Obsolence allowance by 1%	(509)
Reduction in Fees & Age & Obsolence by 1%	(748)
Increase in fees by 1%	219
Increase in Age & Obsolence allowance by 1%	502
Increase in Fees & Age & Obsolence by 1%	762

- 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 £232.425m)
- 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, there are no material events after the balance sheet date. It is worth noting that the development of the new Huntingdon Fire Station and Training Centre was completed in 2023 and the old site is currently sold subject to contract.

Note 6 - Note to the Expenditure and Funding Analysis

2022/23	Net Capital Statutory Adjustments £	Net Pensions Statutory Adjustments £	Other Statutory Adjustments £	Other Differences £	Total Adjustments £
Employee Costs	-	(2,297)	-	49	(2,248)
Depreciation and Amortisation	4,619	-	-	-	4,619
Other Income	-	-	-	(1,707)	(1,707)
Net Cost of Services	4,619	(2,297)	-	(1,658)	664
Other Income and Expenditure	-	9,563	-	175	9,738
Difference between the Statutory Charge and the Deficit in the Comprehensive Income and Expenditure Statement	4,619	7,266	-	(1,483)	10,402

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

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 Funding Basis under Regulations

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. A 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.

2022/23	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)	(7,266)	-	-	7,266
Council tax and NDR (transfers to or from the Collection Fund)	539	-	-	(539)
Holiday pay (transferred to the Accumulated Absences reserve)	(49)	-	-	49
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)	(779)	-	-	779
Total Adjustments to Revenue Resources	(7,555)	-	-	7,555
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	332	(332)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	261	-	-	(261)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,004	-	-	(1,004)
Total Adjustments between Revenue and Capital Resources	1,597	(332)	-	(1,265)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	1,651	-	(1,651)
Total Adjustments to Capital Resources	-	1,651	-	(1,651)
Total Adjustments	(5,958)	1,319	-	4,639

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
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	-	-	-	-
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)	(1,964)	-	-	1,964
Total Adjustments to Revenue Resources	(7,443)	-	-	7,443
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	(6,661)	292	2,587	3,782

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 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
General Fund Reserves:							
Financial Business Continuity Reserve	(1,000)	-	-	(1,000)	(319)	-	(1,319)
Community Safety/Tactical Reserve	(300)	-	-	(300)	(49)	52	(297)
Revenue Pension Reserve	(523)	-	-	(523)	-	-	(523)
On Call Operations Reserve	(400)	-	-	(400)	-	-	(400)
Property Development Reserve	(4,444)	-	-	(4,444)	-	4,444	-
Revenue C/Forwards Reserve	(1,440)	(1,721)	1,367	(1,794)	(1,636)	1,676	(1,754)
Total General Fund	(8,107)	(1,721)	1,367	(8,461)	(2,004)	6,172	(4,293)

Note 9 - Financing and Investment Income and Expenditure

2021/22		2022/23
£000		£000
178	Interest payable and similar charges	188
7,600	Net interest on the net defined benefit liability or asset	9,563
(20)	Interest receivable and similar income	(176)
7,758	Total	9,575

Note 10 - Taxation and Non-Specific Grant Income

2021/22		2022/23
£000		£000
(21,683)	Council tax income	(22,181)
(7,825)	Non-domestic rates income and expenditure	(7,917)
(5,348)	Non-ringfenced government grants	(5,177)
(34,856)	Total	(35,275)

Note 11 - Property, Plant and Equipment

Movements to 31 March 2023

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Assets Held for Sale	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2022	41,756	18,967	5,299	-	66,022
Adjustments to cost/value & depreciation/impairment					
Additions	5,397	3,184	-	-	8,581
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,857	-	-	(166)	1,691
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,265)	-	-	-	(2,265)
Derecognition – disposals	(567)	(120)	-	-	(687)
Reclassifications and transfers	5,297	-	(5,297)	-	-
Assets reclassified (to)/from Held for Sale	(3,769)	-	-	3,769	-
at 31 March 2023	47,706	22,031	2	3,603	73,342
Accumulated Depreciation and Impairment					
at 1 April 2022	-	(11,580)	-	-	(11,580)
Depreciation charge	(971)	(1,630)	-	-	(2,601)
Depreciation written out to the Revaluation Reserve	334	-	-	-	334
Impairment reversals recognised in the Revaluation Reserve	376	-	-	-	376
Impairment reversals recognised in the Deficit on Provision of Services	261	-	-	-	261
Derecognition – disposals	-	106	-	-	106
Derecognition – other	(85)	-	-	-	(85)
Other movements in depreciation and impairment	85	-	-	-	85
at 31 March 2023	-	(13,104)	-	-	(13,104)
Net Book Value					
at 31 March 2023	47,706	8,927	2	3,603	60,238
at 31 March 2022	41,756	7,387	5,299	-	54,442

Movements to 31 March 2022

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Assets Held for Sale	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2021	37,542	20,149	1,262	-	58,953
Adjustments to cost/value & depreciation/impairment					
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)
Derecognition – other	-	-	-	-	-
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)
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
Derecognition – other	65	-	-	-	65
Other movements in depreciation and impairment	(65)	-	-	-	(65)
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

Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Assets Held for Sale	Total
	£000	£000	£000	£000
Carried at historical cost	-	8,927	-	8,927
Valued at current value as at 31 March 2023	47,706	-	3,603	51,309
Total Cost or Valuation	47,706	8,927	3,603	60,236

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 2023.

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 2023, £0k 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 2022		31 March 2023	
Total		Total	
£000		£000	
	Balance at start of year:		
2,324	Gross carrying amounts	2,552	
(1,744)	Accumulated amortisation	(1,727)	
1,160	Net carrying amount at start of year	825	
276	Purchases	168	
(48)	Disposals	(257)	
(31)	Amortisation for the period	(15)	
48	Amortisation written off on disposal	233	
1,405	Net carrying amount at end of year	954	
	Comprising:		
2,552	Gross carrying amounts	2,463	
(1,727)	Accumulated amortisation	(1,509)	
825	Total	954	

Note 13 - Financial Instruments

Current Financial Assets								
	Investments		Debtors		Cash		Total	Total
	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost	6,006	2,018	1,442	642	2,542	1,660	9,990	4,320
Total financial assets	6,006	2,018	1,442	642	2,542	1,660	9,990	4,320

Non-Current Financial Liabilities							
	Borrowings		Creditors			Total	Total
	31 March 2022	31 March 2023	31 March 2022	31 March 2023		31 March 2022	31 March 2023
	£000	£000	£000	£000		£000	£000
Amortised cost	(5,700)	(5,700)	(636)	(636)		(6,336)	(6,336)
Total financial liabilities	(5,700)	(5,700)	(636)	(636)		(6,336)	(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. No new loans were taken out during 2022/23.

Current Financial Liabilities							
	Borrowings		Creditors			Total	Total
	31 March 2022	31 March 2023	31 March 2022	31 March 2023		31 March 2022	31 March 2023
	£000	£000	£000	£000		£000	£000
Amortised cost	(30)	(30)	(3,364)	(3,215)		(3,394)	(3,245)
Total financial liabilities	(30)	(30)	(3,364)	(3,215)		(3,394)	(3,245)

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 2022		31 March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities held at Amortised Cost	(5,700)	(6,617)	(5,700)	(4,331)
Total	(5,700)	(6,617)	(5,700)	(4,331)

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 higher than the prevailing rates at the Balance Sheet date. Due to the short term repayment periods of the Authority's assets the difference between the carrying value (in Note 13) and the fair value is immaterial.

The £2.5m loan taken out during 2021/22 has a much lower interest rate at 1.89% than the discount rate (4.43%) giving it a fair value of £1.25m.

Note 15 - Debtors

31 March 2022		31 March 2023
£000		£000
228	Trade Receivables	89
	Other:	
807	Prepayments	878
2,801	Local Authorities Accrued income & Levies	2,623
240	VAT debtor	142
995	Pension scheme debtor	-
(680)	Other accrued income and receivable Amounts	(952)
4,163	Total other	2,691
4,391	Total	2,780

During the year to 31 March 2023, £0k was written off as a bad debt (£8k in 2021/22).

Note 16 - Cash and Cash Equivalents

31 March 2022		31 March 2023
£000		£000
37	Cash and Bank balances	26
2,505	Short Term Deposits	1,634
1,693	Total Cash and Cash Equivalents	1,660

Note 17 - Creditors

31 March 2022		31 March 2023
£000		£000
(154)	Trade payables	(80)
(576)	Deferred income	(387)
(22)	Tax creditor	(14)
-	Pension scheme creditor	-
(1,159)	Local Authorities Provision for bad debts & overpayments	(1,099)
(1,998)	Accruals and other payables	(2,269)
(3,909)	Total Creditors	(3,849)

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 2022		31 March 2023
£000		£000
(2,133)	General Fund Balance	(2,140)
	Earmarked Reserve:	
(1,000)	Finance Business Continuity Reserve	(1,319)
(300)	Community/Tactical Reserve	(297)
(523)	Pension Reserve	(523)
(400)	On-call Operations Reserve	(400)
(4,444)	Property Development Reserve	-
(1,794)	Revenue C/Forwards Reserve	(1,753)
(10,594)	Balance 31 March	(6,432)

Capital Receipts Reserve

31 March 2022		31 March 2023
£000		£000
(1,319)	Balance 1 April	(1,319)
(292)	Capital Receipts in year	(332)
292	Capital Receipts used for financing	1,651
(1,319)	Balance 31 March	-

Capital Grants Unapplied

31 March 2022		31 March 2023
£000		£000
(2,587)	Balance 1 April	-
-	Capital grants recognised in year	-
2,587	Capital grants and contributions applied	-
-	Balance 31 March	-
(11,913)	Total Usable Reserves Balance 31 March	(6,432)

Note 19 - Unusable Reserves

31 March 2022		31 March 2023
£000		£000
(20,397)	Revaluation Reserve	(22,069)
(26,278)	Capital Adjustment Account	(29,142)
354,118	Pension Reserve - IAS19	232,425
614	Collection Fund Adjustment Account	74
399	Accumulated Absences Account	449
308,456	Total	181,737

Revaluation Reserve

31 March 2022		31 March 2023
£000		£000
(17,046)	Balance 1 April	(20,397)
(3,619)	Upward revaluation of assets	(2,401)
(3,619)	Surplus on revaluation of non-current assets not charged to the Surplus on the Provision of Services	(2,401)
268	Difference between fair value depreciation and historical cost depreciation	307
-	Accumulated gains on assets sold or scrapped	422
268	Amount written off to the Capital Adjustment Account	729
(20,397)	Balance 31 March	(22,069)

Capital Adjustment Account

31 March 2022		31 March 2023
£000		£000
(24,312)	Balance 1 April	(26,278)
2,219	Charges for depreciation and impairment of non-current assets	2,340
(543)	Revaluation gains on non-current assets	2,265
32	Amortisation of intangible assets	15
256	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	183
1,964	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	4,803
(268)	Adjusting Amounts written out of the Revaluation Reserve	(307)
1,696	Net written out amount of the cost of non-current assets consumed in the year	4,496
(292)	Use of Capital Receipts Reserve to finance new capital expenditure	(332)
(114)	Statutory provision for the financing of capital investment charged against the General Fund	(261)
(3,256)	Capital expenditure charged against the General Fund	(6,767)
(3,662)	Capital financing applied in year:	(7,360)
(26,278)	Balance 31 March	(29,142)

Pension Reserve - IAS19

31 March 2022		31 March 2023
£000		£000
378,096	Balance 1 April	354,118
(30,834)	Remeasurements of the net defined benefit (liability)	(128,959)
17,265	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	18,228
(10,409)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,962)
354,118	Balance 31 March	232,425

Collection Fund Adjustment Account

31 March 2022		31 March 2023
£000		£000
2,075	Balance 1 April	613
(1,462)	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	(539)
613	Balance 31 March	74

Accumulated Absences Account

31 March 2022		31 March 2023
£000		£000
313	Balance 1 April	399
(313)	Settlement or cancellation of accrual made at the end of the preceding year	(399)
399	Amounts accrued at the end of the current year	449
86	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	49
399	Balance 31 March	449

Note 20 - Cash Flow used in Operating Activities

The cash flows for operating activities include the following items:

31 March 2022		31 March 2023
£000		£000
(19)	Interest received	(154)
164	Interest paid	188
145	Total	34

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

31 March 2022		31 March 2023
£000		£000
(2,337)	Depreciation	(2,600)
661	Impairment and downward valuations	(2,004)
(32)	Amortisation	(15)
1,927	Decrease in creditors	60
362	Increase/(decrease) in debtors	(1,611)
9	Increase in inventories	9
(6,856)	Movement in pension liability	(7,266)
(256)	Carrying amount of non-current assets sold or derecognised	(604)
162	Other non-cash movements charged to the deficit on provision of services	32
(6,360)	Total	(13,999)

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

31 March 2022		31 March 2023
£000		£000
292	Proceeds from the sale of property, plant and equipment	332
292	Total	332

Note 21 - Cash Flow used in Investing Activities

31 March 2022		31 March 2023
£000		£000
6,143	Purchase of property, plant and equipment and intangible assets	8,749
23,230	Purchase of short-term and long-term investments	7,000
(292)	Proceeds from the sale of property, plant and equipment	(332)
(26,229)	Proceeds from short-term and long-term investments	(10,988)
2,852	Net cash flows from investing activities	4,429

Cash Flow from Financing Activities

31 March 2022		31 March 2023
£000		£000
(14)	Increase in short-term borrowing	-
1	Decrease in long-term creditors	-
(2,500)	Increase in long-term borrowing	-
(2,513)	Net cash flows from financing activities	-

Note 22 - Members' Allowances

31 March 2022		31 March 2023	
	£000		£000
	41	Salaries	44
	37	Allowances	41
	-	Expenses	-
	78	Total Members' Allowances	85

Note 23 - Officers' Remuneration

Senior Officer Remuneration

2022/23		Salary, Fees and Allowances	Other Payments	Expenses Allowances	Pension Contribution	Total
		£	£	£	£	£
Chief Fire Officer - C Strickland	2022/23	165,312	-	80	-	165,392
	2021/22	154,441	-	80	-	154,521
Deputy Chief Executive & Treasurer to the Fire Authority - M Warren	2022/23	143,504	-	9,640	26,692	179,836
	2021/22	134,116	-	11,817	24,946	170,879
Assistant Chief Fire Officer - J Anderson	2022/23	134,231	-	80	38,659	172,970
	2021/22	125,458	-	80	36,132	161,670
Total	2022/23	443,047	-	9,800	65,351	518,198
	2021/22	414,015	-	11,977	61,078	487,070

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

For 2022/23 part of the Treasurer's total remuneration, amounting to £6.6k (£8.5k in 2021/22), was recharged to the Cambridgeshire Police & Crime Commissioner for work on their behalf.

Officer Remuneration

	Number of Employees	
	2021/22	2022/23
£50,001 to £55,000	10	16
£55,001 to £60,000	7	11
£60,001 to £65,000	24	16
£65,001 to £70,000	8	15
£70,001 to £75,000	2	3
£75,001 to £80,000	4	5
£80,001 to £85,000	0	3
£85,001 to £90,000	1	-
£90,001 to £95,001	2	-
Total	58	69

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 (£)	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0-£20,000	3	1	5	7	8	8	71,199	62,588
£20,001-£40,000	-	1	-	-	-	1	-	27,308
Total	3	2	5	7	8	9	71,199	89,896

Note 24 - External Audit Costs

2021/22 £000		2022/23 £000
37	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	60
37	Total	60

The standard annual audit fee is set at £25k. There is an additional fee of £11k expected for 2020/21 relating to increased audit requirements subject to PSAA approval. These additional fees have been accrued for and are reflected in the 2022/23 accounts.

Note 25 - Grant Income

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

31 March 2022 £000		31 March 2023 £000
(2,811)	Revenue Support Grant	(2,897)
-	Services Grant	(422)
(177)	New Burdens Grant	(150)
(599)	Emergency Services Mobile Communications Programme (ESMCP) Grant	(115)
(382)	Other Minor Grants	(209)
(1,379)	Home Office Pension Grant	(1,335)
-	Covid Support Grant	(49)
(5,348)	Total	(5,177)

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 £14k (£15k in 2021/22) from the Police and Crime Commissioner during the year in relation to the recharge for the CFO and Local Resilience contributions. The year end debtor balance as at 31 March 2023 was £2k (£3k in 2021/22).

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 2023 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 2022/23 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 2022/23 and there are no material transactions to disclose (Nil in 2021/22). 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 2022/23 and there are no material transactions to disclose (Nil in 2021/22).

Note 27 - Capital Expenditure and Capital Financing

31 March 2022		31 March 2023
£000		£000
6,110	Opening Capital Financing Requirement	8,592
	Capital Investment:	
5,867	Property Plant and Equipment	8,581
276	Intangible Assets	168
6,143	Total Capital Spending	8,749
	Sources of Finance:	
(292)	Capital receipts	(332)
(2,587)	Government grants and other contributions	(5,763)
	Sums set aside from revenue:	
(668)	Direct revenue contributions	(1,004)
(114)	Minimum revenue provision	(261)
(3,661)	Total Sources of Finance	(7,360)
8,592	Closing Capital Financing Requirement	9,981

Explanation of movements in year

31 March 2022		31 March 2023
£000		£000
55,267	Long Term Assets	61,192
(20,397)	Revaluation Reserve	(22,069)
(26,278)	Capital Adjustment Account	(29,142)
8,592	Net Asset Total	9,981
-	Movement	1,389
(2,596)	Borrowings in year	(1,650)
(114)	Decrease in underlying need to borrow (unsupported by government financial assistance)	(261)
(2,596)	Decrease in Capital Financing Requirement	(261)

In 2022/23 the Authority, with the support of CIPFA, carried out a review of our current and planned arrangements for calculating our Minimum Revenue Provision (MRP) to ensure we are using the most prudent approach.

Prior to this review the Authority's policy was to use Option 2 of the guidance (the CFR method) and calculate the MRP charge for the year at a rate of 4% of the previous year's capital financing requirement on a reducing basis.

Following the review, the authority felt that it was more prudent calculate MRP on the following basis:

- Pre-April 2008 debt will charge MRP (Option 2 of the guidance) on a 4% straight-line basis over 25 years reducing the balance in the CFR to zero after the 25 year term.
- Post-April 2008 debt will charge MRP (Option 3 of the guidance) using an equal annual instalment method over the life of the asset.

These changes to our MRP policy continue to be within the boundaries of the legislation and MRP guidance and as such this is not an accounting adjustment or error that needs to be restated nor does a backdated MRP charge need to be made.

Further details on the Authorities MRP policy can be found in the Budget Book 2023/24, available on our website.

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. The fair value of the land and buildings has been included in the balance sheet and depreciated as per our normal depreciation policy.

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. A 2% per annum uplift is added every 5 years. For IFRS 16 accounting, the interest element of this lease is £15k per annum using the same rate as the discount rate.

The discount rate used in the calculation of the present values is the same as that used in the present value pension liability at 4.75%

Authority as Lessee - Right of Use Assets

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet (currently Parkside Fire Station only) at the following net amounts:

	31 March 2023			
	Land & Property	Vehicles	Plant	Total
Net Book Value:-	£000	£000	£000	£000
Balance B/Fwd	8,552	-	-	8,552
Depreciation	(168)	-	-	(168)
Revaluation	375	-	-	375
Additions	-	-	-	-
Total	8,759	-	-	8,759

Effective Lease Liability (IFRS 16 information only):-

1 year	183	-	-	183
1-5 years	734	-	-	734
Present Value of Leases	3,635	-	-	3,635

Lease Schedule (Milton Training Centre only):-

1 year	30	-	-	30
1-5 years	122	-	-	122
Total Cost of Leases 0-5 years	152	-	-	152

	31-Mar-22			
	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
Total	8,552	-	-	8,552

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 the employees earn their future entitlement.

The Fire Authority participates in 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.
- The Firefighters Pension Scheme 2015 (FPS 2015) is an unfunded defined benefit scheme. The Firefighters' pension scheme has 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 were in. A separate account detailing the 2022/23 transactions and liabilities is shown within the Firefighters' Pension Fund Account note.

Until 1st April 2022, Firefighters could be active members of three different Firefighter pension schemes (FPS) , FPS 1992, FPS 2006 and FPS 2015. In 2015, new laws introduced a new scheme for firefighters - the Firefighters' Pension Scheme 2015 (FPS 2015). These laws included protections which meant that some members of the existing schemes (FPS 1992 and FPS 2006) didn't join FPS 2015 either straight away or at all, depending on their age.

Following a legal challenge known as Sargeant, the courts determined that the protections given to members were age discriminatory. This confirmed discrimination will be addressed in two parts:

Part 1 - Future discrimination (prospective) - To remove future discrimination from the scheme and ensure equal treatment, all remaining protected members who were not members of FPS 2015 were transferred into this scheme on 1 April 2022.

This means that all future service for all members will build up in the existing FPS 2015 - the scheme is not changing. Benefits already built up in either of the previous schemes are fully protected.

Part 2 - Past discrimination (retrospective) - The period during which the discrimination was in place - 1 April 2015 to 31 March 2022 - is known as the remedy period. Members who moved into FPS 2015 on 1 April 2015 or later will have their benefits converted to their former final salary scheme for the whole of their service in the remedy period. The benefits built up in FPS 2015 will be kept as an underpinned record.

At retirement, eligible members will be able to keep their final salary benefits or choose to receive the underpinned FPS 2015 benefits for the same period. This known as Deferred Choice Underpin (DCU).

The changes to remove past discrimination will be brought into law on 1 October 2023.

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 2023, in accordance with International Accounting Standard (IAS) 19, was completed by the Government's Actuary Department on 31 March 2023, 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 2024 will be £1,622k. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2024 are £3,911k.

The following tables show the amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans.

General Fund Transactions

2021/22				Comprehensive Income and Expenditure Statement	2022/23			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000	(CIES)	£000	£000	£000	£000
Service cost comprising:								
3,265	5,700	700	9,665	Current service cost	2,933	5,000	600	8,533
-	-	-	-	Past service cost	32	100	-	132
Financing and Investment Income and Expenditure:								
400	6,600	600	7,600	Net interest expense	363	8,400	800	9,563
3,665	12,300	1,300	17,265	Total charged to Deficit on Provision of Services	3,328	13,500	1,400	18,228
Other post-employment benefits charged to the CIES								
Re-measurement of the net defined benefit liability comprising:								
(3,041)	-	-	(3,041)	Return on plan assets (excluding the amount included in the net interest expense)	2,667	-	-	2,667
156	3,100	100	3,356	Actuarial gains and losses - experience	919	14,300	100	15,319
(299)	(3,500)	(100)	(3,899)	Actuarial gains and losses arising on changes in demographic assumptions	(989)	(4,000)	-	(4,989)
(5,150)	(21,500)	(600)	(27,250)	Actuarial gains and losses arising on changes in financial assumptions	(25,056)	(116,200)	(700)	(141,956)
(8,334)	(21,900)	(600)	(30,834)	Total charged to Other CIES	(22,459)	(105,900)	(600)	(128,959)
(4,669)	(9,600)	700	(13,569)	Total charged to the CIES	(19,131)	(92,400)	800	(110,731)

2021/22				Movement in Reserves Statement	2022/23			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(3,665)	(12,300)	(1,300)	(17,265)	Reversal of net charges made to the Deficit on the Provision of Services	(3,328)	(13,500)	(1,400)	(18,228)
				Actual amount charged against the general fund balance for pensions in the year:				
1,509	8,200	700	10,409	Employers' contributions payable to scheme	1,562	8,600	800	10,962

2021/22				Pensions Assets and Liabilities Recognised in the Balance Sheet	2022/23			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
(63,083)	(311,900)	(29,700)	(404,683)	Present value of the defined obligation	(43,036)	(218,900)	(21,700)	(283,636)
50,565	-	-	50,565	Fair value of plan assets	51,211	-	-	51,211
(12,518)	(311,900)	(29,700)	(354,118)	Net liability arising from the defined benefit obligation	8,175	(218,900)	(21,700)	(232,425)

2021/22				Movement in the Value of Scheme Assets	2022/23			
LGPS	FF Main Scheme	FF Injury Pensions	Total		LGPS	FF Main Scheme	FF Injury Pensions	Total
£000	£000	£000	£000		£000	£000	£000	£000
45,639	-	-	45,639	Opening fair value of scheme assets	50,565	-	-	50,565
945	-	-	945	Interest income	1,402	-	-	1,402
				Re-measurement gains and losses:				
				The return on plan assets, excluding the amount included in the net interest expense				
3,041	-	-	3,041		(2,667)	-	-	(2,667)
1,509	8,200	700	10,409	Contributions from employer	1,562	8,600	800	10,962
406	1,400	-	1,806	Contributions from employees into the scheme	421	1,400	-	1,821
(975)	(9,700)	(700)	(11,375)	Benefits / transfers paid	(1,088)	(9,900)	(800)	(11,788)
50,565	(100)	-	50,465	Closing value of scheme assets	50,195	100	-	50,295

2021/22				Movements in the Fair Value of Scheme Liabilities	2022/23			
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)	Opening balance at 1 April	(63,083)	(311,900)	(29,700)	(404,683)
(3,265)	(5,700)	(700)	(9,665)	Current service cost	(2,933)	(5,000)	(600)	(8,533)
(1,345)	(6,600)	(600)	(8,545)	Interest cost	(1,765)	(8,400)	(800)	(10,965)
(406)	(1,400)	-	(1,806)	Contributions from scheme participants	(421)	(1,400)	-	(1,821)
Re-measurement gains and losses:								
(156)	(3,100)	(100)	(3,356)	Actuarial gains / (losses) - experience	(1,935)	(14,300)	(100)	(16,335)
299	3,500	100	3,899	Actuarial gains / (losses) from changes in demographic assumptions	989	4,000	-	4,989
5,150	21,500	600	27,250	Actuarial gains / (losses) from changes in financial assumptions	25,056	116,200	700	141,956
-	-	-	-	- Past service cost	(32)	(100)	-	(132)
-	(100)	-	-	- Transfers in/out	-	100	-	100
975	9,700	700	11,375	Benefits / transfers paid	1,088	9,900	800	11,788
(63,083)	(311,800)	(29,800)	(404,583)	Balance as at 31 March	(43,036)	(210,900)	(29,700)	(283,636)

LGPS - Pension Scheme - Assets comprised of:

2021/22				2022/23		
Quoted	Unquoted	Total	Fair value of scheme assets	Quoted	Unquoted	Total
£000	£000	£000		£000	£000	£000
704	-	704	Cash and cash equivalents	1,237	-	1,237
Equity Instruments by industry type:						
-	4,879	4,879	Private Equity	-	6,355	6,355
-	29,833	29,833	Investment Funds & Unit Trusts	-	28,295	28,295
-	3,339	3,339	Real Estate UK Property	-	3,345	3,345
-	33,657	38,051	Subtotal Equity Instruments	-	37,995	37,995
Bonds by sector:						
-	5,358	5,358	Investment Funds & Unit Trusts	-	5,529	5,529
-	2,638	2,638	UK Government	-	1,733	1,733
-	(26)	(26)	Other	-	215	215
-	7,333	7,970	Subtotal Bonds	-	7,477	7,477
Investment Funds and Unit Trusts						
-	3,949	3,949	Infrastructure	-	4,502	4,502
-	4,132	3,949	Subtotal Investment Funds and Unit Trusts	-	4,502	4,502
704	45,122	50,674	Total Assets	1,237	49,974	51,211

The significant assumptions used by the actuary have been:

2021/22	LGPS	2022/23
Long term expected rate of return on assets:		
2.8%	Equity Instruments	4.8%
2.8%	Bonds	4.8%
2.8%	Investment Funds and Unit Trusts	4.8%
Mortality assumptions:		
Longevity at retirement for current pensioners		
22.0	Men	21.7
24.2	Women	24.8
Longevity at retirement for future pensioners		
22.9	Men	22.9
26.0	Women	26.1
Other assumptions:		
3.6%	Rate of inflation	3.2%
3.7%	Rate of increase in salaries	3.5%
0.0%	Rate of increase in pensions	0.0%
2.8%	Rate for discounting scheme liabilities	4.8%

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:

2021/22	Firefighters Main Scheme	2022/23
Mortality assumptions:		
Longevity at retirement for current pensioners		
26.3	Men	25.9
28.7	Women	28.5
Longevity at retirement for future pensioners		
27.7	Men	27.3
30.1	Women	29.8
Other assumptions:		
3.6%	Rate of inflation	3.2%
3.7%	Rate of increase in salaries	3.2%
3.2%	Rate of increase in pensions	3.0%
2.7%	Rate for discounting scheme liabilities	4.8%

Impact of assumptions on the obligation:

Increase by 1%	Firefighters Main Scheme	Decrease by 1%
£000	Assumption	£000
7,229	Longevity - 1 year increase	(7,229)
2,318	Rate of increase in salaries	(2,318)
37,354	Rate of increase in pensions	(37,354)
44,548	Rate for discounting scheme liabilities	(44,548)

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 and policy.

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 £3,678k 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 2023 that this was likely to crystallise.

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	(2,457)	(3,200)
Over 40	(423)	(2,500)
Total	(6,628)	(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 2023, 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	83
Impact on Surplus or Deficit on the Provision of Services	(83)

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 other benefits after the period end.

2021/22		2022/23
£000's		£000's
	Contributions Receivable	
(3,101)	Employers	(3,254)
(242)	Ill-health retirements	(89)
(1,383)	Employees	(1,461)
(4,726)		(4,804)
(159)	Transfers in from other schemes	(28)
	Benefits Payable	
7,466	Pensions	7,913
2,818	Commutation of pension and lump sum retirement benefits	1,517
	Other payments in respect to lump sum retirement benefits	214
-	Transfers out to other schemes	136
5,399	Deficit for the year before top up grant receivable from sponsoring department	4,948
(5,399)	Top up grant receivable from sponsoring department	(4,948)
-	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.
- 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. The Pension Fund Account only relates to the liabilities incurred during the 2022/23 financial year. All future liabilities are accounted for on an IAS 19 basis and are included within the core financial statements.
- 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

2021/22		2022/23
£000's		£000's
(995)	Top-up grant due from/refundable to(-) the Government	396
995	Amount due to (-)/from General Fund	(396)
<u>-</u>		<u>-</u>

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

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of Cambridgeshire and Peterborough Fire Authority ("the Authority") for the year ended 31 March 2023 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Fire Fighter's Pension Fund Account and notes¹ to the financial statements including material accounting information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The conditions created by backstop arrangements have resulted in us not being able to obtain all the necessary audit evidence upon which to form an opinion since there was insufficient time to perform all necessary audit procedures by the backstop date. Consequently, we have not performed any work in respect of any audit area. As a result, we are unable to conclude that the Authority's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information

The Treasurer is responsible for the other information. The other information includes all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Code of Audit Practice 2024 requires auditors to report on whether other information published together with the financial statements is consistent with the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion on whether the other information published together with the financial statements is consistent with the financial statements.

Matters on which we are required to report by exception

Use of resources

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this regard.

Other matters on which we report by exception

We are required to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit;
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters, except that because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to satisfy ourselves that the Annual Governance Statement complies with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Responsibilities of the Treasurer and the Authority

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that the financial statements give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Auditor's other responsibilities

As set out in the Other matters on which we report by exception section of our report there are certain other matters which we are required to report by exception.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of Cambridgeshire and Peterborough Fire Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Rachel Brittain, Key Audit Partner

For and on behalf of BDO LLP, Local Auditor

London, UK

10 December 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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.