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CAMBRIDGESHIRE  
& PETERBOROUGH  
**FIRE AUTHORITY**

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DRAFT  
STATEMENT OF ACCOUNTS  
2017/18  
Version 4

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## **Narrative Report**

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

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

Publication of these accounts, which have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom for 2017/18', which is based on International Financial Reporting Standards (IFRS), is required under the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015.

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

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

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

## **Performance**

The Authority has fully reviewed and refreshed its Integrated Risk Management Plan (IRMP). This will be reviewed every three years and the Authority receives monitoring reports on these indicators annually. The most recent report was presented at the meeting of the Policy and Resources Committee on 12th April 2018 covering 2017/18 to 2019/20. This report can be viewed via the following link:

<http://www.cambsfire.gov.uk/IRMP%20document%202.pdf>

## **Financial Outlook**

The Government's Comprehensive Spending Review (CSR) reduced levels of central government funding for Fire and Rescue Services. In response to this, the Fire Authority has an Efficiency Plan in place. This is to show how the Fire Authority plans to improve the service it provides whilst managing with reduced real-term funding levels. The Efficiency Plan can be viewed via the following link:

<http://www.cambsfire.gov.uk/Efficiency%20Plan%202016-2020.pdf>

## **The future governance role of the Fire Authority**

The Government has announced that in Cambridgeshire, responsibility for the governance of the service will transfer from the Fire Authority to the Police and Crime Commissioner (PCC). At this time, the Fire Authority is going through a Judicial Review and timescales are uncertain.

The Statement of Accounts for the year ended 31 March 2018 consists of the following:-

**The Statement of Responsibilities for the Statement of Accounts**

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

**The Movement in Reserves Statement**

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

**The Comprehensive Income and Expenditure Statement**

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

**The Balance Sheet**

This shows information on the financial position of the Fire Authority as at the 31 March 2018, including the level of balances and reserves at the Fire Authority's disposal, its long term indebtedness and the value of the assets held by the Fire Authority.

**The Cash Flow Statement**

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

**The Statement of Accounting Policies**

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

**Notes to the Financial Statements**

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

**The Firefighter Pension Fund Accounts**

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

**The Net Asset Statement**

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

### **External Borrowing**

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

### **Pensions Liability**

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

### **Opinion**

In my opinion the statement of accounts present a true and fair view of the financial position of the Fire Authority at 31 March 2018 and its income and expenditure for the year then ended.

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Matthew Warren CPFA

Treasurer

Date:

**Signed on behalf of the Fire Authority:**

I confirm that these accounts were approved and events after the 31 March 2018 up to the ..... were taken into account by the Cambridgeshire and Peterborough Fire Authority.

\_\_\_\_\_  
Cllr Kevin Reynolds

On behalf of Cambridgeshire and Peterborough Fire Authority

Date:

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

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

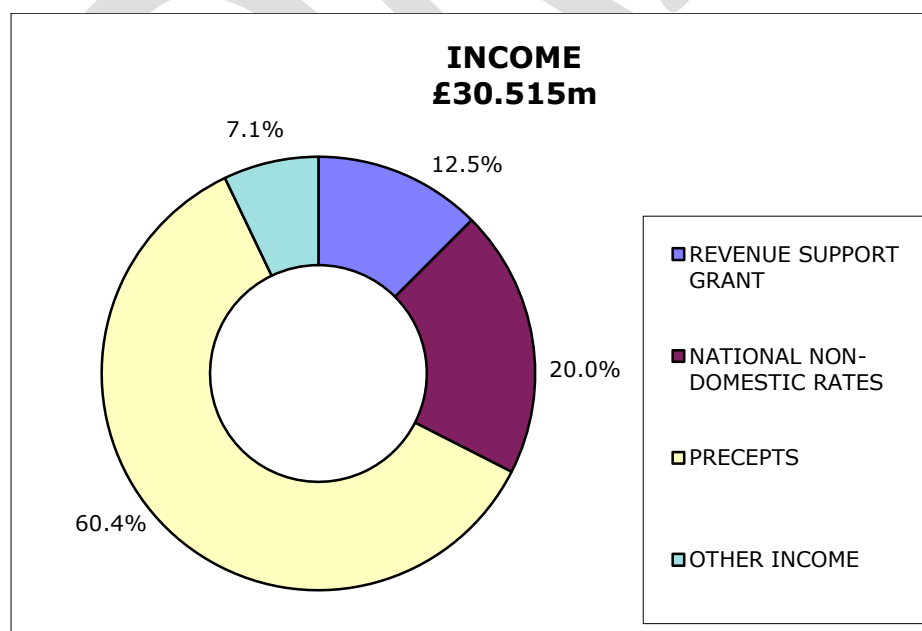
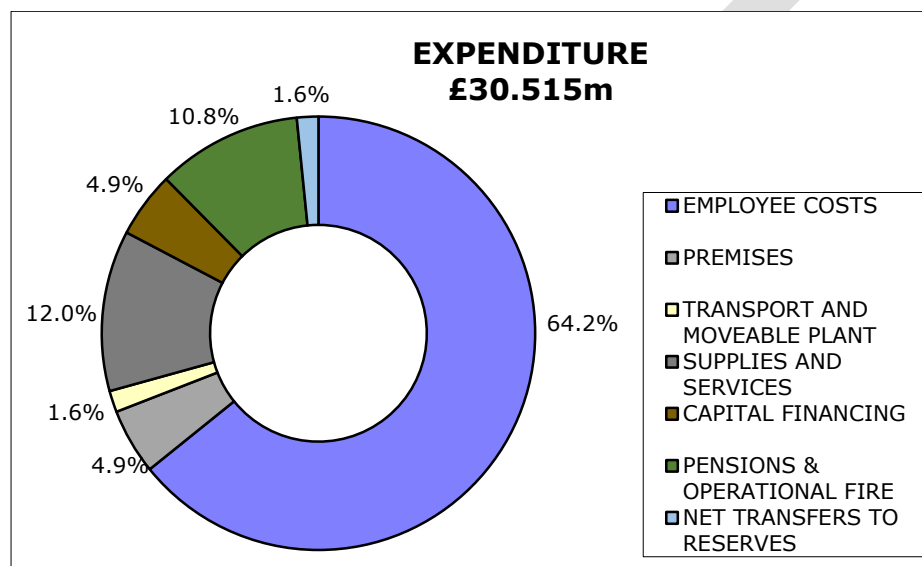
or telephone (01480) 444500

## Summary of the Financial Year

### Revenue Spending

The figures used in this summary are taken from the Fire Authority's management accounts and will be different in some areas to the numbers in the Statement of Accounts. The Fire Authority's total net expenditure was £27.856m. This is made up of £30.515m (expenditure) less £2.170m (other income) less £0.489m (net transfers from reserves). The following charts show where the monies we received came from and how we spent it.

### Expenditure and income charts



The Fire Authority held £2.472m in general reserves as at 31 March 2018, which equals 8% of revenue budget. The General Reserve is required to provide the Fire Authority with financial flexibility when dealing with unexpected circumstances. Specific Reserves have also been established to provide for future or predicted liabilities. A statement detailing our earmarked reserves is set out at Note 9 to the Statement of Accounts.

A summarised comparison of the Fire Authority's expenditure for the year to the budget is presented in the table on page 8. 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 12.

Under spends can be used to help finance capital expenditure and reduce our borrowing requirement and debt financing costs in the future. £1.255m has been used to fund the capital programme; this is consistent with the Fire Authority's approved treasury management strategy and has avoided the need for any new external borrowing.

The table below shows the cash movements to reconcile with that in the Movement in Reserves Statement (page 12).

	<b>£000's</b>
General reserve balance as at 31st March 2017	2,423
Transfer to Revenue C/forwards Reserve	49
General reserve balance as at 31st March 2018	2,472

The Fire Authority undertook a wholetime recruitment campaign to bring the operational firefighter's numbers up to the budgeted position. This recruitment offset the previous under spend, resulting in the budget for full time firefighters being marginally over spent at the year end (£0.39m).

The under spend against the premises budget was mainly due to refunds following successful rates appeals. The IT and Communication Equipment budget includes a one off reduction in software charges. Within the supplies and services budget underspend (£0.74m) related to projects running behind schedule and monies set aside for budget reductions in 2017/18 not being fully spent. In addition, there are some carry forward requests and orders not yet received; this under spend has been utilised to finance capital expenditure.



## Summary Financial Table

Description	Revised Budget £	Actual to Date £	Variance £	Variance %
Full Time Firefighters	10,678	11,076	398	3.73%
Control Room Staff	1,589	1,500	-89	-5.60%
Local Govt. Employees	3,214	3,153	-61	-1.90%
Senior Management (Hay)	2,601	2,496	-105	-4.04%
Recruitment & Training	955	864	-91	-9.53%
Fire Allowances	480	493	13	2.71%
<b>EMPLOYEE COSTS</b>	<b>19,517</b>	<b>19,582</b>	<b>65</b>	<b>0.33%</b>
Property Maintenance	448	367	-81	-18.08%
Insurance	208	242	34	16.35%
Energy Costs	263	225	-38	-14.60%
Cleaning	138	125	-13	-9.57%
Rents & Rates	675	551	-124	-18.37%
<b>PREMISES</b>	<b>1,732</b>	<b>1,509</b>	<b>-223</b>	<b>12.85%</b>
Car & Cycle Allowances	66	96	30	45.45%
Vehicle Running Expenses	161	146	-15	-9.32%
Vehicle Insurance	172	251	79	45.93%
<b>TRANSPORT AND MOVEABLE PLANT</b>	<b>399</b>	<b>493</b>	<b>94</b>	<b>23.56%</b>
Office Expenses	348	269	-79	-22.59%
IT & Communications Equip.	1,888	1,618	-270	-14.30%
Fire Equipment	278	182	-96	-34.53%
Uniforms & Clothing	400	358	-42	-10.41%
Other Supplies & Services	1,472	1,214	-258	-17.52%
<b>SUPPLIES AND SERVICES</b>	<b>4,386</b>	<b>3,642</b>	<b>-744</b>	<b>16.97%</b>
Debt Charges	3,286	1,508	-1,778	-54.11%
External Interest	-90	-79	11	-12.22%
<b>CAPITAL FINANCING</b>	<b>3,196</b>	<b>1,430</b>	<b>-1,767</b>	<b>55.29%</b>
<b>CONTROLLABLE EXPENDITURE</b>	<b>29,231</b>	<b>26,656</b>	<b>-2,575</b>	<b>8.81%</b>
Other Income	-1,329	-1,591	-262	19.71%
Other Government Grants	-267	-501	-234	87.64%
<b>CONTROLLABLE INCOME</b>	<b>-1,596</b>	<b>-2,092</b>	<b>-496</b>	<b>31.08%</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>27,635</b>	<b>24,564</b>	<b>-3,071</b>	<b>11.11%</b>
Pensions - Injury Awards	598	703	105	17.56%
Operational Fire Budget	2,729	2,589	-140	-5.13%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>3,327</b>	<b>3,292</b>	<b>-35</b>	<b>1.05%</b>
<b>NET EXPENDITURE</b>	<b>30,961</b>	<b>27,856</b>	<b>-3,105</b>	<b>10.03%</b>
Grant/Precept Income	-27,987	-28,345	-358	
Transfers to/from earmarked reserves	-2,975	150	3,125	
Year end transfer to Capital Reserve		289	289	
<b>CONTRIBUTIONS</b>	<b>-30,961</b>	<b>-27,905</b>	<b>3,056</b>	
<b>CONTRIBUTION TO GENERAL RESERVE</b>		<b>-49</b>	<b>-49</b>	

## Capital Spending

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

<b>Expenditure</b>	£000's	£000's
Vehicles	871	
IT & Equipment	672	
Building Works	344	
Assets Under Construction	<u>1,006</u>	
		2,893
<b>Financed By</b>		
Capital Grants Reserve	1,638	
Revenue Contribution	<u>1,255</u>	
		2,893

This vehicles expenditure covers the purchase of operational and non-operational vehicles. During the year the Fire Authority completed the build of three fire appliances and purchased 51 other vehicles.

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

The equipment relates to heavy duty rescue equipment, breathing apparatus, and appliance ladders.

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

Revenue Contribution includes the movement in creditors not funded in year.

At 31 March 2018, the Fire Authority had a capital underspend.

## Statement of Responsibilities for the Statement of Accounts

### The Fire Authority's Responsibilities

The Fire Authority is required to:

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

### The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

Matthew Warren CPFA  
Treasurer

Date:

## Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Implementation of a new system has resulted in the need to reanalyse the 2016/17 figures.

Net Expenditure Chargeable to the General Fund Balance (Restated)	2016/17	Net Expenditure in the Compre- hensive Income and Expenditure Statement		2017/18	Net Expenditure in the Compre- hensive Income and Expenditure Statement
	Adjustments			Adjustments	
£000	£000	£000		£000	£000
22,068	2,872	24,940	Employee Costs	22,732	(313)
1,286	0	1,286	Premises Costs	1,353	0
513	0	513	Transport and Plant	695	0
4,823	0	4,823	Supplies and Services	3,969	0
0	3,011	3,011	Depreciation and Amortisation	0	3,234
0	(1,253)	(1,253)	Other Income	0	(1,352)
<b>28,690</b>	<b>4,630</b>	<b>33,320</b>	<b>Net Cost of Services</b>	<b>28,749</b>	<b>1,569</b>
(28,828)	8,166	(20,662)	Other Income and Expenditure	(29,238)	8,664
<b>(138)</b>	<b>12,796</b>	<b>12,658</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(489)</b>	<b>10,233</b>
(11,878)			Opening Combined General Fund Balance	(12,016)	
(138)			Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	(489)	
<b>(12,016)</b>			<b>Closing Combined General Fund Balance</b>	<b>(12,505)</b>	

## 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.

2016/17			2017/18		
Expenditure	Income	Net	Expenditure	Income	Net
£000	£000	£000	£000	£000	£000
24,940	0	24,940	22,419	0	22,419
1,286	0	1,286	1,353	0	1,353
513	0	513	695	0	695
4,823	0	4,823	3,969	0	3,969
3,011	0	3,011	3,234	0	3,234
0	(1,253)	(1,253)	0	(1,352)	(1,352)
<b>34,573</b>	<b>(1,253)</b>	<b>33,320</b>	<b>31,670</b>	<b>(1,352)</b>	<b>30,318</b>
2	0	2	196	0	196
10,439	(1,005)	9,434	9,124	(941)	8,183
0	(30,098)	(30,098)	0	(28,953)	(28,953)
<b>45,014</b>	<b>(32,356)</b>	<b>12,658</b>	<b>40,990</b>	<b>(31,246)</b>	<b>9,744</b>
		(3,005)			(2,130)
		0			(637)
		38,091			463
		<b>35,086</b>			<b>(2,304)</b>
		<b>47,744</b>			<b>7,440</b>

## 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.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un- applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2017</b>	(2,423)	(9,593)	(12,016)	(1,206)	(4,224)	<b>(17,446)</b>	276,705	<b>259,259</b>
<b>Movement in reserves during 2017/18</b>								
Surplus or deficit on the provision of services	9,744		9,744			<b>9,744</b>		<b>9,744</b>
Other Comprehensive Income / Expenditure							(2,304)	<b>(2,304)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>9,744</b>	<b>0</b>	<b>9,744</b>			<b>9,744</b>	<b>(2,304)</b>	<b>7,440</b>
Adjustments between accounting basis and funding basis under regulations	(10,233)		(10,233)	(227)	1,638	<b>(8,822)</b>	8,822	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(489)</b>	<b>0</b>	<b>(489)</b>	<b>(227)</b>	<b>1,638</b>	<b>922</b>	<b>6,518</b>	<b>7,440</b>
Transfers to / from Earmarked Reserves	440	(440)	0			<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2017/18</b>	<b>(49)</b>	<b>(440)</b>	<b>(489)</b>	<b>(227)</b>	<b>1,638</b>	<b>922</b>	<b>6,518</b>	<b>7,440</b>
<b>Balance at 31 March 2018</b>	<b>(2,472)</b>	<b>(10,033)</b>	<b>(12,505)</b>	<b>(1,433)</b>	<b>(2,586)</b>	<b>(16,524)</b>	<b>283,223</b>	<b>266,699</b>

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un- applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2016</b>	(2,349)	(9,529)	(11,878)	(1,164)	(4,531)	<b>(17,573)</b>	229,088	<b>211,515</b>
<b>Movement in reserves during 2016/17</b>								
Surplus or deficit on the provision of services	12,658		12,658			<b>12,658</b>		<b>12,658</b>
Other Comprehensive Income / Expenditure							35,086	<b>35,086</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>12,658</b>	<b>0</b>	<b>12,658</b>			<b>12,658</b>	<b>35,086</b>	<b>47,744</b>
Adjustments between accounting basis and funding basis under regulations	(12,796)		(12,796)	(42)	307	<b>(12,531)</b>	12,531	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(138)</b>	<b>0</b>	<b>(138)</b>	<b>(42)</b>	<b>307</b>	<b>127</b>	<b>47,617</b>	<b>47,744</b>
Transfers to / from Earmarked Reserves	64	(64)	0			<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2016/17</b>	<b>(74)</b>	<b>(64)</b>	<b>(138)</b>	<b>(42)</b>	<b>307</b>	<b>127</b>	<b>47,617</b>	<b>47,744</b>
<b>Balance at 31 March 2017</b>	<b>(2,423)</b>	<b>(9,593)</b>	<b>(12,016)</b>	<b>(1,206)</b>	<b>(4,224)</b>	<b>(17,446)</b>	<b>276,705</b>	<b>259,259</b>

## 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 2017		31 March 2018	
£000			£000
40,766	Property, Plant and Equipment	Note 13	42,606
281	Intangible Assets	Note 14	204
3	Long Term Debtors		0
<b>41,050</b>	<b>Long Term Assets</b>		<b>42,810</b>
12,249	Short-term Investments	Note 15	11,248
11	Inventories		3
3,079	Short Term Debtors	Note 16	3,599
4,772	Cash and Cash Equivalents	Note 15	4,688
<b>20,111</b>	<b>Current Assets</b>		<b>19,538</b>
(16)	Short-Term Borrowing		(16)
(2,554)	Short-Term Creditors	Note 18	(2,852)
(336)	Provisions		(371)
<b>(2,906)</b>	<b>Current Liabilities</b>		<b>(3,239)</b>
(639)	Long-Term Creditors	Note 15	(639)
(3,200)	Long Term Borrowing	Note 15	(3,200)
(313,675)	Other Long-Term Liabilities	Note 30	(321,969)
<b>(317,514)</b>	<b>Long Term Liabilities</b>		<b>(325,808)</b>
<b>(259,260)</b>	<b>Net Assets</b>		<b>(266,699)</b>
(17,446)	Usable Reserves	Note 19	(16,524)
276,705	Unusable Reserves	Note 20	283,223
<b>259,259</b>	<b>Total Reserves</b>		<b>266,699</b>



## 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 (ie borrowing) to the authority.

<b>2016/17</b>		<b>2017/18</b>
<b>£000</b>		<b>£000</b>
12,658	Net (surplus) or deficit on the provision of services	9,744
(16,080)	Adjustment to surplus or deficit on the provision of services for noncash movements	(11,552)
42	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	227
<b>(3,380)</b>	<b>Net cash flows from operating activities (Note 21)</b>	<b>(1,581)</b>
4,004	Net cash flows from investing activities (Note 22)	1,665
<b>624</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>84</b>
5,396	Cash and cash equivalents at the beginning of the reporting period	4,772
<b>4,772</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,688</b>

## 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 2017/18, 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. The principal accounting policies have been applied consistently throughout the year.

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.

### 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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

### **A1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fire Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **A1.5 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
- 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.

### **A1.6 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 (eg 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, eg 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 Surplus or 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 25 .

### Post-employment Benefits

Employees of the Fire Authority are members of two separate 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 pensions liabilities with investment assets.
- The four Firefighters Pension schemes for uniformed employees. A separate account detailing the 2017/18 transactions and liabilities is shown within the Firefighter Pension Fund Account.

These schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees worked for the authority.

- The liabilities of the Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet, along with those of the Firefighters' schemes, on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on high quality AA rated corporate bonds).
- There are no assets in the Firefighters schemes. The assets of Cambridge 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 pensions 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure.
- 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, 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 – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements 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.

### **A1.7 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 are classified into two types:

## Loans and Receivables

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

The Fire Authority has no Available for Sale Assets.

### **A1.8 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.

### **A1.9 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
- Land and buildings current value
- 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 fair value.

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- 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)
- 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.
- 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

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.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. 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.

### **A1.10 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 Surplus or 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. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The relevant standards are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers
- amendments to IAS 12 Income Taxes; Recognition of Deferred Tax Assets for Unrealised Losses
- amendments to IAS 7 Statement of Cash Flows; Disclosure Initiative

## 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 judgments 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 difference between the two is £1040m 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 2018 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item Uncertainties and Effect if actual results differ from assumptions

Land and Buildings (Carrying value £32,848K)

Based on this year's movements in indices and revaluations the valuations in following years could have a material impact. The effect of a 1% difference in revaluations would equal £328k.

Pensions Liability (Carrying value £321,969K)

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 pensions liability of changes in individual assumptions can be measured. Assumptions are detailed in note 30 .

## Note 5 - Material Items of Income and Expense

There are no material items of income or expenditure arising in the year that require separate disclosure.

## Note 6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 30 May 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 7a - Note to the Expenditure and Funding Analysis

	2017/18			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Employee Costs	0	(290)	(23)	(313)
Depreciation and Amortisation	3,234	0	0	3,234
Other Income	(1,592)	0	240	(1,352)
<b>Net Cost of Services</b>	<b>1,642</b>	<b>(290)</b>	<b>217</b>	<b>1,569</b>
Other Income and Expenditure	0	8,121	543	8,664
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>1,642</b>	<b>7,831</b>	<b>760</b>	<b>10,233</b>

	2016/17			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Employee Costs	0	2,776	96	2,872
Depreciation and Amortisation	3,011	0	0	3,011
Other Income	2	0	(1,255)	(1,253)
<b>Net Cost of Services</b>	<b>3,013</b>	<b>2,776</b>	<b>(1,159)</b>	<b>4,630</b>
Other Income and Expenditure	0	9,402	(1,236)	8,166
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>3,013</b>	<b>12,178</b>	<b>(2,395)</b>	<b>12,796</b>

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions 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 Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences - Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- The charge under Taxation and non-specific grant 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 8 - 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. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

- Capital Grants Unapplied - The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Fire Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

<b>2017/2018</b>	<b>General Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movement in Unusable Reserves £000</b>
<b>Adjustments to the Revenue Resources</b>				
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)	(7,831)			7,831
Council tax and NDR (transfers to or from the Collection Fund)	107			(107)
Holiday pay (transferred to the Accumulated Absences reserve)	23			(23)
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)	(3,896)		0	3,896
<b>Total Adjustments to Revenue Resources</b>	<b>(11,597)</b>	<b>0</b>	<b>0</b>	<b>11,597</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	227	(227)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	135			(135)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,002			(1,002)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,364</b>	<b>(227)</b>	<b>0</b>	<b>(1,137)</b>
<b>Adjustments to Capital Resources</b>				
Application of capital grants to finance capital expenditure		0	1,638	(1,638)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>1,638</b>	<b>(1,638)</b>
<b>Total Adjustments</b>	<b>(10,233)</b>	<b>(227)</b>	<b>1,638</b>	<b>8,822</b>



2016/2017	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)	(12,179)			12,179
Council tax and NDR (transfers to or from the Collection Fund)	136			(136)
Holiday pay (transferred to the Accumulated Absences reserve)	(120)			120
Equal pay settlements (transferred to the Unequal Pay / Back Pay Account)	0			0
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)	(3,210)		0	3,210
Total Adjustments to Revenue Resources	(15,373)	0	0	15,373
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	42	(42)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	140			(140)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,395			(2,395)
Total Adjustments between Revenue and Capital Resources	2,577	(42)	0	(2,535)
Adjustments to Capital Resources				
Cash payments in relation to deferred capital receipts		0		0
Total Adjustments to Capital Resources	0	0	307	(307)
<b>Total Adjustments</b>	<b>(12,796)</b>	<b>(42)</b>	<b>307</b>	<b>12,531</b>

## Note 9 - 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 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017	Transfers In 2017/18	Transfers Out 2017/18	Balance at 31 March 2018
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund Reserves:</b>							
Community Safety Reserve	(200)	0	0	<b>(200)</b>	0	0	<b>(200)</b>
Revenue Pension Reserve	(824)	0	0	<b>(824)</b>	0	0	<b>(824)</b>
On Call Operations Reserve	(975)	0	0	<b>(975)</b>	0	0	<b>(975)</b>
Property Development Reserve	(4,444)	0	0	<b>(4,444)</b>	0	0	<b>(4,444)</b>
Revenue C/Forwards Reserve	(3,086)	(2,975)	2,911	<b>(3,150)</b>	(3,415)	2,975	<b>(3,590)</b>
<b>Total General Fund</b>	<b>(9,529)</b>	<b>(2,975)</b>	<b>2,911</b>	<b>(9,593)</b>	<b>(3,415)</b>	<b>2,975</b>	<b>(10,033)</b>

## Note 10 - Other Operating Expenditure

2016/17 £000		2017/18 £000
192	Gains/losses on the Disposal of Non-Current Assets	435
(190)	Other	(239)
<b>2</b>	<b>Total Other Operating Expenditure</b>	<b>196</b>

## Note 11 - Financing and Investment Income and Expenditure

<b>2016/17</b>		<b>2017/18</b>
<b>£000</b>		<b>£000</b>
141	Interest payable and similar charges	141
9,402	Net interest on the net defined benefit liability (asset)	8,121
(109)	Interest receivable and similar income	(79)
<b>9,434</b>	<b>Total</b>	<b>8,183</b>

## Note 12 - Taxation and Non-Specific Grant Income

<b>2016/17</b>		<b>2017/18</b>
<b>£000</b>		<b>£000</b>
(17,859)	Council tax income	(18,441)
(6,065)	Non-domestic rates income and expenditure	(6,267)
(6,174)	Non-ringfenced government grants	(4,245)
<b>(30,098)</b>	<b>Total</b>	<b>(28,953)</b>

## Note 13 - Property, Plant and Equipment

### Movements to 31 March 2018

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
<b>at 1 April 2017</b>	31,311	18,806	517	<b>50,634</b>
Additions	345	1,427	956	<b>2,728</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,295	0	0	<b>1,295</b>
Derecognition – disposals	(83)	(1,500)	(17)	<b>(1,600)</b>
Reclassifications and transfer	25	457	(482)	<b>0</b>
<b>at 31 March 2018</b>	<b>32,893</b>	<b>19,190</b>	<b>974</b>	<b>53,057</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>at 1 April 2017</b>	(224)	(9,645)	0	<b>(9,869)</b>
Depreciation charge	(667)	(1,859)	0	<b>(2,526)</b>
Depreciation written out to the Revaluation Reserve	835	0	0	<b>835</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	(631)	0	0	<b>(631)</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	637	0	0	<b>637</b>
Derecognition – disposals	4	1,099	0	<b>1,103</b>
<b>at 31 March 2018</b>	<b>(46)</b>	<b>(10,405)</b>	<b>0</b>	<b>(10,451)</b>
<b>Net Book Value</b>				
<b>at 31 March 2018</b>	<b>32,847</b>	<b>8,785</b>	<b>974</b>	<b>42,606</b>
<b>at 31 March 2017</b>	<b>31,087</b>	<b>9,161</b>	<b>517</b>	<b>40,765</b>

## Movements to 31 March 2017

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
<b>at 1 April 2016</b>	28,427	18,559	663	<b>47,649</b>
Additions	756	1,224	513	<b>2,493</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,801	0	0	<b>1,801</b>
Derecognition – disposals	0	(1,302)	(6)	<b>(1,308)</b>
Reclassifications and transfer	328	325	(653)	<b>0</b>
<b>at 31 March 2017</b>	<b>31,311</b>	<b>18,806</b>	<b>517</b>	<b>50,635</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>at 1 April 2016</b>	(453)	(8,965)	0	<b>(9,418)</b>
Depreciation charge	(621)	(1,753)	0	<b>(2,374)</b>
Depreciation written out to the Revaluation Reserve	1,204	0	0	<b>1,204</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	(354)	0	0	<b>(354)</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	<b>0</b>
Derecognition – disposals	0	1,073	0	<b>1,073</b>
<b>at 31 March 2017</b>	<b>(224)</b>	<b>(9,645)</b>	<b>0</b>	<b>(9,869)</b>
<b>Net Book Value</b>				
<b>at 31 March 2017</b>	<b>31,088</b>	<b>9,161</b>	<b>517</b>	<b>40,766</b>
<b>at 31 March 2016</b>	<b>27,974</b>	<b>9,594</b>	<b>663</b>	<b>38,231</b>

## Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
<b>Carried at historical cost</b>	0	8,784	8,784
<b>Valued at current value as at:</b>			
<b>31/03/2018</b>	32,848	0	32,848
<b>31/03/2017</b>	0	0	0
<b>31/03/2016</b>	0	0	0
<b>31/03/2015</b>	0	0	0
<b>31/03/2014</b>	0	0	0
<b>Total Cost or Valuation</b>	<b>32,848</b>	<b>8,784</b>	<b>41,632</b>

Valuations of all the Authority's property was carried out by the Appointed Valuer, Wilks, Head and Eve, by a Surveyor with a RICS qualification with an effective revaluation date of 31 March 2018.

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 client to specifically reflect these costs separately.

## Note 14 - 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 generally 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. The useful lives assigned to the major software suites used by the authority are:

31st March 2017		31st March 2018	
Total		Total	
£000		£000	
Balance at start of year:			
2,851	Gross carrying amounts		2,905
(2,376)	Accumulated amortisation		(2,624)
475 Net carrying amount at start of year		281	
Additions:			
54	Purchases		165
0	Other disposals		(561)
(248)	Amortisation for the period		(77)
0	Amortisation written off on disposal		396
281 Net carrying amount at end of year		204	
Comprising:			
2,905	Gross carrying amounts		2,509
(2,624)	Accumulated amortisation		(2,305)
281 Total		204	

## Note 15 - Financial Instruments

### Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

#### Financial Instruments

	Long-term 31 March 2017 £000	Long-term 31 March 2018 £000	Current 31 March 2017 £000	Current 31 March 2018 £000
<b>Investments &amp; Cash &amp; Cash Equivalents</b>				
Loans, receivables & cash	0	0	17,021	15,936
<b>Total Investments &amp; Cash &amp; Cash Equivalents</b>	<b>0</b>	<b>0</b>	<b>17,021</b>	<b>15,936</b>
<b>Debtors</b>				
Other	3	0	60	107
<b>Total included in Debtors</b>	<b>3</b>	<b>0</b>	<b>60</b>	<b>107</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(3,200)	(3,200)	(16)	(16)
<b>Total included in Borrowings</b>	<b>(3,200)</b>	<b>(3,200)</b>	<b>(16)</b>	<b>(16)</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	(639)	(639)	0	0
Financial liabilities carried at contract amount			(2,122)	(2,345)
<b>Total Creditors</b>	<b>(639)</b>	<b>(639)</b>	<b>(2,122)</b>	<b>(2,345)</b>

## Note 15a - Financial Instruments - Fair Value

### Fair Values of Assets and Liabilities

Financial assets (represented by loans and receivables) and financial 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 2017		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities held at Amortised Cost	3,200	4,704	(3,200)	(4,688)
<b>Total</b>	<b>3,200</b>	<b>4,704</b>	<b>(3,200)</b>	<b>(4,688)</b>

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 15) and the fair value is immaterial.



## Note 16 - Debtors

Debtors are amounts owed to the Fire Authority by other organisations.

31 March 2017 £000		31 March 2018 £000
1,001	Central Government Bodies	974
1,009	Other Local Authorities	1,268
1,068	Other Entities and Individuals	1,357
<b>3,079</b>	<b>Total Debtors</b>	<b>3,599</b>

## Note 17 - Cash and Cash Equivalents

31 March 2017 £000		31 March 2018 £000
15	Cash and Bank balances	22
4,757	Short Term Deposits	4,666
<b>4,772</b>	<b>Total Cash and Cash Equivalents</b>	<b>4,688</b>

## Note 18 - Creditors

31 March 2017 £000		31 March 2018 £000
(802)	Central Government Bodies	(866)
(1,041)	Other Local Authorities	(1,018)
(711)	Other Entities and Individuals	(968)
<b>(2,554)</b>	<b>Total Creditors</b>	<b>(2,852)</b>

## Note 19 - Usable Reserves

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

### Capital Receipts Reserve

31 March 2017		31 March 2018	
£000		£000	
(1,164)	Balance 1 April	(1,206)	
(42)	Capital Receipts in year	(227)	
<b>(1,206)</b>	<b>Balance 31 March</b>	<b>(1,433)</b>	

### Capital Grants Unapplied

31 March 2017		31 March 2018	
£000		£000	
(4,531)	Balance 1 April	(4,224)	
307	Capital grants and contributions applied	1,638	
<b>(4,224)</b>	<b>Balance 31 March</b>	<b>(2,586)</b>	

## Note 20 - Unusable Reserves

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(11,768)	Revaluation Reserve	(14,321)
(25,411)	Capital Adjustment Account	(24,504)
313,675	Pension Reserve	321,969
(121)	Collection Fund Adjustment Account	(228)
330	Accumulated Absences Account	307
<b>276,705</b>	<b>Total</b>	<b>283,223</b>

### Revaluation Reserve

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(8,869)	<b>Balance 1 April</b>	(11,768)
0	Upward revaluation of assets	(2,766)
(3,005)	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(1)
106	Difference between fair value depreciation and historical cost depreciation	184
0	Accumulated gains on assets sold or scrapped	30
<b>106</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>214</b>
<b>(11,768)</b>	<b>Balance 31 March</b>	<b>(14,321)</b>

The Revaluation Reserve contains the gains made by the Fire Authority arising from increases in the value of its property, plant and equipment and intangible assets.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

## Capital Adjustment Account

31 March 2017 £000		31 March 2018 £000
(25,673)	<b>Balance 1 April</b>	(25,411)
2,373	Charges for depreciation and impairment of non-current assets	2,526
354	Revaluation losses on non-current assets	631
248	Amortisation of intangible assets	77
235	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	662
3,210	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	3,896
(106)	Adjusting Amounts written out of the Revaluation Reserve	(214)
3,104	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	3,682
(307)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,638)
(140)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(135)
(2,395)	Capital expenditure charged against the General Fund and HRA balances	(1,002)
(2,842)	<b>Capital financing applied in year:</b>	(2,775)
<b>(25,411)</b>	<b>Balance 31 March</b>	<b>(24,504)</b>

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Fire Authority as finance for the costs of acquisition, construction and subsequent costs. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the authority. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The table above provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## Pension Reserve

31 March 2017 £000		31 March 2018 £000	
263,405	Balance 1 April	313,675	
38,091	Remeasurements of the net defined benefit (liability)/asset	463	
20,718	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	15,498	
(8,539)	Employer's pensions contributions and direct payments to pensioners payable in the year	(7,667)	
<b>313,675</b>	<b>Balance 31 March</b>	<b>321,969</b>	

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

## Note 21 - Cash Flow from Operating Activities

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

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
(2,374)	Depreciation	(2,526)
(354)	Impairment and downward valuations	(631)
(248)	Amortisation	(77)
(288)	(Increase)/decrease in creditors	(299)
(501)	Increase/(decrease) in debtors	518
7	Increase/(decrease) in inventories	(8)
(12,179)	Movement in pension liability	(7,831)
(235)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(663)
92	Other non-cash movements charged to the surplus or deficit on provision of services	(35)
<b>(16,080)</b>	<b>Total</b>	<b>(11,552)</b>

## Note 22 - Cash Flow from Investing Activities

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
2,547	Purchase of property, plant and equipment, investment property and intangible assets	2,893
20,229	Purchase of short-term and long-term investments	19,229
(42)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(227)
(18,730)	Proceeds from short-term and long-term investments	(20,230)
<b>4,004</b>	<b>Net cash flows from investing activities</b>	<b>1,665</b>

## Note 23 - Members' Allowances

<b>31 March 2017</b>		<b>31 March 2018</b>	
<b>£000</b>		<b>£000</b>	
43	Salaries	44	
50	Allowances	33	
2	Expenses	2	
95	<b>Total Members' Allowances</b>	79	

## Note 24 - Officers' Remuneration

The Other Payments column reflects Bonuses paid and the Expenses Allowances column reflects Benefits in Kind (e.g. Car Allowance).

### Senior Officer Remuneration

		Salary, Fees and Allowances	Other Payments	Expenses Allowances	Pension Contribution	Total
2017/18		£0	£0	£0	£0	£0
<b>Chief Fire Officer - C Strickland</b>	<b>2017/18</b>	142,814	0	51	0	<b>142,865</b>
	<b>2016/17</b>	141,400	0	26	0	<b>141,426</b>
<b>Assistant Chief Fire Officer - R Hylton</b>	<b>2017/18</b>	116,720	0	51	16,691	<b>133,461</b>
	<b>2016/17</b>	116,535	1,183	26	15,742	<b>133,486</b>
<b>Deputy Chief Executive &amp; Treasurer to the Fire Authority - M Warren</b>	<b>2017/18</b>	125,112	0	8,534	23,076	<b>156,723</b>
	<b>2016/17</b>	122,736	0	7,913	23,035	<b>153,684</b>
<b>Total</b>	<b>2017/18</b>	<b>384,646</b>	<b>0</b>	<b>8,636</b>	<b>39,767</b>	<b>433,049</b>
	<b>2016/17</b>	<b>380,671</b>	<b>1,183</b>	<b>7,965</b>	<b>38,777</b>	<b>428,596</b>

For 2017/18 part of the Treasurer's total remuneration, amounting to £15.5k, was recharged to the Cambridgeshire Police & Crime Commissioner for work on their behalf.



## Officer Remuneration

### Number of Employees

	2016/17	2017/18
£50,001 to £55,000	18	27
£55,001 to £60,000	4	8
£60,001 to £65,000	4	2
£65,001 to £70,000	3	5
£70,001 to £75,000	0	1
£75,001 to £80,000	3	2
<b>Total</b>	<b>32</b>	<b>45</b>

## 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 (£)	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0-£20,000	1	0	2	2	3	2	28,167	22,147
<b>Total</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>28,167</b>	<b>22,147</b>
<b>Total cost included in CIES</b>							<b>28,167</b>	<b>22,147</b>

## Note 25 - External Audit Costs

2016/17		2017/18	
	£000		£000
38	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	32	
<b>38</b>	<b>Total</b>	<b>32</b>	

## Note 26 - Grant Income

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

31 March 2017		31 March 2018	
	£000		£000
(5,079)	Revenue Support Grant	(3,803)	
(180)	New Burdens Grant	(152)	
(833)	ESMCP Grant	(77)	
(61)	Transition Grant	(77)	
(20)	Other Minor Grants	(136)	
<b>(6,174)</b>	<b>Total</b>	<b>(4,245)</b>	

## Note 27 - 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 2017/18 the Deputy Chief executive held the position of Chief Financial Officer (CFO) for the Police and Crime Commissioner. Cambridgeshire and Peterborough Fire Authority received £10k during the year in relation to Local Resilience contributions, rental income and the recharge for the CFO. The year end debtor balance as at 31/03/18 was £6k.

### 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 2018 are included in Note 16.

### 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 2017/18 is shown in note 23. 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 2017/18 and there are no material transactions to disclose, (Nil in 2016/17). 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 2017/18 and there are no material transactions to disclose, (Nil in 2016/17).

## Note 28 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

### Capital Expenditure and Capital Financing

31 March 2017		31 March 2018
£000		£000
3,278	Opening Capital Financing Requirement	2,983
	Capital Investment:	
2,493	Property Plant and Equipment	2,728
54	Intangible Assets	165
<b>2,547</b>	<b>Total Capital Spending</b>	<b>2,893</b>
	Sources of Finance:	
(307)	Government Grants and other contributions	(1,638)
	Sums set aside from revenue:	
(2,395)	- Direct revenue contributions	(1,002)
(140)	- Minimum revenue provision	(135)
<b>(2,842)</b>	<b>Total Sources of Finance</b>	<b>(2,775)</b>
<b>2,983</b>	<b>Closing Capital Financing Requirement</b>	<b>3,101</b>

### Explanation of movements in year

31 March 2017		31 March 2018
£000		£000
(295)	Increase in underlying need to borrow (unsupported by government financial assistance)	118
<b>(295)</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>118</b>

## Note 29 - 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.

#### Authority as Lessee - Finance Leases

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

31 March 2017 £'000		31 March 2018 £'000
5,651	Other Land and Buildings	6,738
<b>5,651</b>	<b>Total</b>	<b>6,738</b>

## Note 30 - Defined Benefit Pension Scheme

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

The Fire Authority participates in five post employment schemes:

The Local Government Pension Scheme for non-uniformed and control room employees, administered by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the Fire Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

There are four Firefighters' Pension schemes for uniformed employees. These are unfunded defined benefit schemes. The Firefighters' pension schemes have no assets. The total contributions, by both current members and the Fire Authority, are used to fund payments to the current pensioners regardless of which scheme they are in. A separate account detailing the 2017/18 transactions and liabilities is shown within the Firefighters' Pension Fund Account on page 66 .

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 actuarial value of the fund's liabilities as at 31 March 2018, in accordance with International Accounting Standard (IAS) 19, was completed by the Government's Actuary Department on 31 March 2018, and subject to triennial valuation.

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 following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

### General Fund Transactions

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**Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement**

£000	£000	£000	£000		£000	£000	£000	£000
				Re-measurement of the net defined benefit liability comprising:				
(5,839)	0	0	(5,839)	Return on plan assets (excluding the amount included in the net interest expense)	571	0	0	571
(785)	(12,400)	(1,500)	(14,685)	Actuarial gains and losses - experience	8	31,000	(22,000)	9,008
(323)	1,300	200	1,177	Actuarial gains and losses arising on changes in demographic assumptions	0	(11,000)	7,800	(3,200)
7,138	44,900	5,400	57,438	Actuarial gains and losses arising on changes in financial assumptions	(1,016)	(16,900)	12,000	(5,916)
<b>1,809</b>	<b>51,700</b>	<b>5,300</b>	<b>58,809</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,761</b>	<b>15,100</b>	<b>(900)</b>	<b>15,961</b>



2016/17				2017/18			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total	LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
<b>Movement in Reserves Statement</b>							
£000	£000	£000	£000	£000	£000	£000	£000
(1,618)	(17,900)	(1,200)	(20,718)	(2,198)	(12,000)	(1,300)	(15,498)
			Reversal of net charges made to the Surplus or Deficit on the Provision of Services				
			Actual amount charged against the general fund balance for pensions in the year:				
1,239	6,700	600	8,539	1,267	5,800	600	7,667
			Employers' contributions payable to scheme				
2016/17				2017/18			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total	LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
£000	£000	£000	£000	£000	£000	£000	£000
(44,842)	(273,800)	(27,800)	(346,442)	(46,442)	(283,100)	(26,300)	(355,842)
			Present value of the defined obligation				
32,767	0	0	32,767	33,873	0	0	33,873
			Fair value of plan assets				
(12,075)	(273,800)	(27,800)	(313,675)	(12,569)	(283,100)	(26,300)	(321,969)
			Value of Assets / (Liabilities)				
<b>(12,075)</b>	<b>(273,800)</b>	<b>(27,800)</b>	<b>(313,675)</b>	<b>(12,569)</b>	<b>(283,100)</b>	<b>(26,300)</b>	<b>(321,969)</b>
			<b>Net (liability) / asset arising from the defined benefit obligation</b>				

2016/17				Movement in the Value of Scheme Assets		2017/18			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total			LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
£000	£000	£000	£000			£000	£000	£000	£000
25,225	0	0	25,225	Opening fair value of scheme assets		32,767	0	0	32,767
896	0	0	896	Interest income		862	0	0	862
				Re-measurement gain / (loss):					
5,839	0	0	5,839	- The return on plan assets, excluding the amount included in the net interest expense		(571)	0	0	(571)
1,239	6,700	600	8,539	Contributions from employer		1,267	5,800	600	7,667
309	1,200	0	1,509	Contributions from employees into the scheme		324	1,200	0	1,524
(741)	(7,900)	(600)	(9,241)	Benefits / transfers paid		(776)	(7,000)	(600)	(8,376)
<b>32,767</b>	<b>0</b>	<b>0</b>	<b>32,767</b>	<b>Closing value of scheme assets</b>		<b>33,873</b>	<b>0</b>	<b>0</b>	<b>33,873</b>

2016/17				Movements in the Fair Value of Scheme Liabilities				2017/18			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total		LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total			
£000	£000	£000	£000		£000	£000	£000	£000			
(36,730)	(228,800)	(23,100)	(288,630)	Opening balance at 1 April	(44,842)	(273,800)	(27,800)	(346,442)			
(1,198)	(4,300)	(400)	(5,898)	Current service cost	(1,877)	(4,900)	(600)	(7,377)			
(1,298)	(8,200)	(800)	(10,298)	Interest cost	(1,183)	(7,100)	(700)	(8,983)			
(309)	(1,200)	0	(1,509)	Contributions from scheme participants	(324)	(1,200)	0	(1,524)			
				Re-measurement gains and losses:							
785	12,400	1,500	14,685	- Actuarial gains / (losses) - experience	(8)	(31,000)	22,000	(9,008)			
323	(1,300)	(200)	(1,177)	- Actuarial gains / (losses) from changes in demographic assumptions	0	11,000	(7,800)	3,200			
(7,138)	(44,900)	(5,400)	(57,438)	- Actuarial gains / (losses) from changes in financial assumptions	1,016	16,900	(12,000)	5,916			
(18)	(5,400)	0	(5,418)	Past service cost	0	0	0	0			
741	7,900	600	9,241	Benefits / transfers paid	776	7,000	600	8,376			
<b>(44,842)</b>	<b>(273,800)</b>	<b>(27,800)</b>	<b>(346,442)</b>	<b>Balance as at 31 March</b>	<b>(46,442)</b>	<b>(283,100)</b>	<b>(26,300)</b>	<b>(355,842)</b>			

**LGPS - Pension Scheme - Assets comprised of:**

**Fair value of scheme assets**

<b>2016/17</b>				<b>2017/18</b>		
<b>Quoted</b>	<b>Unquoted</b>	<b>Total</b>		<b>Quoted</b>	<b>Unquoted</b>	<b>Total</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>936</b>	<b>0</b>	<b>936</b>	<b>Cash and cash equivalents</b>	<b>927</b>	<b>11</b>	<b>938</b>
<b>Equity Instruments</b>						
By Industry Type						
879	0	879	Consumer	925	0	925
570	0	570	Manufacturing	625	0	625
756	0	756	Energy and Utilities	710	0	710
1,328	0	1,328	Financial Institutions	1,545	0	1,545
348	0	348	Health and Care	349	0	349
145	0	145	Information Technology	180	0	180
0	2,850	2,850	Private Equity	0	2,981	2,981
0	18,437	18,437	Investment Funds & Unit Trusts	0	19,203	19,203
<b>4,026</b>	<b>21,287</b>	<b>25,313</b>	<b>Subtotal Equity Instruments</b>	<b>4,334</b>	<b>22,184</b>	<b>26,518</b>
<b>Bonds</b>						
By Sector						
0	3,457	3,457	Investment Funds & Unit Trusts	0	3,304	3,304
0	883	883	UK Government	0	838	838
0	2,178	2,178	Other	0	2,275	2,275
<b>0</b>	<b>6,518</b>	<b>6,518</b>	<b>Subtotal Bonds</b>	<b>0</b>	<b>6,417</b>	<b>6,417</b>
<b>4,962</b>	<b>27,805</b>	<b>32,767</b>	<b>Total Assets</b>	<b>5,261</b>	<b>28,612</b>	<b>33,873</b>

**The significant assumptions used by the actuary have been:**

<b>2016/17</b>	<b>LGPS</b>	<b>2017/18</b>
Long term expected rate of return on assets		
2.6%	Equity Instruments	2.7%
2.6%	Bonds	2.7%
Mortality assumptions		
Longevity at retirement for current pensioners		
22.4	Men	22.4
24.4	Women	24.4
Longevity at retirement for future pensioners		
24.0	Men	24.0
26.3	Women	26.3
Other assumptions		
2.4%	Rate of inflation	2.4%
2.7%	Rate of increase in salaries	2.7%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%

**Impact of assumptions on the obligation:**

<b>Increase by 1%</b>	<b>LGPS</b>	<b>Decrease by 1%</b>
<b>£000</b>	<b>Assumption</b>	<b>£000</b>
1,458	Rate of increase in salaries	(1,458)
9,060	Rate of increase in pensions	(9,060)
10,642	Rate for discounting scheme liabilities	(10,642)

**The significant assumptions used by the actuary have been:**

<b>2016/17</b>	<b>Firefighters Main Scheme</b>	<b>2017/18</b>
Mortality assumptions		
Longevity at retirement for current pensioners		
30.2	Men	29.5
31.7	Women	31.5
Longevity at retirement for future pensioners		
31.6	Men	30.8
33.2	Women	32.8
Other assumptions		
3.4%	Rate of inflation	2.4%
3.4%	Rate of increase in salaries	3.4%
0%	Rate of increase in pensions	2.4%
2.4%	Rate for discounting scheme liabilities	2.7%

**Impact of assumptions on the obligation:**

<b>Increase by 1%</b>	<b>Firefighters Main Scheme Assumption</b>	<b>Decrease by 1%</b>
<b>£000</b>		<b>£000</b>
(9,283)	Longevity	(9,283)
(5,850)	Rate of increase in salaries	(5,850)
(46,328)	Rate of increase in pensions	(46,328)
(56,452)	Rate for discounting scheme liabilities	(56,452)

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

## Note 31 - 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.

Due to the nature of the service and financial values involved, customers are not usually assessed of their financial position.

The Fire Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £15,895k 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 2018 that this was likely to crystallise.

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

### Liquidity Risk

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

### 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 Surplus or 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 2018, 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	95
Increase in government grant receivable for financing costs	58
Impact on Surplus or Deficit on the Provision of Services	153
Decrease in fair value of fixed rate investment assets	(77)
Impact on Other Comprehensive Income and Expenditure	(77)
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.

Liquidity Risk	31 March 2017	31 March 2018
	£000	£000
More Than 10 years	3,200	3,200
	3,200	3,200

## Fire Fighters Pension Fund Account

### Cambridgeshire And Peterborough Fire Authority

#### Firefighters 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 DCLG. 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.

2016/17		2017/18
£000's		£000's
	<b>Contributions Receivable</b>	
(1,584)	Employers	(1,597)
(184)	Ill-health retirements	(127)
(1,202)	Employees	(1,325)
(2,970)		(3,049)
	<b>Benefits Payable</b>	
6,080	Pensions	6,340
1,841	Commutation of pension and lump sum retirement benefits	713
4,951	<b>Deficit/Surplus for the year before top up grant receivable/amount payable from/to sponsoring department</b>	4,004
(4,951)	<b>Top up grant receivable/amount payable from/to sponsoring department</b>	(4,004)
0	<b>Net amount payable/receivable for the year</b>	0

## Notes to the Fire Fighters Pension Fund Account

### Firefighters Pension Fund Statement Notes

- The fund was established under the Firefighters' Pensions Scheme (Amendment) (England) Order 2006. The scheme is an unfunded scheme and has no investment assets. The fund pays all Firefighters' retirement benefits with the exception of injury awards which are paid from the Fire Authority's account and included in the Comprehensive Income and Expenditure Statement on page 11.
- The fund displays the contributions receivable and the benefits paid out in respect of pensions and leavers. As there are no investment assets held within the fund the difference between the income, from employee and employer contributions, and expenditure is met by a contribution from / to the Department of Communities and Local Government, thus the fund is balanced to nil each year. The fund is administered by the LGSS (Local Government Shared Service) Pensions Section of Cambridgeshire County Council and managed by Cambridgeshire & Peterborough Fire Authority.
- The accounting policies followed are as stated in the Accounting Policies on page 17. The Pension Fund Account only relates to the liabilities incurred during the 2017/18 financial year. All future liabilities are accounted for on an IAS 19 basis and are included within the core financial statements (note 30).
- The employees' and employer's contributions are based on percentages of pensionable pay set nationally by the DCLG and subject to triennial revaluation by the Government Actuary's Department.

### Net Assets Statement

<b>2016/17</b>		<b>2017/18</b>	
<b>£000's</b>		<b>£000's</b>	
907	Top-up grant due from/refundable to(-) the Government	771	
(907)	Amount due to(-)/from General Fund	(771)	
	Long Term Assets		
<u>-</u>		<u>-</u>	

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

DRAFT

## 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.