



CAMBRIDGESHIRE  
& PETERBOROUGH  
**FIRE AUTHORITY**

# **Cambridgeshire and Peterborough Fire Authority**

**Annual Accounts for the  
year 2019/20**

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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 2019/20', which is based on International Financial Reporting Standards (IFRS), is required under the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015.

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

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

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

## **Performance**

The Authority has undertaken a full refresh of the Integrated Risk Management Plan (IRMP) for 2020-24. Performance against the current IRMP is regularly reported to the Fire Authority.

## **Financial Outlook**

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

<https://www.cambsfire.gov.uk/media/2218/efficiency-plan-2016-2020.pdf>

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

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

The Statement of Accounts for the year ended 31 March 2020 consists of the following:-

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

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

**The Movement in Reserves Statement**

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

**The Comprehensive Income and Expenditure Statement**

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

**The Balance Sheet**

This shows information on the financial position of the Fire Authority as at the 31 March 2020, including the level of balances and reserves at the Fire Authority's disposal, its long term indebtedness and the value of the assets held by the Fire Authority.

**The Cash Flow Statement**

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

**The Statement of Accounting Policies**

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

**Notes to the Financial Statements**

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

**The Firefighter Pension Fund Accounts**

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

**The Net Asset Statement**

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

**External Borrowing**

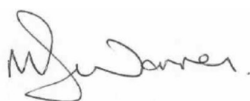
The Fire Authority has existing long term borrowing from the Public Works Loans Board (PWLB), totalling £3,200k, which has been taken out to fund the Fire Authority's historical capital programme. No new borrowing was taken during the financial year.

### **Pensions Liability**

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

### **Opinion**

In my opinion the statement of accounts present a true and fair view of the financial position of the Fire Authority at 31 March 2020 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 2020 up to the ..... were taken into account by the Cambridgeshire and Peterborough Fire Authority.

---

CLlr Kevin Reynolds  
On behalf of Cambridgeshire and Peterborough Fire Authority

Date:

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

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

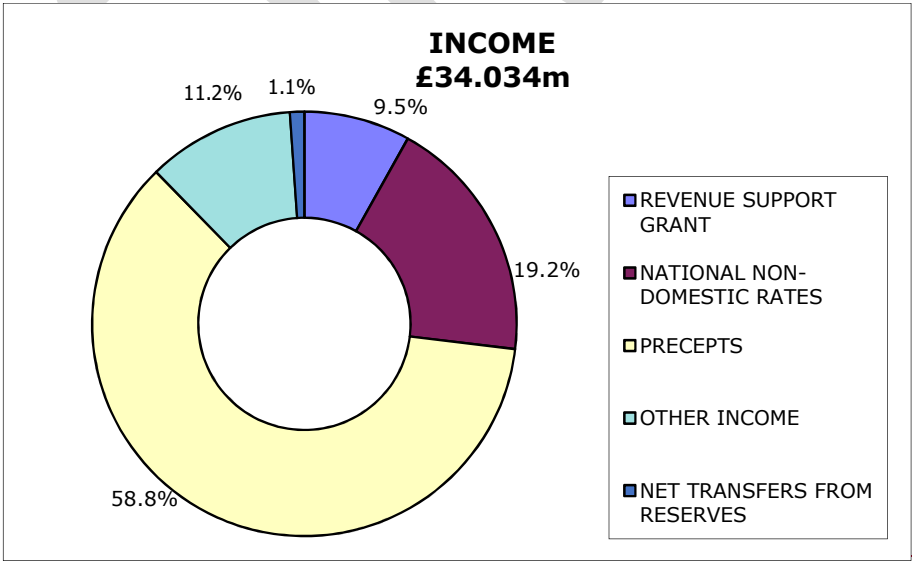
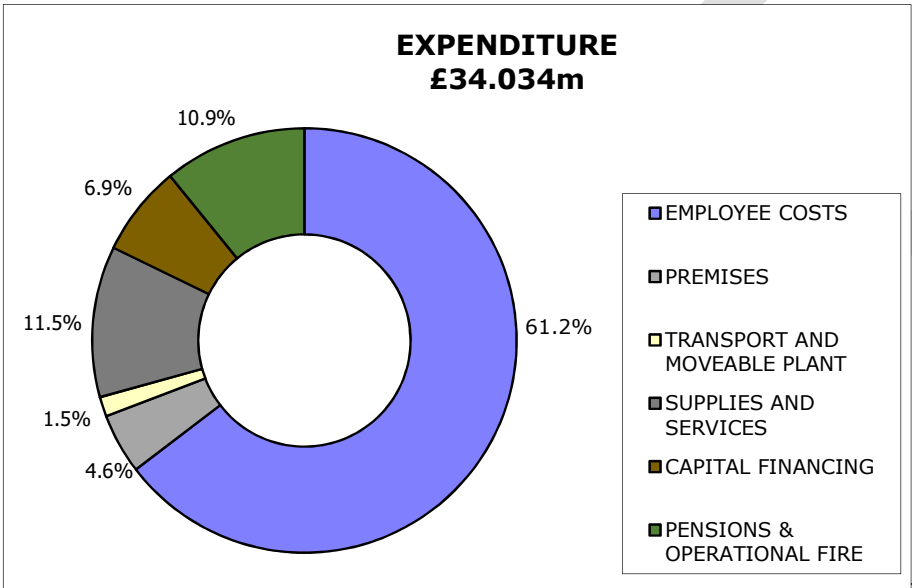
or telephone (01480) 444500

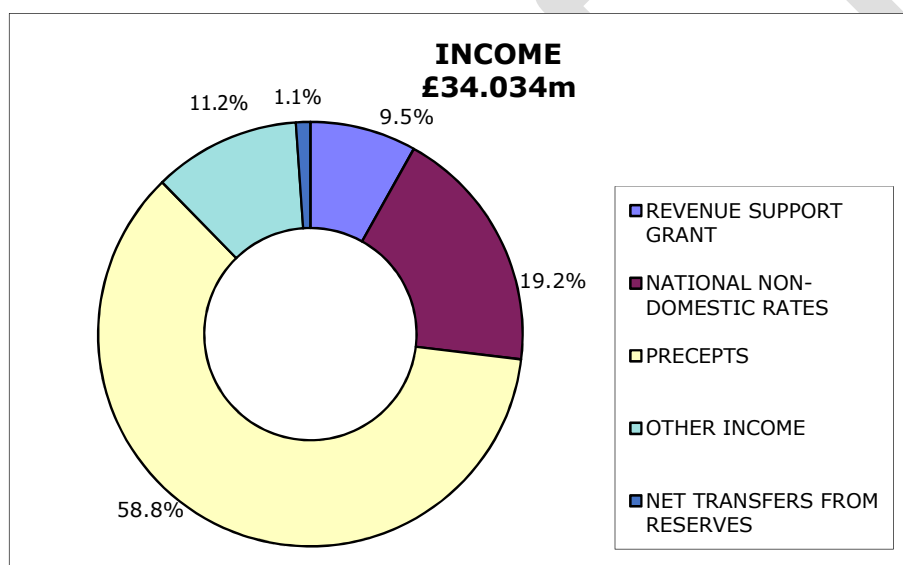
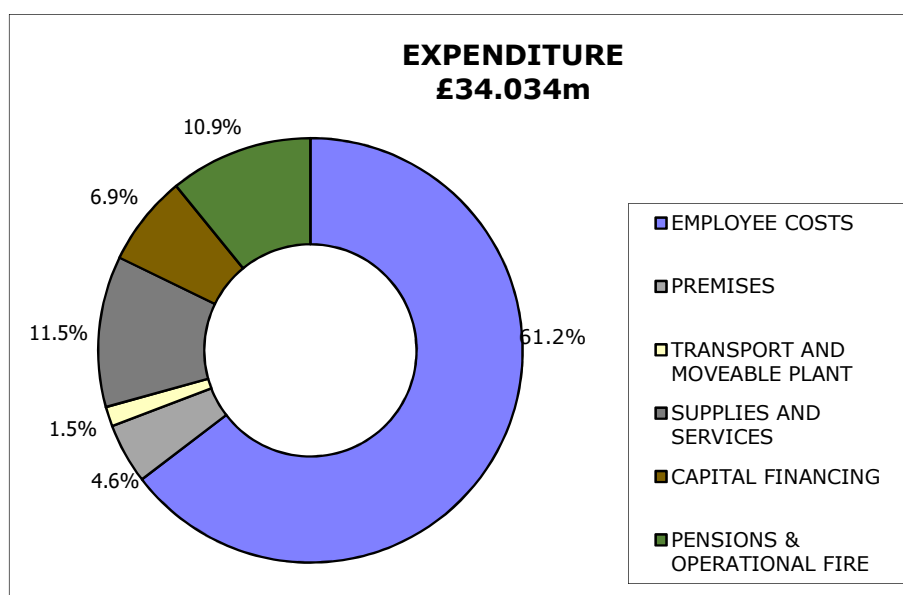
Summary of the Financial Year

Revenue Spending

The figures used in this summary are taken from the Fire Authority’s management accounts and will be different in some areas to the numbers in the Statement of Accounts. The Fire Authority’s total net expenditure was £30.224m. This is made up of £34.034m (expenditure) less £3.810m (other income). The following charts show where the monies we received came from and how we spent it.

Expenditure and income charts





The Fire Authority held £3.184m in general reserves as at 31 March 2020, which equals 10% of revenue budget. The General Reserve is required to provide the Fire Authority with financial flexibility when dealing with unexpected circumstances. Specific Reserves have also been established to provide for future or predicted liabilities. A statement detailing our earmarked reserves is set out at Note 9 to the Statement of Accounts.

A summarised comparison of the Fire Authority's expenditure for the year to the budget is presented in the table on page 8. A reconciliation between the figures shown in this table and the Comprehensive Income and Expenditure Statement is shown in the Expenditure and Funding Analysis on page 10.

The table below shows the cash movements to reconcile with that in the Movement in Reserves Statement (page 13).

	<b>£000's</b>
General reserve balance as at 31st March 2019	2,506
Transfer from Revenue C/forwards Reserve	678
General reserve balance as at 31st March 2020	3,184

The Fire Authority undertook a wholetime recruitment campaign to ensure that operational firefighter numbers remained above or at the budgeted position. Owing to the lead time required to train firefighters and the estimated retirement profile over the next 18 months, additional firefighters over that budgeted were recruited. A separate reserve was earmarked to fund the additional cost and will be applied as is required. No application of this reserve was applied in 2019/20, owing to underspends elsewhere in the budget.

The primary underspend against the budget related to supplies and services. IT & communication expenses were underspent as the service is moving to new software providers and these projects will be delivered in 2020/21. The remaining underspend, after offsetting the cost of additional firefighters, has been applied to fund capital expenditure.



## Summary Financial Table

Description	Revised Budget £	Actual to Date £	Variance £	Variance %
Full Time Firefighters	12,602	12,708	106	0.84%
Control Room Staff	1,549	1,613	64	4.13%
Local Govt. Employees	3,569	3,410	-159	-4.46%
Senior Management (Hay)	3,007	3,087	80	2.66%
Recruitment & Training	627	516	-111	-17.70%
Fire Allowances	617	691	74	11.99%
<b>EMPLOYEE COSTS</b>	<b>21,971</b>	<b>22,023</b>	<b>51</b>	<b>0.23%</b>
Property Maintenance	368	407	39	10.60%
Insurance	80	50	-30	-37.50%
Energy Costs	305	269	-36	-11.80%
Cleaning	160	149	-11	-6.88%
Rents & Rates	689	677	-12	-1.74%
<b>PREMISES</b>	<b>1,602</b>	<b>1,551</b>	<b>-51</b>	<b>3.18%</b>
Car & Cycle Allowances	70	89	19	27.14%
Vehicle Running Expenses	291	278	-13	-4.47%
Vehicle Insurance	142	134	-8	-5.63%
<b>TRANSPORT AND MOVEABLE PLANT</b>	<b>502</b>	<b>500</b>	<b>-2</b>	<b>0.40%</b>
Office Expenses	358	245	-113	-31.56%
IT & Communications Equip.	2,167	1,745	-422	-19.47%
Fire Equipment	325	358	33	10.15%
Uniforms & Clothing	535	448	-87	-16.26%
Other Supplies & Services	1,439	1,110	-329	-22.86%
<b>SUPPLIES AND SERVICES</b>	<b>4,824</b>	<b>3,906</b>	<b>-918</b>	<b>19.03%</b>
Debt Charges	2,142	2,338	196	9.15%
External Interest	-90	-123	-33	36.67%
<b>CAPITAL FINANCING</b>	<b>2,052</b>	<b>2,216</b>	<b>164</b>	<b>7.99%</b>
<b>CONTROLLABLE EXPENDITURE</b>	<b>30,950</b>	<b>30,196</b>	<b>-754</b>	<b>2.44%</b>
Other Income	-1,375	-1,852	-477	34.69%
Other Government Grants	-1,805	-1,835	-30	1.66%
<b>CONTROLLABLE INCOME</b>	<b>-3,180</b>	<b>-3,688</b>	<b>-508</b>	<b>15.97%</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>27,771</b>	<b>26,508</b>	<b>-1,262</b>	<b>4.54%</b>
Pensions - Injury Awards	633	665	32	5.06%
Operational Fire Budget	3,139	3,051	-88	-2.80%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>3,772</b>	<b>3,716</b>	<b>-57</b>	<b>1.51%</b>
<b>NET EXPENDITURE</b>	<b>31,543</b>	<b>30,224</b>	<b>-1,319</b>	<b>4.18%</b>
Grant/Precept Income	-29,168	-29,845	-677	
Transfers to/from earmarked reserves	-2,375	-1,056	1,319	
Year end transfer to Capital Reserve		0	0	
<b>CONTRIBUTIONS</b>	<b>-31,543</b>	<b>-30,901</b>	<b>642</b>	
<b>CONTRIBUTION TO GENERAL RESERVE</b>	<b>0</b>	<b>-677</b>	<b>-677</b>	

## Capital Spending

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

<b>Expenditure</b>	£000's	£000's
Vehicles	668	
IT & Equipment	181	
Building Works	857	
Assets Under Construction	524	
		2,230
<b>Financed By</b>		
Application of Capital		
Receipts	162	
Revenue		
Contribution	2,068	
		2,230

This vehicles expenditure covers the purchase of operational and non-operational vehicles. During the year the Fire Authority commenced the build of two new aerial appliances and purchased 32 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 imaging camera's, and other rescue equipment.

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

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

## 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 and
- complied with the Code.

The Treasurer has also:

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

Matthew Warren CPFA  
Treasurer

Date:

## Expenditure and Funding Analysis

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

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

Net Expenditure Chargeable to the General Fund Balance	2018/19 Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	2019/20 Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£000	£000	£000	£000	£000	£000	
23,541	11,489	35,030	Employee Costs	25,404	(46)	25,358
1,584	0	1,584	Premises Costs	1,551	0	1,551
729	0	729	Transport and Plant	749	0	749
4,435	0	4,435	Supplies and Services	4,016	0	4,016
0	3,762	3,762	Depreciation and Amortisation	0	2,384	2,384
0	(1,934)	(1,934)	Other Income	0	(1,778)	(1,778)
30,289	13,317	43,606	Net Cost of Services	31,720	560	32,280
(28,799)	8,649	(20,150)	Other Income and Expenditure	(31,340)	7,948	(23,392)
1,490	21,966	23,456	Surplus or Deficit on Provision of Services	380	8,508	8,888
(12,505)			Opening Combined General Fund Balance	(11,015)		
1,490			Plus / less Surplus or Deficit on the General Fund Balance for the Year (Statutory basis)	380		
(11,015)			Closing Combined General Fund Balance	(10,635)		

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Fire Authority raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

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## Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un- applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2019</b>	<b>(2,506)</b>	<b>(8,509)</b>	<b>(11,015)</b>	<b>(1,376)</b>	<b>(2,587)</b>	<b>(14,978)</b>	<b>301,811</b>	<b>286,833</b>
<b>Movement in reserves during 2018/19</b>								
Surplus or deficit on the provision of services	8,887		8,887			8,887		8,887
Other Comprehensive Income / Expenditure							(44,887)	(44,887)
<b>Total Comprehensive Income and Expenditure</b>	<b>8,887</b>	<b>0</b>	<b>8,887</b>			<b>8,887</b>	<b>(44,753)</b>	<b>(35,866)</b>
Adjustments between accounting basis and funding basis under regulations	(8,509)		(8,509)	57	0	(8,452)	8,452	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>378</b>	<b>0</b>	<b>378</b>	<b>57</b>	<b>0</b>	<b>435</b>	<b>(36,264)</b>	<b>(35,829)</b>
Transfers to / from Earmarked Reserves	(1,057)	1,057	0			0	0	0
<b>Increase or Decrease in 2018/19</b>	<b>(679)</b>	<b>1,057</b>	<b>378</b>	<b>57</b>	<b>0</b>	<b>435</b>	<b>(36,264)</b>	<b>(35,829)</b>
<b>Balance at 31 March 2020</b>	<b>(3,185)</b>	<b>(7,452)</b>	<b>(10,637)</b>	<b>(1,319)</b>	<b>(2,587)</b>	<b>(14,543)</b>	<b>265,546</b>	<b>251,003</b>

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Un- applied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 31 March 2018</b>	(2,472)	(10,033)	(12,505)	(1,433)	(2,586)	<b>(16,524)</b>	283,223	<b>266,699</b>
<b>Movement in reserves during 2017/18</b>								
Surplus or deficit on the provision of services	23,456	-	23,456	-	-	<b>23,456</b>	-	<b>23,456</b>
Other Comprehensive Income / Expenditure	-	-	-	-	-	-	(3,322)	<b>(3,322)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>23,456</b>	-	<b>23,456</b>	-	-	<b>23,456</b>	<b>(3,322)</b>	<b>20,134</b>
Adjustments between accounting basis and funding basis under regulations	(21,966)	-	(21,966)	57	(1)	<b>(21,910)</b>	21,910	-
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>1,490</b>	-	<b>1,490</b>	<b>57</b>	<b>(1)</b>	<b>1,546</b>	<b>18,588</b>	<b>20,134</b>
Transfers to / from Earmarked Reserves	(1,524)	1,524	-	-	-	-	-	-
<b>Increase or Decrease in 2018/19</b>	<b>(34)</b>	<b>1,524</b>	<b>1,490</b>	<b>57</b>	<b>(1)</b>	<b>1,546</b>	<b>18,588</b>	<b>20,134</b>
<b>Balance at 31 March 2018</b>	<b>(2,506)</b>	<b>(8,509)</b>	<b>(11,015)</b>	<b>(1,376)</b>	<b>(2,587)</b>	<b>(14,978)</b>	<b>301,811</b>	<b>286,833</b>

## Balance Sheet

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

31 March 2019		31 March 2020	
£000			£000
41,708	Property, Plant and Equipment	Note 11	41,639
217	Intangible Assets	Note 12	487
<b>41,925</b>	<b>Long Term Assets</b>		<b>42,126</b>
10,257	Short-Term Investments	Note 13	11,249
7	Inventories		10
4,502	Short-Term Debtors	Note 15	2,423
3,370	Cash and Cash Equivalents	Note 16	4,197
<b>18,136</b>	<b>Current Assets</b>		<b>17,879</b>
(16)	Short-Term Borrowing	Note 13	(15)
(2,921)	Short-Term Creditors	Note 17	(3,283)
(450)	Provisions		(492)
<b>(3,387)</b>	<b>Current Liabilities</b>		<b>(3,790)</b>
(638)	Long-Term Creditors	Note 13	(637)
(3,200)	Long-Term Borrowing	Note 13	(3,200)
(339,669)	Other Long-Term Liabilities	Note 29	(303,381)
<b>(343,507)</b>	<b>Long Term Liabilities</b>		<b>(307,218)</b>
<b>(286,833)</b>	<b>Net Assets</b>		<b>(251,003)</b>
(14,978)	Usable Reserves	Note 18	(14,543)
301,811	Unusable Reserves	Note 19	265,546
<b>286,833</b>	<b>Total Reserves</b>		<b>251,003</b>



## Cash Flow Statement

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

<b>2018/19</b>		<b>2019/20</b>	
<b>£000</b>		<b>£000</b>	
23,456	Net (surplus) or deficit on the provision of services	8,887	
(23,718)	Adjustment to surplus or deficit on the provision of services for noncash movements	(12,944)	
115	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	105	
<b>(147)</b>	<b>Net cash flows from operating activities</b>	<b>(3,952)</b>	
1,465	Net cash flows from investing activities	3,125	
<b>1,318</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(827)</b>	
4,688	Cash and cash equivalents at the beginning of the reporting period	3,370	
<b>3,370</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,197</b>	

## Note 1 - Accounting Policies

### A1.1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the financial year and its position at the year-end. The Fire Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom for 19/20, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year.

### A1.2 Accruals of Income and Expenditure

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

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

### A1.3 Cash and Cash Equivalents

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

### A1.4 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 period adjustment.

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

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

#### A1.5 Charges to Revenue for Non-current Assets

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

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

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

#### A1.6 Employee Benefits

##### Benefits Payable During Employment

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

##### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Fire Authority to terminate an officer's employment before the normal retirement date or an officer's decision

to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Fire Authority is demonstrably committed to the termination of employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

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

#### Post-employment Benefits

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

- The Local Government Pension Scheme for non-uniformed and control room employees, administered by Cambridgeshire County Council. This is a funded scheme, meaning that the Fire Authority and employee pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The four Firefighters Pension schemes for uniformed employees. A separate account detailing the 2019/20 transactions and liabilities is shown within the Firefighter Pension Fund Account.

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

- The liabilities of the Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet, along with those of the Firefighters' schemes, on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.3% (based on the indicative rate of return on high quality AA rated corporate bonds).
- There are no assets in the Firefighters schemes. The assets of Cambridgeshire County Council pension fund attributable to the Fire Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

The change in the net pensions liability is analysed into the following components:

- current service cost – the increase in the present value of a defined benefit obligation (liability) resulting from employee service in the current period. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service costs – the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan (scheme) amendment (i.e. the introduction or withdrawal of, or change to, a defined benefit plan) or a curtailment (i.e. a significant reduction by the Fire Authority in the number of employees covered by a plan). It is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- any gain or loss on settlements – a settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions. However, if the plan is replaced by a new plan that offers benefits that are, in substance, the same, the termination of a plan is not a settlement.
- net interest on the net defined benefit pensions' liability – the change during the period in the net defined benefit liability that arises from the passage of time. The net interest on the net defined benefit liability comprises the interest income on plan assets and interest cost on the defined benefit obligation. It is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - return on plan assets – excluding amounts included in net interest on the net defined benefit liability – This is defined as interest, dividends and other income derived from the plan assets, together with realised and unrealised gains and losses on the plan assets, less:
    - any costs of managing plan assets, and
    - any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

It is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Cambridgeshire County Council pension fund and Firefighters' funds – amounts paid by the employer to reduce scheme liabilities

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement

benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

#### Discretionary Benefits

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

#### A1.7 Financial Instruments

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

##### Financial Liabilities

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

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

##### Financial Assets

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

The Fire Authority has no Available for Sale Assets.

#### A1.8 Government Grants and Contributions

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

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

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

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

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

#### A1.9 Property, Plant and Equipment

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

##### Recognition

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

##### Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

### Impairment

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

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

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

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

### Depreciation



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

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

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation, of each class of assets in the Balance Sheet, over the useful life of the asset as advised by a suitably qualified officer

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

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

#### Disposals

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

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

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

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

#### A1.10 Reserves

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure

Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

## Note 2 - Accounting Standards Issued, Not Adopted

Accounting standards that have been issued but not adopted

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

- Annual Improvements to IFRS Standards 2015 – 2017 cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The Fire Authority will continue to assess the impact of the relevant future standards above in order to determine whether there would be any material changes to the accounts if they were to be adopted.

## Note 3 - Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Fire Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Fire Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The fair value of the PWLB loan is disclosed in the accounts using the new loan rate from the market rather than the premature loan rate from PWLB. The new loan rate is felt to be more appropriate to use as there is no intention to repay the loan early. This treatment is consistent to that in previous years. The difference between the two is £2.292m based on the differing calculation methods.

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

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

The items in the Fire Authority's Balance Sheet at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Land and Buildings (Carrying value £33,619K)

- Based on this year's movements in indices and revaluations the valuations in following years could have a material impact.
- The effect of a 1% difference in revaluations would equal £336k.

Pensions Liability (Carrying value £303,381K)

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fire Authority with expert advice about the assumptions to be applied.
- The effect on net pension's liability of changes in individual assumptions can be measured. Assumptions are detailed in note 29.

## Note 5 - Events After the Balance Sheet Date

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

## Note 6 – Note to the Expenditure and Funding Analysis

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
2019/20	£000	£000	£000	£000
Employee Costs	-	(210)	164	(46)
Depreciation and Amortisation	2,384	-	-	2,384
Other Income	-	-	(1,778)	(1,778)
<b>Net Cost of Services</b>	<b>2,384</b>	<b>(210)</b>	<b>(1614)</b>	<b>560</b>
Other Income and Expenditure	-	8,120	(172)	7,948
	<b>2,384</b>	<b>7,910</b>	<b>(1,786)</b>	<b>8,508</b>
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>				

	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Statutory Adjustments	Total Adjustments
2018/19	£000	£000	£000	£000
Employee Costs	-	11,414	75	11,489
Depreciation and Amortisation	3,762	-	-	3,762
Other Income	-	-	(1,934)	(1,934)
<b>Net Cost of Services</b>	<b>3,762</b>	<b>11,414</b>	<b>(1,859)</b>	<b>13,317</b>
Other Income and Expenditure	-	8,850	(201)	8,649
	<b>3,762</b>	<b>20,264</b>	<b>(2,060)</b>	<b>21,966</b>
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>				

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

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

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

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

## Note 7 - Adjustments between Accounting Basis and Funding Basis under Regulations

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

- **General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Fire Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

- **Capital Receipts Reserve** - The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

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

<b>2019/2020</b>	<b>General Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movement in Unusable Reserves £000</b>
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(7,910)			7,910
Council tax and NDR (transfers to or from the Collection Fund)	(166)			166
Holiday pay (transferred to the Accumulated Absences reserve)	(164)			164
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,548)		0	2,548
<b>Total Adjustments to Revenue Resources</b>	<b>(10,789)</b>	<b>0</b>	<b>0</b>	<b>10,789</b>

#### Adjustments between Revenue and Capital Resources

Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	105	(105)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	124			(124)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,051			(2,051)
Total Adjustments between Revenue and Capital Resources	2,280	(105)	0	(2,175)

#### Adjustments to Capital Resources

Use of the Capital Receipts Reserve to finance capital expenditure		162		(162)
Total Adjustments to Capital Resources	0	162	0	(162)

<b>Total Adjustments</b>	<b>(8,509)</b>	<b>57</b>	<b>0</b>	<b>8,452</b>
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<b>2018/2019</b>	<b>General Fund Balance £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movement in Unusable Reserves £000</b>
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#### Adjustments to the Revenue Resources

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

Pension cost (transferred to (or from) the Pensions Reserve)	(20,264)	-	-	20,264
Council tax and NDR (transfers to or from the Collection Fund)	(228)	-	-	228
Holiday pay (transferred to the Accumulated Absences reserve)	(75)	-	-	75
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,251)	-	(1)	4,251
Total Adjustments to Revenue Resources	(24,818)	-	(1)	24,818

#### Adjustments between Revenue and Capital Resources

Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	115	(115)	-	-
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	129	-	-	(129)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,608	-	-	(2,608)
Total Adjustments between Revenue and Capital Resources	2,852	(115)	-	(2,738)

#### Adjustments to Capital Resources

Application of capital grants to finance capital expenditure	-	171	-	(171)
Total Adjustments to Capital Resources	-	171	-	(171)

<b>Total Adjustments</b>	<b>(21,966)</b>	<b>57</b>	<b>(1)</b>	<b>21,909</b>
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## Note 8 - Transfers to/from Earmarked Reserves

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

	Balance at 1 April 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31 March 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31 March 2020
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund Reserves:</b>							
Community Safety Reserve	(200)	-	-	(200)	0	0	(200)
Revenue Pension Reserve	(824)	-	-	(824)	0	301	(523)
On Call Operations Reserve	(975)	-	-	(975)	0	0	(975)
Property Development Reserve	(4,444)	-	-	(4,444)	0	0	(4,444)
Revenue C/Forwards Reserve	(3,590)	(2,039)	3,563	(2,066)	(1,282)	2,038	(1,310)
<b>Total General Fund</b>	<b>(10,033)</b>	<b>(2,038)</b>	<b>3,563</b>	<b>(8,509)</b>	<b>(1,282)</b>	<b>2,339</b>	<b>(7,452)</b>

## Note 9 - Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
141	Interest payable and similar charges	140
8,850	Net interest on the net defined benefit liability (asset)	8,120
(110)	Interest receivable and similar income	(123)
<b>8,881</b>	<b>Total</b>	<b>8,137</b>

## Note 10 - Taxation and Non-Specific Grant Income

2018/19 £000		2019/20 £000
(19,163)	Council tax income	(20,367)
(6,813)	Non-domestic rates income and expenditure	(6,860)
(3,344)	Non-ringfenced government grants	(4,287)
<b>(29,319)</b>	<b>Total</b>	<b>(31,514)</b>



## Note 11 - Property, Plant and Equipment

### Movements to 31 March 2020

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
<b>at 1 April 2019</b>	32,816	19,203	117	<b>52,136</b>
Additions	857	806	218	<b>1,881</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	163	0	0	<b>163</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(239)	0	0	<b>(239)</b>
Derecognition – disposals	(95)	(700)	0	<b>(795)</b>
Reclassifications and transfer	117	0	(117)	<b>0</b>
<b>at 31 March 2020</b>	<b>33,619</b>	<b>19,309</b>	<b>218</b>	<b>53,146</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>at 1 April 2019</b>	0	(10,427)	0	<b>(10,427)</b>
Depreciation charge	(525)	(1,711)	0	<b>(2,236)</b>
Depreciation written out to the Revaluation Reserve	149	0	0	<b>149</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	207	0	0	<b>207</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	170	0	0	<b>170</b>
Derecognition – disposals	0	631	0	<b>631</b>
<b>at 31 March 2020</b>	<b>1</b>	<b>(11,507)</b>	<b>0</b>	<b>(11,506)</b>
<b>Net Book Value</b>				
<b>at 31 March 2020</b>	<b>33,620</b>	<b>7,802</b>	<b>218</b>	<b>41,640</b>
<b>at 31 March 2019</b>	<b>32,816</b>	<b>8,775</b>	<b>117</b>	<b>41,708</b>

# **Movements to 31 March 2019**

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
<b>at 1 April 2018</b>	32,893	19,190	974	<b>53,057</b>
Additions	1,145	1,210	117	<b>2,472</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	291	-	-	<b>291</b>
Derecognition – disposals	(1,297)	-	-	<b>(1,297)</b>
Reclassifications and transfer	(325)	(2,063)	-	<b>(2,388)</b>
<b>at 31 March 2018</b>	109	865	(974)	-
	<b>32,816</b>	<b>19,202</b>	<b>117</b>	<b>52,135</b>
<b>Accumulated Depreciation and Impairment</b>				
<b>at 1 April 2018</b>				
Depreciation charge	(46)	(10,405)	-	<b>(10,451)</b>
Depreciation written out to the Revaluation Reserve	(599)	(1,922)	-	<b>(2,521)</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	240	-	-	<b>240</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	260	-	-	<b>260</b>
Derecognition – disposals	145	-	-	<b>145</b>
<b>at 31 March 2019</b>	-	1,900	-	<b>1,900</b>
<b>Net Book Value</b>	-	<b>(10,427)</b>	-	<b>(10,427)</b>
<b>at 31 March 2019</b>	<b>32,816</b>	<b>8,775</b>	<b>117</b>	<b>41,708</b>
<b>at 31 March 2018</b>	<b>32,847</b>	<b>8,785</b>	<b>974</b>	<b>42,606</b>

## Property, Plant and Equipment Revaluations

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Total
	£000	£000	£000
<b>Carried at historical cost</b>	-	7,803	7,803
<b>Valued at current value as at:</b>			
<b>31/03/2020</b>	33,619	0	33,619
<b>Total Cost or Valuation</b>	<b>33,619</b>	<b>7,803</b>	<b>41,422</b>

Valuations of all the Authority's property was carried out by the Appointed Valuer, Wilks, Head and Eve, by a Surveyor with a RICS qualification with an effective revaluation date of 31 March 2020.

The Valuer's general assumptions in regard to costs are that our valuations have been provided in gross form and do not include an allowance for purchaser's costs at the appropriate rate. The Valuer would expect purchaser's cost to be in the region of 0.5% and 5.0% dependant on the overall value of the asset and property type. The Valuer has made no allowance for any vendor's costs or taxation (actual or notional) nor has any allowance been made for any capital or annual grants or incentives to which a purchaser may be entitled. The Valuer has not been asked by the Fire Authority to specifically reflect these costs separately.

## Note 12 - Intangible Assets

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

<b>31st March 2019</b>		<b>31st March 2020</b>
<b>Total</b>		<b>Total</b>
<b>£000</b>		<b>£000</b>
	Balance at start of year:	
2,509	Gross carrying amounts	1,833
(2,305)	Accumulated amortisation	(1,615)
<b>204</b>	<b>Net carrying amount at start of year</b>	<b>218</b>
	Additions:	
107	Purchases	348
(783)	Other disposals	(13)
(94)	Amortisation for the period	(80)
783	Amortisation written off on disposal	13
<b>217</b>	<b>Net carrying amount at end of year</b>	<b>486</b>
	Comprising:	
1,833	Gross carrying amounts	2,168
(1,616)	Accumulated amortisation	(1,682)
<b>217</b>	<b>Total</b>	<b>486</b>

## Note 13 - Financial Instruments

	Current Financial Assets						
	Investments		Debtors		Cash		Total
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019	31 March 2020	31 March 2020 £000
Amortised cost	10,257	11,249	443	338	3,370	4,197	15,784
<b>Total financial assets</b>	<b>10,257</b>	<b>11,249</b>	<b>443</b>	<b>338</b>	<b>3,370</b>	<b>4,197</b>	<b>15,784</b>

	Non-Current Financial Liabilities				
	Borrowings		Creditors		Total
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2020 £000
Amortised cost	(3,200)	(3,200)	(638)	(637)	(3,837)
<b>Total financial liabilities</b>	<b>(3,200)</b>	<b>(3,200)</b>	<b>(638)</b>	<b>(637)</b>	<b>(3,837)</b>

	Current Financial Liabilities				
	Borrowings		Creditors		Total
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2020 £000
Amortised cost	(16)	(15)	(2,409)	(2,843)	(2,858)
<b>Total financial liabilities</b>	<b>(16)</b>	<b>(15)</b>	<b>(2,409)</b>	<b>(2,843)</b>	<b>(2,858)</b>

## Note 14 - Financial Instruments - Fair Value

### Fair Values of Assets and Liabilities

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

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

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

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

#### **Financial Liabilities**

	31 March 2019		31 March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities held at Amortised Cost	(3,200)	(4,777)	(3,200)	(4,532)
<b>Total</b>	<b>(3,200)</b>	<b>(4,777)</b>	<b>(3,200)</b>	<b>(4,532)</b>

The value of the liabilities is greater than the carry amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. Due to the short term repayment periods of the Authority's Assets the difference between the carrying value (in Note 13) and the fair value is immaterial.

## Note 15 - Debtors

<b>31 March 2019 £000</b>		<b>31 March 2020 £000</b>
431	Trade Receivables	336
477	Prepayments	831
3,594	Other Receivable Amounts	1,256
<b>4,502</b>	<b>Total</b>	<b>2,423</b>

## Note 16 - Cash and Cash Equivalents

31 March 2019 £000	31 March 2020 £000
17 Cash and Bank balances	11
3,353 Short Term Deposits	4,186
<b>3,370 Total Cash and Cash Equivalents</b>	<b>4,197</b>

## Note 17 - Creditors

31 March 2019 £000	31 March 2020 £000
(42) Trade payables	(549)
(2,879) Other payables	(2,734)
<b>(2,921) Total Creditors</b>	<b>(3,283)</b>

## Note 18 - Usable Reserves

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

### Capital Receipts Reserve

31 March 2019		31 March 2020
£000		£000
(1,433)	Balance 1 April	(1,376)
(115)	Capital Receipts in year	(105)
171	Capital Receipts used for financing	162
<b>(1,377)</b>	<b>Balance 31 March</b>	<b>(1,319)</b>

### Capital Grants Unapplied

31 March 2019		31 March 2020
£000		£000
(2,586)	Balance 1 April	(2,587)
(1)	Capital grants recognised in year	0
-	Capital grants and contributions applied	0
<b>(2,587)</b>	<b>Balance 31 March</b>	<b>(2,587)</b>

## Note 19 - Unusable Reserves

31 March 2019		31 March 2020
£000		£000
(14,771)	Revaluation Reserve	(15,119)
(23,469)	Capital Adjustment Account	(23,428)
339,669	Pension Reserve	303,381
-	Collection Fund Adjustment Account	166
382	Accumulated Absences Account	546
<b>301,811</b>	<b>Total</b>	<b>265,546</b>



## Revaluation Reserve

31 March 2019 £000		31 March 2020 £000
(14,321)	<b>Balance 1 April</b>	(14,771)
(787)	Upward revaluation of assets	(363)
-	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(155)
<b>(787)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(518)</b>
117	Difference between fair value depreciation and historical cost depreciation	167
191	Accumulated gains on assets sold or scrapped	3
<b>307</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>170</b>
29	Other movements to Other Comprehensive Income and Expenditure	0
<b>(14,771)</b>	<b>Balance 31 March</b>	<b>(15,119)</b>

## Capital Adjustment Account

31 March 2019 £000		31 March 2020 £000
(24,504)	<b>Balance 1 April</b>	(23,469)
2,375	Charges for depreciation and impairment of non-current assets	2,065
1,297	Revaluation losses on non-current assets	239
94	Amortisation of intangible assets	80
488	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	164
4,254	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	2,548
(311)	Adjusting Amounts written out of the Revaluation Reserve	(170)
3,943	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	2,378
(171)	Use of Capital Receipts Reserve to finance new capital expenditure	(162)
-	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
(129)	Statutory provision for the financing of capital investment charged against the General Fund	(124)
(2,608)	Capital expenditure charged against the General Fund balances	(2,051)
(2,908)	<b>Capital financing applied in year:</b>	<b>(2,337)</b>
<b>(23,469)</b>	<b>Balance 31 March</b>	<b>(23,428)</b>

## Pension Reserve

31 March 2019 £000		31 March 2020 £000
321,969	Balance 1 April	339,669
(2,564)	Remeasurements of the net defined benefit (liability)/asset	(44,198)
28,428	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	16,292
(8,164)	Employer's pensions contributions and direct payments to pensioners payable in the year	(8,382)
<b>339,669</b>	<b>Balance 31 March</b>	<b>303,381</b>

## Note 20 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2019 £000		31 March 2020 £000
(126)	Interest received	(179)
141	Interest paid	149
<b>15</b>	<b>Total</b>	<b>(30)</b>

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

31 March 2019 £000		31 March 2020 £000
(2,555)	Depreciation	(2,235)
(1,114)	Impairment and downward valuations	(69)
(94)	Amortisation	(80)
(69)	(Increase)/decrease in creditors	(362)
904	Increase/(decrease) in debtors	(2,079)
5	Increase/(decrease) in inventories	2
(20,264)	Movement in pension liability	(7,910)
(488)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(164)
(43)	Other non-cash movements charged to the surplus or deficit on provision of services	(49)
<b>(23,718)</b>	<b>Total</b>	<b>(12,946)</b>

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

31 March 2019 £000		31 March 2020 £000
115	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	105
<b>115</b>	<b>Total</b>	<b>105</b>

## Note 21 - Cash Flow from Investing Activities

31 March 2019 £000		31 March 2020 £000
2,580	Purchase of property, plant and equipment, investment property and intangible assets	2,230
21,230	Purchase of short-term and long-term investments	22,460
(115)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(105)
(22,230)	Proceeds from short-term and long-term investments	(21,460)
<b>1,465</b>	<b>Net cash flows from investing activities</b>	<b>3,125</b>

## Note 22 - Members' Allowances

31 March 2019 £000		31 March 2020 £000
39	Salaries	40
35	Allowances	36
2	Expenses	1
<b>76</b>	<b>Total Members' Allowances</b>	<b>77</b>

## Note 23 - Officers' Remuneration

### Senior Officer Remuneration

		Salary, Fees and Allowances	Other Payments	Expenses Allowances	Pension Contribution	Total
2019/20		£	£	£	£	£
Chief Fire Officer - C Strickland	2019/20	148,583	0	78	0	<b>148,661</b>
	2018/19	145,670	0	65	0	<b>145,735</b>
Assistant Chief Fire Officer - R Hylton	2019/20	0	0	0	0	<b>0</b>
	2018/19	119,052	0	65	17,024	<b>136,142</b>
Deputy Chief Executive & Treasurer to the Fire Authority - M Warren	2019/20	129,543	0	11,289	24,095	<b>164,927</b>
	2018/19	127,203	0	9,758	23,623	<b>160,583</b>
Assistant Chief Fire Officer - J Anderson	2019/20	124,285	2,660	78	22,499	<b>149,522</b>
	2018/19	0	0	0	0	<b>0</b>
Total	2019/20	<b>402,411</b>	<b>2,660</b>	<b>11,445</b>	<b>46,594</b>	<b>463,110</b>
	2018/19	<b>391,925</b>	<b>0</b>	<b>9,888</b>	<b>40,647</b>	<b>442,460</b>

## Officer Remuneration

### Number of Employees

	2018/19	2019/20
£50,001 to £55,000	16	17
£55,001 to £60,000	20	25
£60,001 to £65,000	0	3
£65,001 to £70,000	6	3
£70,001 to £75,000	2	4
£80,001 to £85,000	2	1
£85,001 to £90,000	1	2
<b>Total</b>	<b>47</b>	<b>55</b>

## Exit Packages

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band (£)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0-£20,000	0	0	2	9	2	9	12,420	30,069
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>2</b>	<b>9</b>	<b>12,420</b>	<b>30,069</b>

The Expenses Allowances column reflects Benefits in Kind (e.g. Car Allowance). No figures required for Assistant Fire chief Fire Officer R Hylton due to being employed by another authority from 1st April 2019.

For 2019/20 part of the Treasurer's total remuneration, amounting to £9.5k, was recharged to the Cambridgeshire Police & Crime Commissioner for work on their behalf.

## Note 24 - External Audit Costs

2018/19		2019/20
£000		£000
27	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	25
<b>27</b>	<b>Total</b>	<b>25</b>

## Note 25 - Grant Income

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

31 March 2019 £000		31 March 2020 £000
(3,140)	Revenue Support Grant	(2,750)
(190)	New Burdens Grant	(195)
(14)	Other Minor Grants	(6)
-	Home Office Grant	(1,335)
<b>(3,344)</b>	<b>Total</b>	<b>(4,286)</b>

## Note 26 - Related Parties

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

During the year Deputy Chief executive held the position of Chief Financial Officer (CFO) for the Police and Crime Commissioner. Cambridgeshire and Peterborough Fire Authority received £10k during the year in relation to Local Resilience contributions, rental income and the recharge for the CFO. The yearend debtor balance as at 31/03/20 was £0k.

### 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 2020 are included in Note 17.

### Members

Members of the Fire Authority have direct control over the Fire Authority's financial and operating policies. The total of member's allowances paid in 2019/20 is shown in note 26. 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 2019/20 and there are no material transactions to disclose, (Nil in 2018/19). 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 2019/20 and there are no material transactions to disclose, (Nil in 2018/19).

## Note 27 - Capital Expenditure and Capital Financing

### Capital Expenditure and Capital Financing

31 March 2019 £000		31 March 2020 £000
3,101	Opening Capital Financing Requirement	2,772
	Capital Investment:	
2,472	Property Plant and Equipment	1,881
107	Intangible Assets	348
<b>2,579</b>	<b>Total Capital Spending</b>	<b>2,229</b>
	Sources of Finance:	
(171)	Capital receipts	(162)
-	- Government Grants and other contributions	-
	Sums set aside from revenue:	
(2,608)	- Direct revenue contributions	(2,051)
(129)	- Minimum revenue provision	(124)
<b>(2,908)</b>	<b>Total Sources of Finance</b>	<b>(2,337)</b>
<b>2,772</b>	<b>Closing Capital Financing Requirement</b>	<b>2,666</b>

### Explanation of movements in year

31 March 2019 £000		31 March 2020 £000
(329)	Increase in underlying need to borrow (unsupported by government financial assistance)	(108)
<b>(329)</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(108)</b>

## Note 28 - Leases

### Parkside Fire Station

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

On completion of the development the fire station was leased back to the Fire Authority in July 2013 for 999 years on a peppercorn rent.

### 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 2019 £000	31 March 2020 £000
7,011 Other Land and Buildings	6,923
<b>7,011 Total</b>	<b>6,923</b>

## Note 29 - Defined Benefit Pension Scheme

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

The Fire Authority participates in five post employment schemes:

The Local Government Pension Scheme 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 pension's liabilities with investment assets.

There are four Firefighters' Pension schemes for uniformed employees. These are unfunded defined benefit schemes. The Firefighters' pension schemes have no assets. The total contributions, by both current members and the Fire Authority, are used to fund payments to the current pensioners regardless of which scheme they are in. A separate account detailing the 2019/20 transactions and liabilities is shown within the Firefighters' Pension Fund Account note.

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

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

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

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

The actuarial value of the fund's liabilities as at 31 March 2020, in accordance with International Accounting Standard (IAS) 19, was completed by the Government's Actuary Department on 31 March 2020, and subject to triennial valuation.

Transactions relating to retirement benefits



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

The Employer contributions figure includes the relief from MHCLG (Top-up Grant). The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2021 will be £1,369k. Expected contributions to the Firefighters' Pension Scheme in the year to 31 March 2021 are £3,202k.

#### General Fund Transactions

2018/19				2019/20			
Firefighters LGPS Main Scheme	Firefighters Injury Pensions	Total		Firefighters LGPS Main Scheme	Firefighters Injury Pensions	Total	
£000	£000	£000	£000	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>							
<b>Cost of Services</b>							
2,000	5,200	700	7,900	2,372	5,100	700	8,172
178	11,500	-	11,678	0	0	0	0
350	7,800	700	8,850	420	7,000	700	8,120
<b>2,528</b>	<b>24,500</b>	<b>1,400</b>	<b>28,428</b>	<b>2,792</b>	<b>12,100</b>	<b>1,400</b>	<b>16,292</b>
<b>Total charged to Surplus and Deficit on Provision of Services</b>							
<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>							
£000	£000	£000	£000	£000	£000	£000	£000
(1,328)	-	-	(1,328)	2,369	0	0	2,369
6	(6,900)	900	(5,994)	(2,854)	2,400	0	(454)
-	(25,900)	3,100	(22,800)	(1,248)	(10,000)	0	(11,248)
4,558	26,200	(3,200)	27,558	(6,065)	(28,900)	100	(34,865)

3,236	(6,600)	800	(2,564)	Total charged to Other Comprehensive Income and Expenditure Statement	(7,798)	(36,500)	100	(44,198)
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5,764	17,900	2,200	25,864	Total charged to the Comprehensive Income and Expenditure Statement	(5,006)	(24,400)	1,500	(27,906)
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2018/19				2019/20			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total	LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
£000	£000	£000	£000	£000	£000	£000	£000
(2,528)	(24,500)	(1,400)	(28,428)	(2,792)	(12,100)	(1,400)	(16,292)

Reversal of net charges made to the Surplus or Deficit on the Provision of Services

Actual amount charged against the general fund balance for pensions in the year:

Employers' contributions payable to scheme

2018/19				2019/20			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total	LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
£000	£000	£000	£000	£000	£000	£000	£000
(53,861)	(294,800)	(27,900)	(376,561)	(46,761)	(263,800)	(28,800)	(339,361)
36,892	-	-	36,892	36,180	(200)	0	35,980
(16,969)	(294,800)	(27,900)	(339,669)	(10,581)	(264,000)	(28,800)	(303,381)

Pensions Assets and Liabilities Recognised in the Balance Sheet

Present value of the defined obligation

Fair value of plan assets

Net (liability) / asset arising from the defined benefit obligation

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2018/19				2019/20			
Firefighters Injury Pensions				Firefighters Injury Pensions			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total	LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total
£000	£000	£000	£000	£000	£000	£000	£000
33,873	-	-	33,873	36,892	0	0	36,892
924	-	-	924	896	0	0	896
1,328	-	-	1,328	(2,369)	0	0	(2,369)
1,364	6,200	600	8,164	1,382	6,400	600	8,382
351	1,400	-	1,751	362	1,400	0	1,762
(948)	(7,600)	(600)	(9,148)	(983)	(8,000)	(600)	(9,583)
<b>36,892</b>	<b>-</b>	<b>-</b>	<b>36,892</b>	<b>36,180</b>	<b>(200)</b>	<b>0</b>	<b>35,980</b>

2018/19				Movements in the Fair Value of Scheme Liabilities				2019/20			
LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total		LGPS	Firefighters Main Scheme	Firefighters Injury Pensions	Total			
£000	£000	£000	£000		£000	£000	£000	£000			
(46,442)	(283,100)	(26,300)	(355,842)	Opening balance at 1 April	(53,861)	(294,800)	(27,900)	(376,561)			
(2,000)	(5,200)	(700)	(7,900)	Current service cost	(2,372)	(5,100)	(700)	(8,172)			
(1,274)	(7,800)	(700)	(9,774)	Interest cost	(1,316)	(7,000)	(700)	(9,016)			
(351)	(1,400)	-	(1,751)	Contributions from scheme participants	(362)	(1,400)	0	(1,762)			
				Re-measurement gains and losses:							
(6)	6,900	(900)	5,994	- Actuarial gains / (losses) - experience	2,854	(2,400)	0	454			
-	25,900	(3,100)	22,800	- Actuarial gains / (losses) from changes in demographic assumptions	1,248	10,000	0	11,248			
(4,558)	(26,200)	3,200	(27,558)	- Actuarial gains / (losses) from changes in financial assumptions	6,065	28,900	(100)	34,865			
(178)	(11,500)	-	(11,678)	Past service cost	0	0	0	0			
948	7,600	600	9,148	Benefits / transfers paid	983	8,000	600	9,583			
<b>(53,861)</b>	<b>(294,800)</b>	<b>(27,900)</b>	<b>(376,561)</b>	<b>Balance as at 31 March</b>	<b>(46,761)</b>	<b>(263,800)</b>	<b>(28,800)</b>	<b>(339,361)</b>			

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

**Fair value of scheme assets**

2018/19			2019/20			
Quoted £000	Unquoted £000	Total £000		Quoted £000	Unquoted £000	Total £000
457	-	457	Cash and cash equivalents	460	0	460
<b>Equity Instruments</b>						
By Industry Type						
1,115	-	1,115	Consumer	-	-	-
664	-	664	Manufacturing	-	-	-
775	-	775	Energy and Utilities	-	-	-
1,387	-	1,387	Financial Institutions	-	-	-
223	-	223	Health and Care	-	-	-
196	-	196	Information Technology	-	-	-
-	2,792	2,792	Private Equity	-	2,579	2,579
-	20,667	20,667	Investment Funds & Unit Trusts	-	23,790	23,790
4,360	23,459	27,819	Subtotal Equity Instruments	-	26,369	26,369
<b>Bonds</b>						
By Sector						
-	3,428	3,428	Investment Funds & Unit Trusts	-	2,476	2,476
-	915	915	UK Government	-	1,613	1,613
-	2,737	2,737	Other	-	-	-
-	7,080	7,080	Subtotal Bonds	-	4,089	4,089
<b>Investment Funds &amp; Unit Trusts</b>						
-	1,536	1,536	Infrastructure	-	2,789	2,789
-	1,536	1,536	Subtotal Investment Funds and Unit Trusts	-	2,789	2,789
4,817	32,075	36,892	Total Assets	460	33,247	33,707

2018/19	LGPS	2019/20
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Long term expected rate of return on assets

2.4%	Equity Instruments	2.3%
2.4%	Bonds	2.3%
2.4%	Investment Funds and Unit Trusts	2.3%

Mortality assumptions

Longevity at retirement for current pensioners

22.4	Men	22.0
24.4	Women	24.0

Longevity at retirement for future pensioners

24.0	Men	22.7
26.3	Women	25.5

Other assumptions

2.5%	Rate of inflation	2.0%
2.8%	Rate of increase in salaries	2.3%
2.5%	Rate of increase in pensions	1.8%
2.4%	Rate for discounting scheme liabilities	2.3%

**Impact of assumptions on the obligation:**

Increase by 1%	LGPS Assumption	Decrease by 1%
£000		£000
902	Rate of increase in salaries	(902)
9,308	Rate of increase in pensions	(9,308)
10,278	Rate for discounting scheme liabilities	(10,278)

The significant assumptions used by the actuary have been:

2018/19	Firefighters Main Scheme	2019/20
Mortality assumptions		
Longevity at retirement for current pensioners		
27.3	Men	26.4
29.4	Women	28.5
Longevity at retirement for future pensioners		
28.4	Men	27.5
30.6	Women	29.7
Other assumptions		
2.5%	Rate of inflation	2.0%
3.5%	Rate of increase in salaries	2.8%
2.5%	Rate of increase in pensions	1.9%
2.4%	Rate for discounting scheme liabilities	2.3%

**Impact of assumptions on the obligation:**

Increase by 1%	Firefighters Main Scheme Assumption	Decrease by 1%
£000		£000
8,707	Longevity	(8,707)
6,596	Rate of increase in salaries	(6,596)
43,992	Rate of increase in pensions	(43,992)
56,250	Rate for discounting scheme liabilities	(56,250)

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



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

### Disclosure of Nature and Extent of Risk Arising From Financial Instruments

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

#### Key Risks

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

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

#### Overall Procedures for Managing Risk

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

#### Credit risk

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

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

The Fire Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £11,230k 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 2020 that this was likely to crystallise.

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

## Liquidity Risk

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

Liquidity Risk	31 March 2019	31 March 2020
	£000	£000
More Than 10 years	3,200	3,200
	3,200	3,200

## Market Risk

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

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

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

The Fire Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within

the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

### Sensitivity Analysis

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest receivable on variable rate investments	80
Increase in government grant receivable for financing costs	58
Impact on Surplus or Deficit on the Provision of Services	138
Decrease in fair value of fixed rate investment assets	(46)
Impact on Other Comprehensive Income and Expenditure	(46)

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

## Fire Fighters Pension Fund Account

### Cambridgeshire And Peterborough Fire Authority

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

The fund's financial statements do not take into account any liabilities to pay pension and other benefits after the period end.

2018/19		2019/20
£000's		£000's
	<b>Contributions Receivable</b>	
(1,629)	Employers	(3,115)
(45)	Ill-health retirements	(45)
(1,402)	Employees	(1,396)
(3,076)		(4,556)
(1)	<b>Transfers in from other schemes</b>	(181)
	<b>Benefits Payable</b>	
6,648	Pensions	6,977
1,693	Commutation of pension and lump sum retirement benefits	1,295
405	<b>Transfers out to other schemes</b>	0
5,669	<b>Deficit/Surplus for the year before top up grant receivable/amount payable from/to sponsoring department</b>	3,534
(5,669)	<b>Top up grant receivable/amount payable from/to sponsoring department</b>	(3,534)
-	<b>Net amount payable/receivable for the year</b>	-

## Notes to the Fire Fighters Pension Fund Account

### Note F1

#### Firefighters Pension Fund Statement Notes

- The fund was established under the Firefighters' Pensions Scheme (Amendment) (England) Order 2006. The scheme is an unfunded scheme and has no investment assets. The fund pays all Firefighters' retirement benefits with the exception of injury awards which are paid from the Fire Authority's account and included in the Comprehensive Income and Expenditure Statement on page 12.
- 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 15. The Pension Fund Account only relates to the liabilities incurred during the 2018/19 financial year. All future liabilities are accounted for on an IAS 19 basis and are included within the core financial statements.
- The employees' and employer's contributions are based on percentages of pensionable pay set nationally by the MHCLG and subject to triennial revaluation by the Government Actuary's Department.

### Note F2

#### Net Assets Statement

2018/19		2018/19
1,868	Top-up grant due from/refundable to(-) the Government	352
(1,868)	Amount due to(-)/from General Fund	(352)
-	Long Term Assets	-
-		-

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

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## Glossary

### AAA FITCH RATING

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

### AA FITCH RATING

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

### A FITCH RATING

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

### ACCOUNTING PERIOD

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

### ACCRUALS

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

### ACTUARIAL GAINS AND LOSSES

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

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

### ASSET

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

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

### AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

### BALANCE SHEET

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

### BORROWING

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

### BUDGET

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

### CAPITAL EXPENDITURE

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

## CAPITAL FINANCING

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

## CAPITAL PROGRAMME

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

## CAPITAL RECEIPTS

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

## Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local government finance.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

## CONSISTENCY

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

## CONTINGENT ASSETS

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

## CONTINGENT LIABILITY

A contingent liability is either:

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

## CREDITORS

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

## CURRENT SERVICE COST (PENSIONS)

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

## DEBTORS

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

## DEFINED BENEFIT PENSION SCHEME

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

## DEPRECIATION

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

## EQUITY

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

#### EVENTS AFTER THE BALANCE SHEET DATE

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

#### EXPECTED RETURN ON PENSION ASSETS

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

#### FAIR VALUE

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

#### FINANCE LEASE

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

#### GOING CONCERN

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

#### GOVERNMENT GRANTS

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

#### IMPAIRMENT

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

#### INJURY AWARD

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

#### INTANGIBLE ASSETS

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

#### INTEREST COST (PENSIONS)

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

#### LIABILITY

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

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

#### LIQUID RESOURCES

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

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

## LONG TERM BORROWING

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

## LONG-TERM CONTRACT

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

## MATERIALITY

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

## NET BOOK VALUE

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

## NET DEBT

The Authority's borrowings less cash and liquid resources.

## OPERATING LEASE

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

## PAST SERVICE COST (PENSIONS)

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

## PENSION SCHEMES

### a) Retirement Benefits

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

### b) Scheme Liabilities

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

## PRECEPTING

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

## PRIOR YEAR ADJUSTMENT

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

## PROPERTY, PLANT AND EQUIPMENT

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

## PROVISION

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

#### PUBLIC WORKS LOAN BOARD (PWLB)

The government body that provides local authority loans.

#### RELATED PARTIES

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

#### RELATED PARTY TRANSACTIONS

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

#### REMUNERATION

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

#### RESERVES

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

#### RESIDUAL VALUE

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

#### REVENUE EXPENDITURE AND INCOME

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

#### REVENUE SUPPORT GRANT

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

#### ROYAL INSTITUTE OF CHARTERED SURVEYORS (RICS)

The body dealing with property surveys.

#### STOCKS

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

#### USEFUL ECONOMIC LIFE (UEL)

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