



CAMBRIDGESHIRE
& PETERBOROUGH
FIRE AUTHORITY

DRAFT
STATEMENT OF ACCOUNTS 2015/16

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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 2015/16', 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 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.

The Statement of Accounts for the year ended 31 March 2016 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 2016, 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 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 2016 and its income and expenditure for the year then ended.

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 2016 up to the were taken into account by the Cambridgeshire and Peterborough Fire Authority.

Cllr Sir Peter Brown
Chairman of the Fire Authority

Date:

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

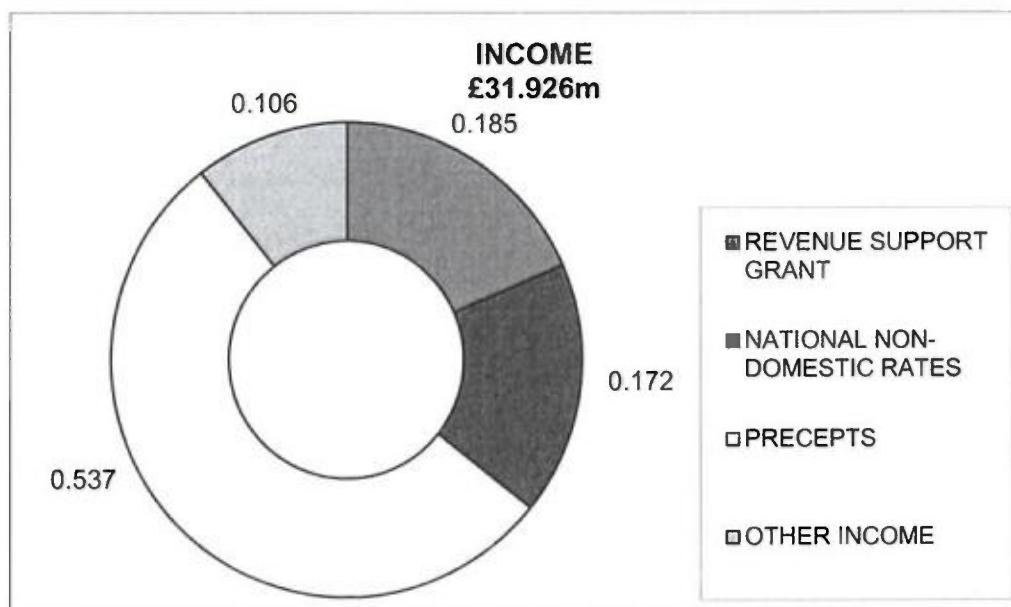
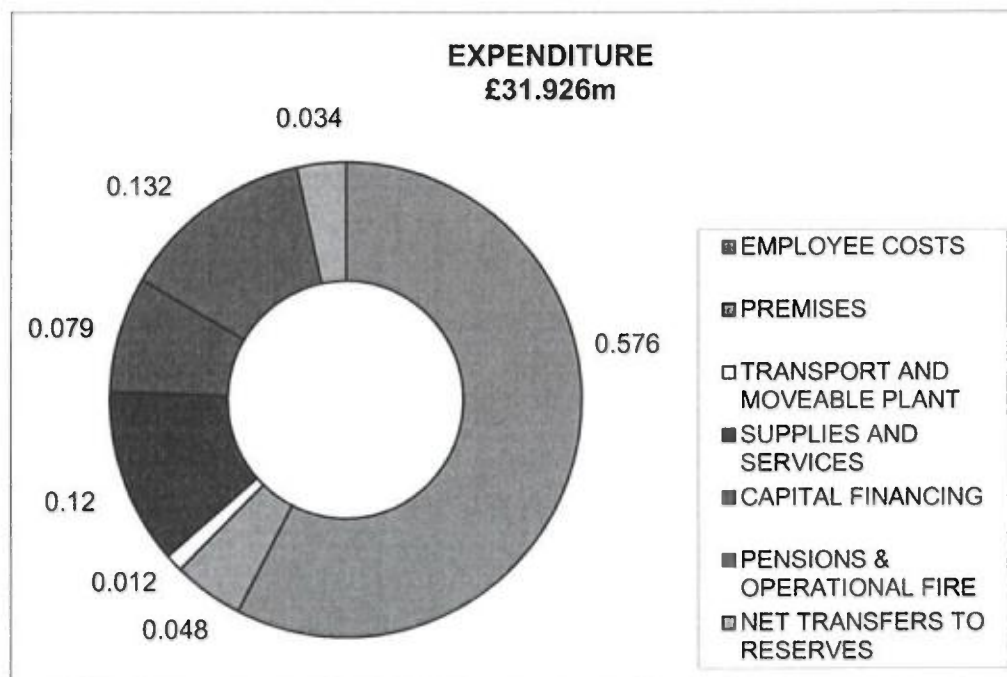
The Treasurer
Cambridgeshire and Peterborough Fire Authority
Hinchbrook Cottage
Brampton Road
Huntingdon
Cambs PE29 2NA

or telephone (01480) 444500

Summary of the Financial Year

Revenue Spending

The figures used in this summary are taken from the Fire Authority's management accounts and will be different in some areas to the numbers in the financial statements (as seen in the reconciliation note C10). The Fire Authority's total net expenditure was £27,482,000. This is made up of £31,926,000 (expenditure) less £3,371,000 (other income) less £1,073,000 (net transfers from reserves). The following charts show where the monies we received came from and how we spent it.



The Fire Authority held £2.349 million in general reserves as at 31 March 2016, which equals 7.4% of revenue budget. The General Reserve is required to provide the Fire Authority with financial flexibility when dealing with unexpected circumstances. Specific Reserves have also been established to provide for future or predicted liabilities. A statement detailing our earmarked reserves is set out at Note B2 on page 34 to the Statement of Accounts.

A summarised comparison of the Fire Authority's expenditure for the year to the budget is presented in the table on page 6. A reconciliation between the figures shown in this table and the Comprehensive Income and Expenditure Statement is shown at note C10 on page 42.

Under spends can be used to help finance capital expenditure and reduce our borrowing requirement and debt financing costs in the future. £2.161 million has been used to fund the capital programme; this is consistent with the Fire Authority's approved treasury management strategy and has avoided the need for any new borrowing.

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

	£000
General Reserve Balance as at 1st April 2015	3,567
Applied in 2015/16 (2014/15 carry forwards)	-1,068
Transfer from Financial Instruments Adjustment Account	10
Transfer to Revenue C/Forwards Reserve	-160
General Reserve Balance as at 31st March 2016	2,349

As part of the budget preparation process for 2015/16 a total of £734k savings were identified and applied.

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

The budgets for support and control were under spent at year-end. This was due to increased turnover and subsequent delays in recruiting to the affected posts.

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

Description	Final Budget £	Actual Expenditure £	Variance £
Full Time Firefighters	10,321	10,299	-22
Control Room Staff	1,513	1,356	-157
Local Govt. Employees	3,360	2,832	-528
Senior Management (Hay)	2,387	2,487	100
Recruitment & Training	985	877	-108
Fire Allowances	510	547	37
EMPLOYEE COSTS	19,076	18,398	-678
Property Maintenance	448	394	-54
Insurance	224	188	-36
Energy Costs	280	253	-27
Cleaning	125	129	4
Rents & Rates	536	562	26
PREMISES	1,613	1,526	-87
Car & Cycle Allowances	65	60	-5
Vehicle Running Expenses	186	186	0
Vehicle Insurance	183	145	-38
TRANSPORT AND MOVEABLE PLANT	434	391	-43
Office Expenses	302	310	8
IT & Communications Equip.	1,663	1,416	-247
Fire Equipment	287	253	-34
Uniforms & Clothing	618	523	-95
Other Supplies & Services	3,529	1,320	-2,209
SUPPLIES AND SERVICES	6,399	3,822	-2,577
Debt Charges	1,826	2,516	690
External Interest	-90	-121	-31
CAPITAL FINANCING	1,736	2,395	659
CONTROLLABLE EXPENDITURE	29,258	26,532	-2,726
Other Income	-1,353	-1,171	182
Other Government Grants	-2,006	-2,080	-74
CONTROLLABLE INCOME	-3,359	-3,251	108
NET CONTROLLABLE EXPENDITURE	25,899	23,281	-2,618
Pensions - Injury Awards	588	750	162
Operational Fire Budget	3,880	3,451	-429
SAFETY-NETTED EXPENDITURE	4,468	4,201	-267
NET EXPENDITURE	30,367	27,482	-2,885
Grant/Precept Income	-28,534	-28,555	-21
Transfers to/from earmarked reserves	-1,833	-53	1,780
Year end transfer to Capital Reserve		1,126	1,126
CONTRIBUTIONS	-30,367	-27,482	2,885
CONTRIBUTION TO GENERAL RESERVE		0	0

Variances

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

Capital Spending

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

Expenditure	£000	£000
Vehicles (purchase of 19 vehicles)	776	
IT & Equipment	443	
Building Works	410	
Assets Under Construction	684	
		2,313
Financed By		
Capital Reserve	152	
Revenue Contribution	2,161	
		2,313

This vehicles expenditure covers the purchase of operational and non-operational vehicles. During the year the Fire Authority purchased three fire appliances and 14 other vehicles.

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

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

The ICT capital budget covers the purchase of major IT systems (for example the security and access system), hardware and the upgrade of communications equipment.

Assets under construction include the fire station at Yaxley and three new appliances.

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:

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
Balance at 1 April 2014	3,121	4,959	-	3,901	11,981	(228,649)	(216,668)
<u>Movement in reserves during 2014/15</u>							
Surplus or (deficit) on the provision of services	(5,389)	-	-	-	(5,389)	-	(5,389)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(34,077)	(34,077)
Total Comprehensive Income and Expenditure	(5,389)	-	-	-	(5,389)	(34,077)	(39,466)
Adjustments between accounting basis & funding basis under regulations (Note B1)	7,156	-	-	442	7,598	(7,598)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	1,767	-	-	442	2,209	(41,675)	(39,466)
Transfers to/from Earmarked Reserves (Note B2)	(1,321)	1,321	-	-	-	-	-
Increase/(Decrease) in 2014/15	446	1,321	-	442	2,209	(41,675)	(39,466)
Miscellaneous Adjustment	-	-	-	-	-	-	-
Balance at 31 March 2015 carried forward	3,567	6,280	-	4,343	14,190	(270,324)	(256,134)

	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
<u>Movement in reserves during 2015/16</u>							
Balance at 1 April 2015 brought forward	3,567	6,280	-	4,343	14,190	(270,324)	(256,134)
Surplus or (deficit) on provision of services	(5,134)	-	-	-	(5,134)	-	(5,134)
Other Comprehensive Income and Expenditure	-	-	-	-	-	48,806	48,806
Total Comprehensive Income and Expenditure	(5,134)	-	-	-	(5,134)	48,806	43,672
Adjustments between accounting basis & funding basis under regulations (Note B1)	6,218	-	1,164	188	7,570	(7,570)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	1,084	-	1,164	188	2,436	41,236	43,672
Transfers to/from Earmarked Reserves (Note B2)	(2,302)	2,302	-	-	-	-	-
Increase/(Decrease) in 2015/16	(1,218)	2,302	1,164	188	2,436	41,236	43,672
Miscellaneous Adjustment	-	-	-	-	-	-	-
Balance at 31 March 2016 carried forward	2,349	8,582	1,164	4,531	16,626	(229,088)	(212,462)

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.

2014/15			2015/16			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	Note	£000's	£000's	£000's
492	(6)	486	Community Fire Safety	338	(4)	334
52	(1)	51	Statutory Inspections	99	(1)	98
440	(5)	435	Prevention and Education	239	(3)	236
26,050	(1,035)	25,015	Firefighting and rescue operations	26,116	(1,071)	25,045
23,011	(235)	22,776	Operational response	22,940	(277)	22,663
2,804	(797)	2,007	Communications and Mobilisation	2,918	(790)	2,128
235	(3)	232	Secure Water Supplies	258	(4)	254
88	(1)	87	Emergency Planning and Civil Defence	197	(2)	195
47	-	47	Non distributed costs	1,039	-	1,039
810	-	810	Corporate and Democratic Core	826	-	826
510	-	510	Democratic Representation and Management	419	-	419
300	-	300	Corporate Management	407	-	407
27,487	(1,042)	26,445	Cost Of Services	28,516	(1,077)	27,439
-	(301)	(301)	(Gain)/Loss on Disposal of Non-Current Assets	C1	-	(1,166)
11,213	(106)	11,107	Financing and Investment Income and Expenditure	C2	9,903	(121)
-	(31,862)	(31,862)	Taxation and Non-Specific Grant Income	C3	-	(30,921)
		5,389	(Surplus) or Deficit on Provision of Services			5,134
		(4,317)	(Surplus) or deficit on revaluation of non current assets			(1,323)
		928	Impairment losses on non current assets charged to the revaluation reserve			335
		37,466	Actuarial (gains) / losses on pension assets / liabilities			(47,818)
		34,077	Other Comprehensive (Income) and Expenditure			(48,806)
		39,466	Total Comprehensive (Income) and Expenditure			(43,672)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the 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 Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2015		Note	31 March 2016
£000's			£000's
37,591	Property, Plant & Equipment	D1	38,233
607	Intangible Assets	D2	474
-	Long Term Investments	D3	-
-	Long Term receivables	D3	1
38,198	Long Term Assets		38,708
7,027	Short Term Investments	D3	10,774
4	Inventories	D4	4
3,514	Short Term Receivables	D5	2,610
6,014	Cash and Cash Equivalents	D6	5,396
16,559	Current Assets		18,784
-	Cash and Cash Equivalents	D6	-
(53)	Short Term Borrowing	D3	(15)
(2,653)	Short Term Payables	D7	(2,266)
(331)	Provisions	D8	(428)
(3,037)	Current Liabilities		(2,709)
-	Long Term Payables	D3	-
(3,200)	Long Term Borrowing	D3	(3,200)
(641)	Other Long Term Liabilities	D3	(640)
(304,013)	Defined Benefit Pension Scheme	D18	(263,405)
-	Capital Grants Receipts in Advance	D14	-
(307,854)	Long Term Liabilities		(267,245)
(256,134)	Net Assets		(212,462)
14,190	Usable Reserves	D9	16,626
(270,324)	Unusable Reserves	D10	(229,088)
(256,134)	Total Reserves		(212,462)

CASH FLOW STATEMENT

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

2014/15			2015/16
£000's			£000's
5,389	Net (surplus) or deficit on the provision of services		5,134
(10,950)	Adjust net surplus or deficit on the provision of services for non cash movements		(10,315)
2,171	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		1,351
(3,390)	Net cash flows from Operating Activities	Note E1	(3,830)
(602)	Investing Activities	Note E2	4,446
75	Financing Activities	Note E3	1
(3,917)	Net (increase) or decrease in cash and cash equivalents		617
2,096	Cash and cash equivalents at the beginning of the reporting period		6,013
6,013	Cash and cash equivalents at the end of the reporting period		5,396

SECTION A: NOTES TO THE CORE FINANCIAL STATEMENTS

Accounting Policies

A1.1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. 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 2015/16 and the Service Reporting Code of Practice 2015/16, 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.

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 those rendered by the Fire Authority's Officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows 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 there is evidence that debts are unlikely to 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 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 payable on demand.

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, i.e. in the current and future years affected by the change and do not give rise to a prior year 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.

A1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the real cost of using 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 cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations 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 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 for current employees and are recognised as an expense for services in the year in which employees render service to the Fire Authority. An accrual is made for the cost of holiday entitlements 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 benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as 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 or, where applicable, to the Non Distributed Costs line 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 C6.

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 2015/16 transactions and liabilities is shown within the Firefighter Pension Fund Account (Page 67).

These schemes provide defined benefits to members (retirement lump sums and pensions), which are earned as employees worked for the Fire 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employees turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on high quality AA rated corporate bonds).
- There are no assets in the Firefighters schemes. The assets of Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet at their fair value:
 - o quoted securities – current bid price
 - o unquoted securities – professional estimate
 - o unitised securities – current bid price
 - o property – market value
- The change in the net pensions liability is analysed into the following components:
 - o 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.

- o 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 changes to, a defined benefit plan) or a curtailment (i.e. a significant reduction by the 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 Statement as part of Non Distributed Costs
- o 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.
- o 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.
- o Re-measurements – comprising:
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - return on plan assets, excluding amounts included in net interest on the net defined benefit liability – This is defined as interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or 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
- o contributions paid to the Cambridgeshire County Council pension fund and Firefighters' funds – amounts paid by the employer to reduce scheme liabilities

In relation to the retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Fire 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Fire Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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 the interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Fire Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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 has 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 (non-ring fenced 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 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Fire Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Fire Authority. The Fire Authority has set a de minimis of £10,000 on capitalising purchases with effect from financial year 2012/13.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

A1.10 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Fire Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

A1.11 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. The Fire Authority has set a de minimis of £10,000 on capitalising purchases.

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 £10,000, 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 fair 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 acquisition is the carrying amount of the asset given up by the Fire Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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 – fair value
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

When there is not market-based evidence of fair 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 have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five 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 by:

- 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 to 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.

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 by:

- 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 Revaluations 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 certain Community Assets) 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 – a percentage of the value of each class of assets in the Balance Sheet, 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, or Plant and 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.

Donated Assets

Donated assets from other public bodies are accounted for as a government grant as they are coming from the DCLG, those from developers are accounted for as other capital grants. Donated assets where there are no conditions outstanding are recognised immediately on receipt at fair value as Property, Plant and Equipment. The opposite entries to these transactions are recognised as income in the Comprehensive Income and Expenditure Statement.

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

A1.12 Contingent Liabilities

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fire Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fire Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

A1.13 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.

A2 New Requirements in the Code of Accounting practice

The Code of Practice on Local Authority Accounting in the United Kingdom for 2015/16 has introduced no changes in accounting requirements that have a material impact on the Authority's Financial Statements.

A3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

For 2015/16 the introduction of the following accounting standard may impact disclosures in the Authority's accounts:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions).
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations).
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation).
- Annual Improvements to IFRSs 2012– 2014 Cycle (see Appendix B of the ITC on the 2016/17 Code for further details – see link below at the end of these bullets).
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative).

The Authority is not impacted by these in 2015/16

A4 Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Fire Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Fire Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The fair value of the PWLB loan is disclosed in the accounts using the new loan rate from the market rather than the premature loan rate from PWLB. The difference between the two is £905k based on the differing calculation methods.

A5 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 2016 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	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. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £23,100k. However, the assumptions interact in complex ways.

A6 Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 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 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

SECTION B - NOTES TO MOVEMENT IN RESERVES STATEMENT**Note B1****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 Authority in the year in accordance with proper accounting practice to 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 receipts of an authority are required to be paid into and out of which all liabilities of an authority are to be met, except to the extent that statutory rules might provide otherwise.

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 Account

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 payment 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.

2014/15	Usable Reserves				Total 2014/15 £000's
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's	
Adjustments primarily involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Charges for depreciation and impairment of non current assets	2,629	-	-	(2,629)	-
Revaluation losses on Property, Plant & Equipment	768	-	-	(768)	-
Impairment losses on Property, Plant & Equipment	(813)	-	-	813	-
Movements in the market value of Investment Properties	-	-	-	-	-
Amortisation of intangible assets	291	-	-	(291)	-
Capital grants and contributions that have been applied to capital financing	(1,729)	-	-	1,729	-
Costs of disposal funded by capital receipts	-	-	-	-	-
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	521	-	-	(521)	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the financing of capital investment	(227)	-	-	227	-
Capital expenditure charged against the General Fund balance	(1,930)	-	-	1,930	-

Adjustments primarily involving the Capital Receipts Reserve:

Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(496)	496	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	(496)	-	496	-

2014/15 continued	Usable Reserves			Movement in Unusable Reserves £000's	Total 2014/15 £000's
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's		
Adjustment primarily involving the Capital Grants Unapplied Reserve:					
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(442)	-	442	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	10	-	-	(10)	-
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement/ Employer's pension contributions and direct payments to pensioners payable in year	17,343	-	-	(17,343)	-
Employer's pension contributions and direct payments to pensioners payables in year.	(8,724)	-	-	8,724	-
Adjustments primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(129)	-	-	129	-
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which Authority tax income credited to the Comprehensive Income and Expenditure Statement is different from Authority tax income calculated for the year in accordance with statutory requirements	84	-	-	(84)	-

Sub-total Adjustments	7,156	-	442	(7,598)	-
Miscellaneous Adjustment				-	-
Total Adjustments	7,156	-	442	(7,598)	-
	Usable Reserves				
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's	Total 2015/16 £000's
2015/16					
Adjustments primarily involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Charges for depreciation and impairment of non current assets	2,353	-	-	(2,353)	-
Amortisation of intangible assets	310	-	-	(310)	-
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	129	-	-	(129)	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>					
Statutory provision for the financing of capital investment	(184)	-	-	184	-
Capital expenditure charged against the General Fund balance	(2,161)	-	-	2,161	-
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(1,164)	1,164	-	-	-

2015/16 continued

	Usable Reserves			Movement in Unusable Reserves £000's	Total 2015/16 £000's
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied Account £000's		
Adjustment primarily involving the Capital Grants Unapplied Reserve:					
Capital Grants and Contributions unapplied credited(Debited) to the Comprehensive Income and Expenditure Statement.	(188)	-	188	-	-
Adjustments primarily involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	11	-	-	(11)	-
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement/ Employer's pension contributions and direct payments to pensioners payable in year	16,329	-	-	(16,329)	-
Employer's pension contributions and direct payments to pensioners payables in year.	(9,119)	-	-	9,119	-
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which Authority tax income credited to the Comprehensive Income and Expenditure Statement is different from Authority tax income calculated for the year in accordance with statutory requirements	(98)	-	-	98	-
Sub-total Adjustments	6,218	1,164	188	(7,570)	-
Miscellaneous Adjustment	-	-	-	-	-
Total Adjustments	6,218	1,164	188	(7,570)	-

Note B2**Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 1 April 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
General Fund:							
Hydrants Reserve	56	(56)	-	-	-	-	-
Developer Grants Interest Reserve	3	(3)	-	-	-	-	-
Community Safety Reserve	200	-	-	200	-	-	200
Revenue Pension Reserve	824	-	-	824	(824)	-	-
Innovation Fund	150	(150)	-	-	-	-	-
On-call Operations Reserve (Previously called Management of Change Fund)	975	-	-	975	-	-	975
Re-development Reserve	200	(200)	-	-	-	-	-
Property Development Reserve	2,551	(113)	1,843	4,281	-	38	4,319
Revenue C/Forwards Reserve	-	-	-	-	-	3,088	3,088
Total	4,959	(522)	1,843	6,280	(824)	3,126	8,582

SECTION C - NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**Note C1****Other Operating Expenditure**

2014/15			2015/16		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	£000's	£000's	£000's
-	-	-	-	-	-
-	(301)	(301)	-	(1,166)	(1,166)
-	-	-	-	-	-
-	(301)	(301)	-	(1,166)	(1,166)

Payments to the Government Housing Capital Receipts Pool

Loss/(Gain) on the disposal of non current assets

Capital Receipts not from disposal of non current assets

Total

Note C2**Finance and Investment Income and Expenditure**

2014/15			2015/16		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	£000's	£000's	£000's
161	-	161	142	-	142
-	-	-	-	-	-
11,052	-	11,052	9,761	-	9,761
-	(106)	(106)	-	(121)	(121)
-	-	-	-	-	-
11,213	(106)	11,107	9,903	(121)	9,782

Interest payable and similar charges

Investment Impairment

Pensions interest cost and expected return on pension assets

Interest receivable and similar income

Miscellaneous Adjustments

Total

Note C3**Taxation and Non-Specific Grant Income**

2014/15			2015/16		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	£000's	£000's	£000's
-	(16,844)	(16,844)	-	(17,163)	(17,163)
-	(5,327)	(5,327)	-	(5,788)	(5,788)
-	(7,520)	(7,520)	-	(7,783)	(7,783)
-	(2,171)	(2,171)	-	(187)	(187)
-	(31,862)	(31,862)	-	(30,921)	(30,921)

Council tax income

Non domestic rates

Non-ringfenced government grants

Capital grants and contributions

Total

Note C4

Note C4**Grant Income**

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16 as follows:

2014/15		2015/16
£000's		£000's
Credited to Taxation and Non Specific Grant Income		
(7,277)	Revenue Support Grant	(6,085)
(5,327)	Share of NDR	(5,788)
(16,844)	Council Tax Contributions	(17,163)
(195)	New burdens Grant	(181)
(2,171)	Central Government Capital Grants	(187)
-	Transformation Grant	(1,445)
(48)	New Dimensions Grant	(48)
-	Other Minor Grants	(24)
(31,862)	Total	(30,921)

Note C5**Members Allowances**

The Fire Authority paid the following amounts to members of the Fire Authority during the year:

2014/15		2015/16
£000's		£000's
42	Salaries	37
51	Allowances	53
7	Expense	9
100	Total	99

Note C6**Officer Emoluments**

The number of employees, including Senior Officers, whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2014/15		2015/16
Number of employees	Remuneration band	Number of employees
19	£50,000 - £54,999	22
10	£55,000 - £59,999	1
4	£60,000 - £64,999	5
3	£65,000 - £69,999	2
-	£70,000 - £74,999	1
1	£75,000 - £79,999	1
-	£80,000 - £84,999	-
-	£85,000 - £89,999	-
-	£95,000 - £100,000	1

The following table sets out the remuneration disclosures for Senior Officers for 2015/16.

Postholder Information (Post Title)	Salary (Including Fees & Allowances) £	Bonuses £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions 2015/16 £	Pension Contributions £	Total Remuneration including Pension Contributions 2015/16 £
Chief Fire Officer - G Stagg - retired December 2015	158,997	10,303	-	169,300	-	169,300
Director of Community Safety	106,976	6,419	-	113,395	-	113,395
Director of Operational Support	120,880	7,178	-	128,058	-	128,058
Director of Resources & Treasurer to the Fire Authority	111,290	6,677	7,746	125,713	21,010	146,723
	498,143	30,577	7,746	536,466	21,010	557,476

The following table sets out the remuneration disclosures for Senior Officers for 2014/15.

Postholder Information (Post Title)	Salary (Including Fees & Allowances) £	Bonuses £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions 2014/15 £	Pension Contributions £	Total Remuneration including Pension Contributions 2014/15 £
Chief Fire Officer - G Stagg	157,423	12,594	-	170,017	-	170,017
Director of Community Safety	126,082	7,532	-	133,614	27,883	161,497
Director of Operational Support	106,958	6,424	-	113,382	-	113,382
Director of Resources & Treasurer to the Fire Authority	110,188	6,611	7,042	123,841	20,779	144,620
	500,651	33,161	7,042	540,854	48,662	589,516

Termination Benefits

The Fire Authority terminated the contracts of a number of employees in 2015/16, incurring liabilities of £113k (£63k in 2014/15) – see note below for the number of exit packages and total cost per band. Of this total, £43k was paid to one employee whose contract was terminated by voluntary compromise, £28k was paid to three employees who retired on the grounds of non-service related ill health, £42k was paid to one employee who was made redundant.

Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

a) Exit package cost band (including special payments)	b) Number of compulsory redundancies		c) Number of other departures agreed		d) Total number of exit packages by cost band		e) Total cost of exit packages in each band	
					[(b) + (c)]			
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0 - £60,000	1	1	8	4	9	5	63	113
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-

Note C7**Related Parties**

The 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.

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 2016 are included in Note D5.

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 2015/16 is shown in note C5. 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 2015/16 and there are no material transactions to disclose, (Nil in 2014/15). 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 2015/16 and there are no material transactions to disclose, (Nil in 2014/15).

Note C8**Audit and Inspection**

In 2015/16, the Authority incurred the following fees relating to external audit inspection:

2014/15		2015/16
£000's		£000's
58	Fees paid to BDO LLP (the appointed auditor) (PricewaterhouseCoopers LLP 2014/15) with regard to external audit services carried out by the appointed auditor	35
11	Fees paid in respect of other services provided by the appointed auditor	-
-	Fees paid to the Audit Commission in respect of statutory inspection	-
-	Fees paid to the appointed auditor for the certification of grant claims and returns	-
-	Less rebate from Audit Commission	-
69	TOTAL FEES	35

Note C9
Financial Instruments Gains and Losses

	2014/15				2015/16			
	Financial Liabilities		Financial Assets		Financial Liabilities		Financial Assets	
	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Interest expense	161	-	-	161	142	-	-	142
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in Fair Value	-	-	-	-	-	-	-	-
Impairment (losses)/gains	-	-	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	161	-	-	161	142	-	-	142
Interest income	-	(106)	-	(106)	-	(121)	-	(121)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increases in Fair Value	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	(106)	-	(106)	-	(121)	-	(121)
Gains on revaluation	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-
Surplus/ Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Net (Loss)/Gain for the year	161	(106)	-	55	142	(121)	-	21

Note C10**Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource are taken by the Authority's members on the basis of budget reports across the whole service. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure, whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement;
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to Heads of Service.

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of Heads of Service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £000's	2015/16 £000's
Cost of Services in Service Analysis	27,572	27,482
Add service not included in main analysis	-	-
Add amounts not reported to management	324	114
Remove amounts reported to management not included in CIES	(1,451)	(157)
Net Cost of Services in Comprehensive Income and Expenditure Statement	26,445	27,439

Reconciliation to Subjective Analysis

2015/16	Service Analysis £000's	Services not in Analysis £000's	Not reported to management £000's	Not included in CIES £000's	Allocation of Recharges £000's	Net Cost of Services £000's	Corporate Amounts £000's	Total £000's
Fees, charges & other service income	(1,171)	-	-	-	94	(1,077)	-	(1,077)
Interest and investment income	(121)	-	-	-	-	-	(121)	(121)
Income from Council Tax	(17,163)	-	-	-	-	-	(17,163)	(17,163)
Income from NNDR	(3,447)	-	(91)	-	(2,251)	-	(5,789)	(5,789)
Government grants and contributions	(10,025)	-	(195)	-	2,251	-	(7,969)	(7,969)
Gain on Disposal of Fixed Assets	-	-	(1,072)	-	(94)	-	(1,166)	(1,166)
Total Income	(31,927)	-	(1,358)	-	-	(1,077)	(32,208)	(33,285)
Employee expenses	22,428	-	(2,553)	-	-	19,875	-	19,875
Other service expenses	5,976	-	-	-	-	5,976	-	5,976
Recharges from Other Accounts	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	2,665	-	-	2,665	-	2,665
Interest Payments	142	-	-	-	-	-	142	142
Pension interest cost and expected return on pensions assets	-	-	9,761	-	-	-	9,761	9,761
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total operating expenses	28,546	-	9,873	-	-	28,516	9,903	38,419
Surplus or deficit on the provision of services	(3,381)	-	8,515	-	-	27,439	(22,305)	5,134

Reconciliation to Subjective Analysis

	Service Analysis £000's	Services not in Analysis £000's	Not reported to management £000's	Not included in CIES £000's	Allocation of Recharges £000's	Net Cost of Services £000's	Corporate Amounts £000's	Total £000's
2014/15 Comparatives								
Fees, charges & other service income	(1,368)	-	-	-	326	(1,042)	-	(1,042)
Interest and investment income	(106)	-	-	106	-	-	(106)	(106)
Income from Council Tax	(16,779)	-	(65)	16,844	-	-	(16,844)	(16,844)
Income from NNDR	(3,442)	-	135	3,307	(2,020)	-	(5,327)	(5,327)
Government grants and contributions	(9,538)	-	(2,173)	11,711	2,020	-	(9,691)	(9,691)
Gain on Disposal of Fixed Assets	-	-	25	-	(326)	-	(301)	(301)
Total Income	(31,233)	-	(2,078)	31,968	-	(1,042)	(32,269)	(33,311)
Employee expenses	18,154	-	(2,551)	-	-	15,603	-	15,603
Other service expenses	11,326	-	11,053	(13,370)	-	9,009	11,052	20,061
Recharges from Other Accounts	733	-	-	(733)	-	-	-	-
Depreciation, amortisation and impairment	-	-	2,875	-	-	2,875	-	2,875
Interest Payments	-	-	-	-	-	-	161	161
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	-	-
Loss on Disposal of Fixed Assets	-	-	-	-	-	-	-	-
Total operating expenses	30,213	-	11,377	(14,103)	-	27,487	11,213	38,700
Surplus or deficit on the provision of services	(1,020)	-	9,299	17,865	-	26,445	(21,056)	5,389

SECTION D - NOTES TO THE BALANCE SHEET**Note D1****Property, Plant and Equipment - Movement on Balances**Movements on Balances: 2015/16

	Land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Assets under construction £000's	Community assets £000's	Surplus assets £000's	Total Property, Plant and Equipment £000's
Cost or Valuation						
At 1 April 2015	27,628	16,664	573	-	-	44,865
Additions / Donations	143	1,330	663			2,136
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	611					611
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-					-
Derecognition - Disposals	-	(1,107)				(1,107)
Assets reclassified (to)/from Held for Sale						-
Assets reclassified (to)/from Heritage Assets						-
Assets reclassified (to)/from Investment Property						-
Assets reclassified from Other Assets under construction	45	527	(572)			-
At 31 March 2016	28,427	17,414	664	-	-	46,505
Nature of Asset Holding						
Owned	28,427	17,414	664	-	-	46,505
Finance Lease	-	-	-	-	-	-
Accumulated Depreciation and Impairment						
At 1 April 2015	(31)	(7,243)	-	-	-	(7,274)
Depreciation charge	(696)	(1,555)				(2,251)
Depreciation written out to the Revaluation Reserve	376	-	-	-	-	376
Depreciation written out to the Surplus/Deficit on the Provision of Services	(102)					(102)
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-					-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-					-
Derecognition - Disposals	-	979				979
At 31 March 2016	(453)	(7,819)	-	-	-	(8,272)
Net Book Value						
At 31 March 2016	27,974	9,595	664	-	-	38,233
At 31 March 2015	27,597	9,421	573	-	-	37,591

Movements on Balances: 2014/15

	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Assets under construction £000's	Community assets £000's	Surplus assets £000's	Total Property, Plant and Equipment £000's
Cost or Valuation						
At 1 April 2014	26,013	16,991	975	-	-	43,979
Additions / Donations	1,124	2,180	565	-	-	3,869
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	1,425	-	-	-	-	1,425
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(768)	-	-	-	-	(768)
Derecognition - Disposals	(366)	(3,274)	-	-	-	(3,640)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-
Assets reclassified (to)/from Heritage Assets	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-
Assets reclassified from Other Assets under construction	200	767	(967)	-	-	-
At 31 March 2015	27,628	16,664	573	-	-	44,865
Accumulated Depreciation and Impairment						
At 1 April 2014	(1,825)	(8,716)	-	-	-	(10,541)
Depreciation charge	(656)	(1,576)	-	-	-	(2,232)
Depreciation written out to the Revaluation Reserve	1,964	-	-	-	-	1,964
Depreciation written out to the Surplus/Deficit on the Provision of Services	(397)	-	-	-	-	(397)
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	813	-	-	-	-	813
Derecognition - Disposals	70	3,049	-	-	-	3,119
At 31 March 2015	(31)	(7,243)	-	-	-	(7,274)
Net Book Value						
At 31 March 2015	27,597	9,421	573	-	-	37,591
At 1 April 2014	24,188	8,275	975	-	-	33,438

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Buildings: 20-60 years
- Vehicles: 3-25 years % of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (Per A/c Policy)
- Equipment: 5-15 years % of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (Per A/c Policy)

Commitments Under Capital Contracts

Capital Commitments greater than £100,000 as at 31 March 2016:

Scheme	£000's	Period of investment	Purpose of investment
Purchase of 16 vehicles	231	3 years	Fleet Vehicle replacement
Purchase of Mobile data terminals	200	5 years	Upgrade appliance communications
Rebuild Yaxley Fire Station	681	60 years	Upgrade of building
Outstanding	1,112		

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every three years. Valuations of land and buildings were carried out by the Appointed Valuer, Wilks, Head and Eve; with one third of assets being revalued each year by a Surveyor with a RICS qualification. Valuations of vehicles, plant, furniture and equipment were carried out internally based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Donated Assets

Donated assets are assets transferred at nil value or acquired at less than fair value.

The New Dimension Programme is a programme to improve national capability to respond to emergencies. As part of the programme the Department for Communities and Local Government (DCLG) has purchased a variety of assets which are classified as Property, Plant and Equipment on the Department's Statement of Financial Position. The assets are located within Fire Authorities and utilised by Fire Authority staff. Four vehicles and associated equipment were transferred to this Fire Authority on 1 April 2010.

	Land £000's	Buildings £000's	Vehicles £000's	Equipment £000's	Total £000's
Costs	68	-	390	152	610
Depreciation	-	-	(213)	(87)	(300)
Net	68	-	177	65	310

Parkside Fire Station

The 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 peppercorn rent.

Note D2**Intangible Assets**

The 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 purchased licenses.

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 Fire Authority are 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis and amortisation of £310k was charged to the Cost of Services in the Consolidated Income & Expenditure Statement in 2015/16. It is not quantifiable how much of the amortisation is attributable to each heading,

The movement on Intangible Asset balances during the year is as follows:

	2014/15 £000's	2015/16 £000's
Cost or Valuation - Gross Carrying Amount (GCA)		
At 1 April	2,472	2,674
Additions	202	177
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-
Impairment losses reversed in Surplus or Deficit on the Provision of Services during the period	-	-
Assets reclassified (to)/from Held for Sale	-	-
Assets reclassified (to)/from Investment Property	-	-
Assets reclassified (to)/from Other Land & Buildings	-	-
Disposal	-	-
At 31 March	<u>2,674</u>	<u>2,851</u>
Accumulated Amortisation & Impairment		
At 1 April	(1,776)	(2,067)
Amortisation charge	(291)	(310)
Disposals	-	-
At 31 March	<u>(2,067)</u>	<u>(2,377)</u>
Net Book Value at 31 March	<u>607</u>	<u>474</u>

Note D3**Financial Instruments****Categories of Financial Instruments**

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

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2015	2016	2015	2016
	£000's	£000's	£000's	£000's
Investments:				
Loans and Receivables - Short Term investments	-	-	7,027	10,774
Available-for-sale financial assets	-	-	-	-
Total investments	-	-	7,027	10,774
Cash and Cash Equivalents:				
Cash held by officers	-	-	23	10
Bank current accounts	-	-	5,991	5,386
Total Cash and Cash Equivalents	-	-	6,014	5,396
Receivables:				
Receivables	-	1	31	43
Total receivables	-	1	31	43
Borrowings:				
Financial liabilities at amortised cost - Principal	(3,200)	(3,200)	-	-
Financial liabilities at amortised cost - Accrued	-	-	(16)	-
Interest	-	-	-	-
Total borrowings	(3,200)	(3,200)	(16)	-
Other Payables:				
Finance lease liabilities	-	-	-	-
Deferred income	(641)	(640)	-	-
Total Other Payables	(641)	(640)	-	-
Payables:				
Financial liabilities at Amortised Cost	-	-	(1,670)	(1,878)
Total payables	-	-	(1,670)	(1,878)

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 fair values calculated are as follows:

31 March 2015		Financial Liabilities	31 March 2016	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
3,200	4,136		3,200	4,136
3,200	4,136		3,200	4,136

The fair value of the liabilities is greater than the carrying 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.

31 March 2015		Loans and receivables Receivables	31 March 2016	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
13,041	13,044		16,170	16,186
13,041	13,044		16,170	16,186

The fair value of assets differ to the carrying amount because the Fire Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable may be more or less than is available on equivalent loans at the Balance Sheet date. This shows a notional future gain or loss (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest above or below current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Note D4 Inventories

The basis for valuation of inventories are described in the Statement of Accounting Policies.

	Other		Vehicle Fuel		Total	
	2014/15 £000's	2015/16 £000's	2014/15 £000's	2015/16 £000's	2014/15 £000's	2015/16 £000's
Balance outstanding at start of year	-	-	10	4	10	4
Purchases	-	-	17	22	17	22
Recognised as an expense in the year	-	-	(23)	(22)	(23)	(22)
Balance outstanding at year-end	-	-	4	4	4	4

Note D5 Receivables

31 March 2015 £000's		31 March 2016 £000's
1,943	Central government bodies	589
1,835	Other local authorities	2,294
450	Other entities and individuals:	470
<u>4,228</u>		<u>3,353</u>
(714)	Less Provision for Bad Debts:	(743)
	Sundry Receivables	-
<u>3,514</u>		<u>2,610</u>

Note D6 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2015 £000's		31 March 2016 £000's
23	Bank current accounts	10
5,991	Short term deposits with banks	5,386
<u>6,014</u>	Total cash and cash equivalents	<u>5,396</u>

Note D7

Payables

31 March 2015		31 March 2016
£000's		£000's
(524)	Central government bodies	(501)
(904)	Other local authorities	(573)
(1,225)	Other entities and individuals	(1,192)
<u>(2,653)</u>		<u>(2,266)</u>

Note D8

Provisions

Provisions are defined in note A5 to the Statement of Accounting Policies.
Movements during the year were as follows:

	Total
	£000's
Balance at 1 April 2015	331
Used	(3)
Reversed	-
New	100
Balance at 31 March 2016	<u>428</u>

	Current	Non-Current	Total
	£000's	£000's	£000's
Balance at 1 April 2015	331	-	331
Balance at 31 March 2016	428	-	428

The current provision is for items that are expected to be settled within the next 12 months.
For the non-current provision, it is not possible to determine the timing of any potential settlements.

Note D9**Usable Reserves**

31 March 2015 £000's		31 March 2016 £000's
3,567	General Fund Balance	2,349
6,280	Earmarked General Fund Reserves	8,582
-	Capital Receipts Unapplied Account	1,164
4,343	Capital Grants Unapplied Account	4,531
14,190	Total Usable Reserves	16,626

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes B1 and B2.

Note D10**Unusable Reserves**

31 March 2015 £000's		31 March 2016 £000's
7,934	Revaluation Reserve	8,869
26,066	Capital Adjustment Account	25,672
11	Financial Instruments Adjustment Account	-
(304,013)	Pensions Reserve	(263,405)
(112)	Collection Fund Adjustment Account	(14)
(210)	Accumulated Absences Account	(210)
(270,324)	Total Unusable Reserves	(229,088)

Note D10.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the 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.

2014/15 £000's		2015/16 £000's
4,652	Balance at 1 April	7,934
5,085	Upward revaluation of assets	1,323
(1,697)	Downward revaluation of assets and impairment losses not charged to the	(335)
-	Surplus/Deficit on the Provision of Services	
3,388	Surplus/Deficit on the Provision of Services	988
(44)	Difference between fair value depreciation and historical cost depreciation	(53)
(62)	Accumulated gains on assets sold or scrapped	-
(106)	Amount written off to the Capital Adjustment Account	(53)
7,934	Balance at 31 March	8,869

Note D10.2 Capital Adjustment Account

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 enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated 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.

Note B1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £000's		2015/16 £000's
24,974	Balance at 1 April	26,066
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(2,584)	Charges for depreciation and impairment of non current assets	(2,353)
-	- Revaluation losses on Property, Plant and Equipment	-
(291)	Amortisation of intangible assets	(310)
-	- Revenue expenditure funded from capital under statute	-
(521)	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	(129)
(3,396)		(2,792)
106	Adjusting amounts written out of the Revaluation Reserve	53
(3,290)	Net written out amount of the cost of non current assets consumed in the year	(2,739)
	Capital financing applied in the year:	
496	Use of the Capital Receipts Reserve to finance new capital expenditure	-
1,729	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-
-	- Application of grants to capital financing from the Capital Grants Unapplied Account	-
227	Statutory provision for the financing of capital investment charged against the General Fund balance	184
1,930	Capital expenditure charged against the General Fund	2,161
4,382		2,345
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	
26,066	Balance at 31 March	25,672

Note D10.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2014/15 £000's		2015/16 £000's
21	Balance at 1 April	11
-	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(10)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(11)
-	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	-
-	Impairment of Investments - Principal (Allowed under regulations)	-
-	Impairment of Investments - Interest (Allowed under regulations)	-
-	Impairment of Investments - Principal (Charged to Comprehensive Income & Expenditure Statement)	-
-	Impairment of Investments - Principal (Charged to Comprehensive Income & Expenditure Statement)	-
(10)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(11)
	Miscellaneous adjustment	-
11	Balance at 31 March	-

Regulations issued in March 2009 allow the Authority not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account.

Note D10.4 Pensions Reserve

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 pensions 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.

2014/15 £000's		2015/16 £000's
(257,928)	Balance at 1 April	(304,013)
(37,466)	Remeasurement of net defined benefit liability	47,818
(17,343)	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	(16,329)

8,724	Employer's pensions contributions and direct payments to retirees	9,119
<u>(304,013)</u>	Balance at 31 March	<u>(263,405)</u>

Note D10.5 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Authority tax income in the Comprehensive Income and Expenditure Statement as it falls due from Authority tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £000's		2015/16 £000's
(28)	Balance at 1 April	(112)
(84)	Amount by which Authority tax income credited to the Comprehensive Income and Expenditure Statement is different from Authority tax income calculated for the year in accordance with statutory requirements	98
<u>(112)</u>	Balance at 31 March	<u>(14)</u>

Note D10.6 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000's		2015/16 £000's
(339)	Balance at 1 April	(210)
339	Settlement or cancellation of accrual made at the end of the preceding year	210
(210)	Amounts accrued at the end of the current year	(210)
129	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-
<u>(210)</u>	Balance at 31 March	<u>(210)</u>

Note D11**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), 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. Section 40 of the Local Government and Housing Act 1989 defines capital purposes expenditure, which may be financed from capital resources (mainly borrowing within approved Government limits and usable capital receipts). Under local government capital accounting arrangements, only expenditure which adds value to non-current assets is capitalised.

Some expenditure falling within the capital purposes definition is not capitalised and is therefore charged to a revenue account. In such circumstances, the charge to a revenue account is deemed to form part of the statutory obligation to provide a Minimum Revenue Provision for debt redemption.

2014/15		2015/16
£000's		£000's
3,621	Opening Capital Financing Requirement	3,310
	Capital Investment	
3,869	Property, Plant and Equipment	2,136
202	Intangible Assets	177
-	Revenue Expenditure Funded from Capital under Statute	-
-	Deferred income (Capital)	-
	Sources of finance	
(496)	Capital Receipts	-
(1,729)	Government grants and other contributions	-
	Sums set aside from revenue:	
(1,930)	Direct revenue contributions	(2,161)
(227)	Minimum Revenue Provision	(184)
3,310	Closing Capital Financing Requirement	3,278
	Explanation of movements in year	
-	Increase/(decrease) in underlying need to borrowing (supported by government financial assistance)	-
(311)	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	(32)
-	Increase/(decrease) in assets under Finance Lease	-
(311)	Increase/(decrease) in Capital Financing Requirement	(32)

Note D12**Leases****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 2015		31 March 2016
£000's		£000's
4,779	Land & Buildings	4,228
38	Vehicles	-
-	Equipment	-
4,817		4,228

31 March 2015		31 March 2016
£000's		£000's
	Future lease liabilities (net present value of minimum lease payments):	
38	current	-
-	non-current	-
	Future costs payable in future years	
11	current	-
-	non-current	-
49	Minimum lease payments	-

The minimum lease payments will be payable over the following periods:

	Finance Lease Liabilities		Finance Costs Payable	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£000's	£000's	£000's	£000's
Not later than one year	38	-	11	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total	38	-	11	-

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

Parkside Fire Station

The 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 peppercorn rent. The NBV in the accounts is £4,228k.

Note D13**Impairment Losses**

Following the 2013/14 audit it was decided to have all the properties surveyed and re-valued for 2014/15. Re-valuations are now conducted on a five year rolling programme.

The Authority did not recognise any impairment losses during 2015/16.

Note D14**Grant Income in Advance**

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	Non-Current		Current	
	2014/15	2015/16	2014/15	2015/16
	£000's		£000's	
Capital Grant Receipts in Advance				
Balance at 1 April	-	-	(1,236)	-
Grant received	-	-	-	-
Transferred to other Local Authority	-	-	-	-
Transferred to CIES	-	-	1,236	-
Transferred to Current	-	-	-	-
Balance at 31 March	-	-	-	-

Note D15**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 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 loss 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 Capita 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 £16,176k 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 2016 that this was likely to crystallise.

The following analysis summaries the Fire Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31 March 2016 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2016 %	Estimated maximum exposure to default %
	(a)	(b)	(c)	(a) * (c)
Deposits with banks & financial institutions				
AAA rated counterparties	-			-
AA rated counterparties	-			-
A rated counterparties	14,937	0.00%	0.00%	-
Other counterparties	1,239	0.00%	0.00%	-
Trade Receivables	-			-
Total	16,176			-

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.

Collateral – During the reporting period the Authority held no collateral as security.

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 as follows:

The maturity analysis of financial liabilities based on the carrying value in the balance sheet is as follows:

	31 March 2015 £000's	31 March 2016 £000's
Less than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	3,200	3,200
Total	3,200	3,200

All trade and other creditors are due to be paid in less than one year.

The Authority allows 14 days credit for its business receivables; the amortised amounts due can be analysed by age as follows:

	31 March 2015 £000s	31 March 2016 £000s
Less than three months	17	27
Three to six months	2	-
Six months to one year	1	3
More than one year	-	-
Total	20	30

The maturity analysis of financial assets based on the carrying value in the balance sheet is as follows:

	31 March 2015 £000s	31 March 2016 £000s
Less than one year	13,041	16,170
Between one and two years	-	-
Between two and three years	-	-
More than three years	-	-
Total	13,041	16,170

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 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 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	63
Increase in government grant receivable for financing costs	58
Impact on Surplus or Deficit on the Provision of Services	121
Decrease in fair value of fixed rate investment assets	(66)
Impact on Other Comprehensive Income and Expenditure	(66)
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).	(77)

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.

Note D16**Contingent Liabilities**

At 31 March 2016, the Fire Authority had no known material contingent liabilities subject to those listed below not being material.

New Firefighter Scheme Transitional Arrangements

The Fire Brigades Union have presented a claim to an employment tribunal that the transitional arrangements currently in place are discriminatory on the grounds of age. At this stage no indications are available with regards to the outcome and therefore no value of future liability can be calculated.

Note D18 Pensions

Participation in pensions schemes

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.

The 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 2015/16 transactions and liabilities is shown within the Firefighters' Pension Fund Account on page 68.

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 (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 Authority are statutory change to the scheme and the number of ill health retirements and injury awards.

The Fund's Actuary determined the Authority's contribution to the Fund for 2015/16. The contribution rate equates to approximately 22% of pay to address the Pension Fund deficit over 15 years.

The actuarial value of the fund's liabilities as at 31 March 2016, in accordance with International Accounting Standard (IAS) 19, was completed by the Government's Actuary Department on 31 March 2016, and subject to triennial valuation.

Transactions relating to retirement benefits

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

Comprehensive Income and Expenditure StatementCost of Services:

- Current Service Cost
- Past Service Cost
- Settlements & Curtailments

Financing and Investment Income Expenditure:

- Interest Cost
- Interest Income
- Relief from DCLG (Top up Grant)

Charge to the surplus or deficit on the Provision of ServicesOther Post Employment Benefit Charged to Comprehensive Income and Expenditure StatementRemeasurement of the net defined benefit Liability comprising:

- Expected Return on Scheme Assets
- Actuarial (gains)/losses arising from changes in demographic assumptions
- Actuarial (gains)/losses arising from changes in financial assumptions
- Other expense

Sub-totalTotal Charge to the Comprehensive Income and Expenditure StatementMovement in Reserves Statement:

- Reversal of Net Charges made for retirement benefits in accordance with IAS19

Actual amount charged against the General Fund Balance for pensions in the year:

- Employer's Contributions payable to scheme

Firefighters' Schemes			Local Government Pension Scheme		
Main Scheme	Injury pensions		Pension Scheme		
2014/15	2015/16	2014/15	2014/15	2015/16	2015/16
£000's	£000's	£000's	£000's	£000's	£000's
(4,710)	(4,400)	(590)	(500)	(962)	(1,268)
-	(400)	-	-	(29)	-
-	-	-	-	-	-
(9,560)	(8,400)	(1,040)	(900)	(1,393)	(1,268)
-	-	-	-	941	807
4,843	3,809	-	-	-	-
(9,427)	(9,391)	(1,630)	(1,400)	(1,443)	(1,729)
-	-	-	-	1,655	(1,210)
-	700	-	100	-	-
(31,430)	23,000	(3,070)	3,800	(5,782)	4,200
400	14,400	-	2,400	761	428
(31,030)	38,100	(3,070)	6,300	(3,366)	3,418
(40,457)	28,709	(4,700)	4,900	(4,809)	1,689
9,427	9,391	1,630	1,400	1,443	1,729
7,100	7,400	600	600	1,024	1,119

Assets and liabilities in relation to retirement benefits**Reconciliation of present value of the scheme liabilities:**

	Firefighters' Schemes			Local Government Pension Scheme		
	Main Scheme	2015/16	Injury pensions	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's	£000's	£000's
Funded Liabilities:						
Unfunded Liabilities:						
Opening Position as at 1 April						
Current Service Cost	(4,710)	(4,400)	(590)	(500)	(962)	(1,268)
Interest cost	(9,560)	(8,400)	(1,040)	(900)	(1,393)	(1,268)
Contributions by scheme participants	(1,000)	(1,200)	-	-	(267)	(282)
Actuarial (gains)/losses arising from changes in demographic assumptions	-	700	-	100	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(31,430)	23,000	(3,070)	3,800	(5,782)	4,200
Past service (gains)/losses	-	(400)	-	-	(29)	-
Benefits paid	8,100	8,600	-	-	596	614
Injury Awards Expenditure	-	-	600	600	-	-
Transfers (in/out)	-	-	-	-	-	-
Other experience	400	14,400	-	2,400	761	428
Impact of settlements & curtailments	-	-	-	-	-	-
Funded Liabilities:					(38,875)	(36,476)
Unfunded Liabilities:					(279)	(254)
Closing Position as at 31 March	(251,100)	(228,800)	(28,600)	(23,100)	(39,154)	(36,730)

Reconciliation of fair value of the scheme assets:

	Firefighters' Schemes			Local Government Pension Scheme		
	Main Scheme	2015/16	Injury pensions	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's	£000's	£000's
1 April						
Interest Income	-	-	-	-	21,550	24,841
Expected rate of return	-	-	-	-	941	807
Actuarial gains/(losses)	-	-	-	-	1,655	(1,210)
Employer contributions	7,100	7,400	600	600	1,024	1,119
Contributions paid by scheme participants	1,300	1,200	-	-	267	282
Transfers in/(out)	-	-	-	-	-	-
Benefits paid	(8,400)	(8,600)	(600)	(600)	(596)	(614)
31 March	-	-	-	-	24,841	25,225

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on plan assets in the year was -£403k, (2014/15: £2,956k).

The Local Government Pension Scheme's assets consist of the following categories:

Asset Category	Period Ended 31 March 2015			Period Ended 31 March 2016		
	Quoted Prices in Active Market £000's	Quoted prices not in active market £000's	Percentage of Total Assets	Quoted Prices in Active Market £000's	Quoted prices not in active market £000's	Percentage of Total Assets
Cash and Cash equivalents:	744		3.0%	517		2.0%
Equity Instruments:						
By Industry type:						
Consumer	2,460		9.9%	589		2.3%
Manufacturing	1,523		6.1%	493		2.0%
Energy and Utilities	700		2.8%	430		1.7%
Financial Institution	2,032		8.2%	934		3.7%
Health & Care	1,209		4.9%	402		1.6%
Information	1,123		4.5%	203		0.8%
Private Equity	1,761		7.1%	1,961		7.8%
Investment Funds	7,653		30.9%	13,708		54.4%
Other	1,848		7.4%	2,171		8.6%
Sub Total Equity:	9,047	11,262	81.8%	3,051	17,840	82.9%
Bonds:						
By Sector:						
Investment Funds & Unit	3,788		15.2%	3,817		15.1%
Sub Total Bonds:	0	3,788	15.2%	0	3,817	15.1%
Property:						

	31 March 2015 % of assets	Assets Whole Fund	31 March 2016 % of assets
		Equities	
	20.309	Bonds	20.891
	3.788	Property	3.817
	-	Cash	-
	744	Estimated Assets	517
	<u>24.841</u>		<u>25.225</u>

Scheme history

	Year to 31 March 2012 £000's	Year to 31 March 2013 £000's	Year to 31 March 2014 £000's	Year to 31 March 2015 £000's	Year to 31 March 2016 £000's
Present Value of Liabilities					
Local Government Pension Scheme	(22,112)	(26,483)	(32,078)	(39,154)	(36,730)
Fire-fighter's Pension Schemes	(191,900)	(224,200)	(247,400)	(289,700)	(251,900)
Fair Value of Assets	14,423	17,335	21,550	24,841	25,225
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(7,689)	(9,148)	(10,528)	(14,313)	(11,505)
Fire-fighter's Pension Schemes	(191,900)	(224,200)	(247,400)	(289,700)	(251,900)
	(199,589)	(233,348)	(257,928)	(304,013)	(263,405)

The Authority's underlying assets and liabilities for retirement benefits at 31 March 2016 are shown above. These liabilities represent the long-term underlying commitment that the Authority has to pay retirement benefits.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2017 will be £1,136k. Expected contributions to the Firefighters Pension Scheme in the year to 31 March 2017 are £1,617k.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are:

Long-term expected rate of return on assets in the scheme:			
Equity Instruments	%	%	%
Bonds	n/a	n/a	3.5
Property	n/a	n/a	3.5
Cash	n/a	n/a	3.5
Mortality assumptions:			
Longevity at 60 for Firefighters & 65 LGPS for current pensioners:	Years	Years	Years
Men	29.5	29.7	22.5
Women	31.7	31.6	24.5
Longevity at 60 for Firefighters & 65 LGPS for future pensioners:			
Men	31.1	31.2	24.4
Women	33.2	33.2	26.9
Rate of inflation	%	%	%
	3.3	3.2	2.2

Rate of increase in salaries
Rate of increase in pensions
Rate for discounting scheme liabilities
Expected return on assets
Take up option to convert annual pension into retirement lump sum
 - pre April 2008
 - post April 2008

Sensitivity analysis of the results to the methods and assumptions used
0.5% Decrease in Real Discount Rate
1 Year increase in member life expectancy
0.5% Increase in Salary Increase Rate
0.5% Increase in Pension Increase Rate

3.4	3.2	4.3	4.2
2.4	2.2	2.4	2.2
3.2	3.5	3.2	3.5
0	0	3.2	3.5
90	90	25	25
90	90	63	63

Firefighters 1992 & 2006 Schemes		Local Government Pension Scheme	
31 March 2016	31 March 2016		
£000's	£000's		
23,100	4,448		
7,500	1,102		
3,600	1,257		
19,300	3,123		

SECTION E - NOTES TO THE CASH FLOW STATEMENT**Note E1****Operating Activities**

The cash flows for operating activities include the following items:

2014/15 £000's		2015/16 £000's
(116)	Interest received	(104)
161	Interest paid	141
<u>45</u>		<u>37</u>

Note E2**Investing Activities**

The cash flows for investing activities include the following items:

2014/15 £000's		2015/16 £000's
4,155	Purchase of property, plant and equipment, investment property and intangible assets	2,161
(822)	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(1,258)
(3,000)	Proceeds from short-term and long-term investments	3,730
(935)	Other receipts from investing activities	(187)
<u>(602)</u>	Net cash flows from investing activities	<u>4,446</u>

Note E3**Financing Activities**

The cash flows for financing activities include the following items:

2014/15 £000's		2015/16 £000's
-	Cash receipts of short-term and long-term borrowing	-
-	Other receipts from financing activities	-
75	Cash payments for the reduction of the outstanding liabilities relating to finance leases	1
-	Repayments of short-term & long-term borrowing	-
-	Other payments for financing activities	-
-	Net cash flows from financing activities	-
<u>75</u>	Net cash flows from investing activities	<u>1</u>

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 Department for Communities and Local Government, (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.

2014/15 £000's		2015/16 £000's
	Contributions Receivable	
-1,692	Employers	(2,532)
-210	Ill-health retirements	(164)
-1,268	Employees	(1,503)
-3,170		(4,199)
	0 Transfers in from other schemes	(37)
	Benefits Payable	
5,560	Pensions	5,933
3,023	Commutation of pension and lump sum retirement benefits	2,105
	13 Transfers out to other schemes	7
	Deficit/Surplus for the year before top up grant receivable/amount payable from/to sponsoring	
5,426	department	3,809
-5,426	Top up grant receivable/amount payable from/to sponsoring department	(3,809)
<u>0</u>	Net amount payable/receivable for the year	<u>0</u>

SECTION F - NOTES TO THE FIREFIGHTERS PENSION FUND ACCOUNT**Note F1****Firefighters Pension Fund Statement Notes**

- The fund was established under the Firefighters' Pensions Scheme (Amendment) (England) Order 2006. The scheme is an unfunded scheme and has no investment assets. The fund pays all Firefighters' retirement benefits with the exception of injury awards which are paid from the Fire Authority's account and included in the Comprehensive Income and Expenditure Statement on page 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 14. The Pension Fund Account only relates to the liabilities incurred during the 2015/16 financial year. All future liabilities are accounted for on an IAS 19 basis and are included within the core financial statements (note D18).
- 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.

Note F2**Net Assets Statement**

2014/15 £000's		2015/16 £000's
1,227	Top-up grant due from/refundable to(-) the Government	445
(1,809)	Amount due to(-)/from General Fund	(445)
	Long Term Assets	
582	Accrual for part time workers pension enrolment	-
-		-

Independent Auditors' Report

Glossary of Terms

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

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 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.

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.

Creditors

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

Debtors

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

Depreciation

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

Property, Plant & Equipment

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

Long Term Borrowing

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

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.

Revenue Expenditure and Income

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

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.

Public Works Loan Board (PWLB)

The government body that provides local authority loans.

Royal Institute of Chartered Surveyors (RICS)

The body dealing with property surveys.

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.

