**NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY**

**2021/22 STATEMENT OF ACCOUNTS**





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**NARRATIVE REPORT**

**BY THE CHIEF FINANCE OFFICER**

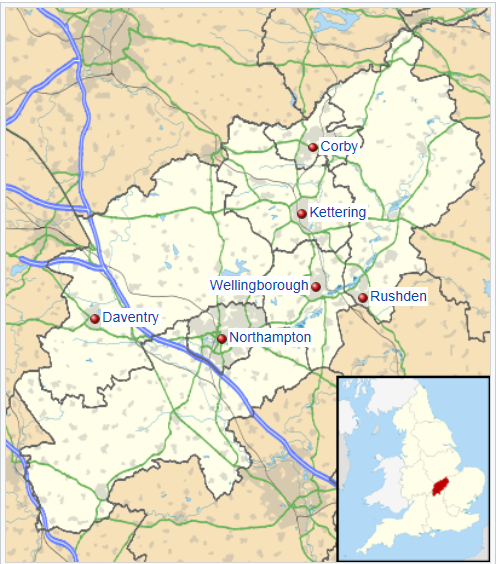
**Introduction**

The Authority’s financial performance for the full year ended in 31 March 2022 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement. These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting United Kingdom 2021/22. It is the purpose of this report to explain, in an easily understandable way, the financial facts in relation to the Authority.

**Northamptonshire**

The county of Northamptonshire covers an area of 913 square miles and has an estimated population of almost 755,000 people (source: Office of National Statistics mid 2019 population). It is the southern-most county in the East Midlands region and its most populated towns are Northampton, Kettering, Corby and Wellingborough. There has been a notable increase in population in recent years with some major new housing development projects and more to come.

Prior to 2021/22, the county was serviced by seven borough/district councils. On 1 April 2021, these were consolidated into two unitary authorities (North and West Northamptonshire) through the reorganisation of local government in Northamptonshire as directed by Central Government. Fire and Rescue Services provided by Northamptonshire Commissioner Fire and Rescue Authority continue to service the whole of Northamptonshire.



Northamptonshire is a very fast growing county and the Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2020 described latest estimates put Northamptonshire’s population at 753,278 people (all ages) in 2019, up from 747,622 in 2018. The county has had above (national) average population growth in recent decades. In the past 10 years the population of Northamptonshire has grown by an estimated 10.2% versus a 7.84% England average. Looking back over the past 30 years the growth gap is even greater, with an estimated increase of 30.9% between 1989 and 2019 in Northamptonshire compared with 18.4% across England.

**Northamptonshire Commissioner Fire and Rescue Authority (NCFRA)**

The Police and Crime Act 2017 enabled Police and Crime Commissioners to have a say in the oversight of fire and rescue services within their area, subject to the approval of a business case by the Home Secretary. The aim of this legislation was to “enable fire and rescue services to work more closely together and develop the role of elected and accountable Police and Crime Commissioners.”

On 1 January 2019, the Police and Crime Commissioner for Northamptonshire (PCC) became the Police, Fire and Crime Commissioner for Northamptonshire (PFCC). On that date Northamptonshire became the first and remains the only county Fire and Rescue Service to transfer Governance arrangements in this way.

Whilst the governance of Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) is undertaken by the PFCC and his statutory officers, it is a separate corporation sole, therefore separate budgets are allocated, separate precepts are set and the funding and accounts for NCFRA are produced separately to the PFCC accounts for policing. The 2021/22 Statement of Accounts are the third full year set of accounts for NCFRA.

The Policing and Crime Act 2017 stipulates that a Fire and Rescue Plan must be prepared and published by a relevant Fire and Rescue Authority in accordance with the Fire and Rescue National Framework and that it should set out the Authority’s priorities and objectives, for the period covered by the document, in connection with the discharge of the Authority’s functions.

**Group Boundary**

The Police, Fire and Crime Commissioner for Northamptonshire (Fire and Rescue Authority) Order 2018 utilised existing legislation (Specifically Section 4A of the Fire and Rescue Services Act 2004) to create a new corporation sole NCFRA, a role which is held by the Police, Fire and Commissioner, but acting as NCFRA. This legislation outlines the key responsibilities for oversight and ensuring good governance within the NCFRA.

This reflects that the government provides funding to NCFRA and is ultimately responsible for the NCFRA. As such, the NCFRA Accounts are included within the Whole of Government Accounts, which is the consolidation of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

Therefore, whilst there is some commonality within the OPFCC, Chief Constable and NCFRA, they are three separate corporations sole, with Fire and Police created under separate legislation and with the responsibility to set up and maintain separate “Funds” for each organisation; with separate legal responsibilities and no ability to vire funds between them. As set out by CIPFA, there is not a requirement for the NCFRA Accounts to be included within the OPFCC group accounts.

The Business Case for the Governance transfer included maintaining separate management arrangements and operational functions for each service but working towards sharing of some support services and buildings where it makes sense to provide better value for money for the public of Northamptonshire. This direction of travel towards shared support teams continues. The accounts of Fire and Policing are operated separately in line with the legislation.

In line with the Home Office Financial Management Code of Practice, a collaboration agreement has been set out between the three separate organisations of the Northamptonshire Police, Fire and Crime Commissioner to set out the arrangements for working together where it would be advantageous to the parties to do so, mirroring such collaboration arrangements that Northamptonshire Police have with other Police forces.

The arrangements outlined in the legislation result in the PFCC having some influence over some policing relationships with NCFRA, and therefore there is a requirement to disclose the nature of the transactions between OPFCC and the NCFRA and this is provided within the related parties note within the statement of accounts. Most of this note relates to governance services provided by the Office of the PFCC to Fire, and charges for services and shared staff between Fire and Policing.

**Police, Fire and Crime Plan 2021-2026**

The first Fire and Rescue Plan covered the period from January 2019 to 2021. A new Police, Fire and Crime Plan was published in early 2022, following consultation and consideration by the Police, Fire and Crime Panel at their meeting in December 2021. The previous Fire Integrated Risk Management Plan (IRMP) also covered the period January 2019 to 2021 and a new Community Risk Management Plan (CRMP) which aligns to the Police, Fire and Crime Plan will be published in the near future.

**Vision and Values**

The PFCC Vision as set out in the Police, Fire and Crime Plan is:

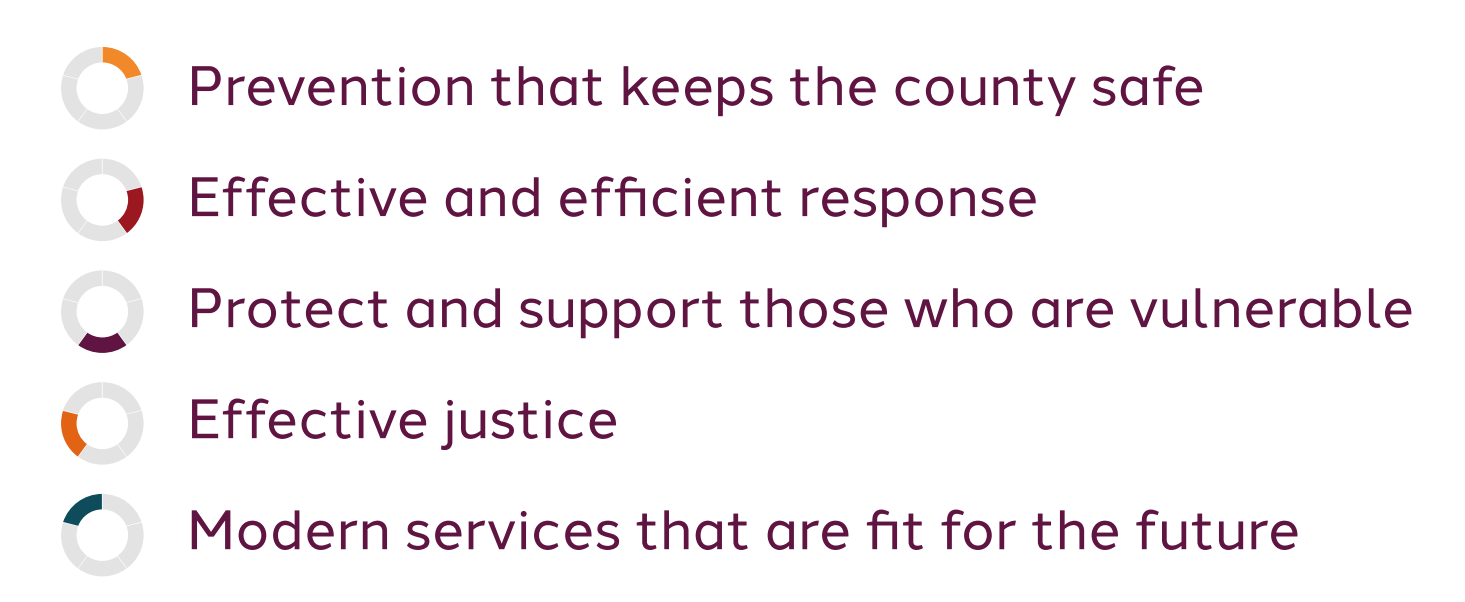
***“Working with Communities to make Northamptonshire safer.”***

The PFCC also set out the values:

***“It is more important than ever that our emergency services are seen to embody the highest ethical standards as we work to make a difference for our communities.”***



The Police, Fire and Crime Plan sets out the following priorities:

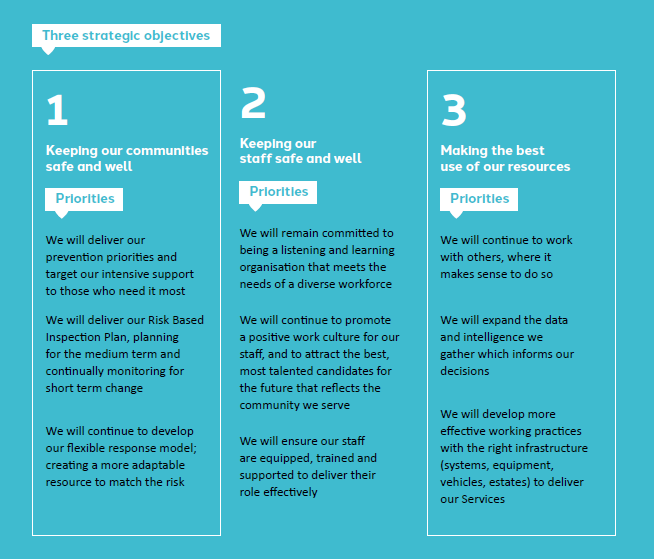


**Community Risk Management Plan**

The Community Risk Management Plan forms part of Northamptonshire Fire and Rescue Service’s (NFRS) three key strategic documents, sitting alongside the Police, Fire and Crime Plan and the Chief Fire Officer’s Vision 25. These strategic documents are designed to deliver the NFRS vision of:

**“Making Northamptonshire Safer.”**

The NFRS strategic objectives and priorities set out in the CRMP are as follows:



**Economic climate**

NCFRA was established on 1 January 2019 without any reserves being transferred, therefore, the priority for the Authority was to build a stable financial platform and a three year financial stability plan was taken forward to ensure an appropriate level of reserves were established; with a financial base that was understood and supported by internal controls.

Good progress has been achieved and at the end of the year, the level of reserves as set out in the financial stability plan had been exceeded. Whilst challenges to the Medium Term Financial position have been mitigated by the ability to levy a one off £5 increase to the precept in 2022/23, efficiencies are still required and a plan is in place to ensure a balanced budget can be achieved each year.

However, the cost of living remains a challenge and the revenue budget is already feeling the pressure of increased fuel and utility costs. The impact of these on the MTFP will continue to be kept under review and measures put in place to address them.

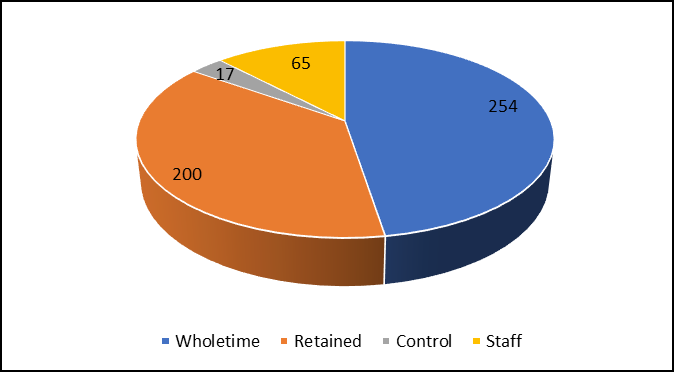
The capital programme is underway to enable investment in key operational requirements including investment in new fire tenders, replacement of essential operational equipment and delivery of the joint estates strategy with Police. In 2021, as part of the joint estates strategy, Fire relocated to the Police Darby House building in Wellingborough where they have established their Fire HQ and are continuing to work with Police to integrate essential support services and arrangements where appropriate, building capacity and resilience and releasing efficiencies over the medium term.

As part of the joint estate strategy, Fire purchased a building in March 2021 to develop a new joint workshop facility for Fire and Police. The previous Fire HQ and workshop will be disposed of in the coming years and the business case was supported by repurposed transformation funding from the Home Office. In time, the Joint Police and Fire Fleet Team will operate from this workshop and take forward the joint service approach which it is anticipated will derive benefits for both services.

Whilst the PFCC has been successful in obtaining further funding for NCFRA since the governance transfer, he will continue to ensure all opportunities are taken to identify and realise savings and efficiencies.

**Our People**

At 31st March 2022 NCFRA budgeted establishment was 536 and comprised as follows:



**Gender Pay Gap**

The NCFRA Gender pay Gap Report was published in August 2021 and key elements are set out below:

The Northamptonshire Fire & Rescue Service is required by law to carry out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This involves carrying out calculations that show the difference between the average earnings of men and women in the organisation; it does not involve publishing individual employees’ data. The data used for the calculations is the Fire & Rescue Service’s pay data as of 31st March 2021.

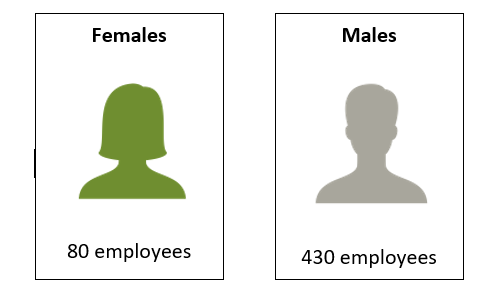
NCFRA are required to publish the results on a government gender pay gap website, and in addition it is advisable to publish the high level results on the Northamptonshire Fire & Rescue Services website alongside pay and transparency data.

Gender pay reporting is used to assess:

* the levels of gender equality in the workplace
* the balance of male and female employees at different levels

**Workforce Profile**

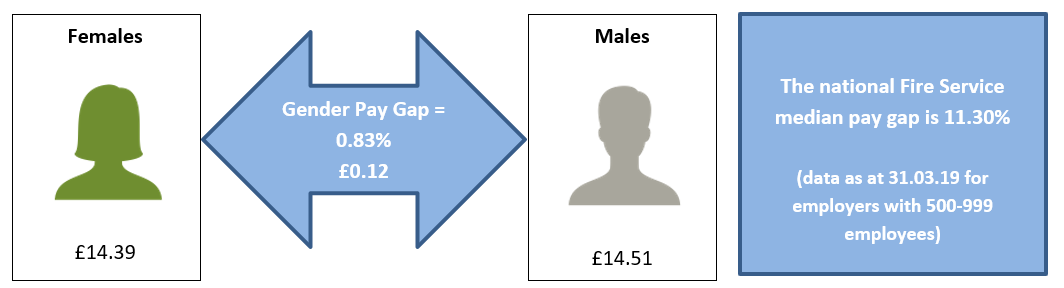
Total headcount as of the 31st March 2021 was 510 with 15.69**%** of these employees being female.



**Mean Gender Pay Gap in Hourly Pay**



**Median Gender Pay Gap in Hourly Pay**



The pay gap is a snapshot in time, reflecting organisational structure and individuals in post as of 31 March 2021.

The national data is taken as an average of Fire & Rescue Services with 500-999 employees covering 15 authorities, it shows that the mean and median gender pay gap is currently lower than the national average.

**Appointments**

The following statutory officers continued in role during 2021/22:

* Darren Dovey, Chief Fire Officer and Head of Paid Staff.
* Helen King, Chief Finance Officer for the PFCC and NCFRA.
* Nicci Marzec, Director of Early Intervention and Monitoring Officer for the PFCC and NCFRA.

In February 2022 the Chief Fire Officer, Darren Dovey announced his intention to retire and the recruitment process is underway to appoint a new Chief Fire Officer for the county.

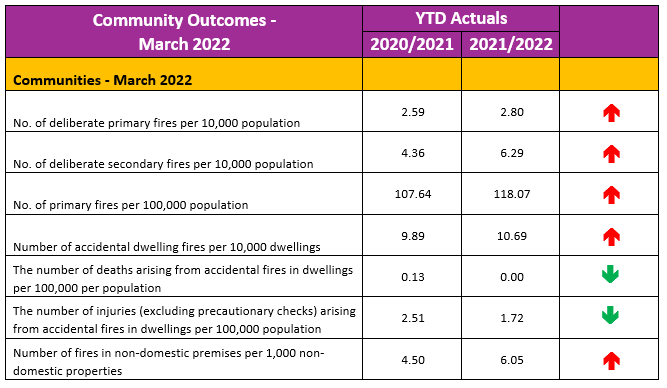
**NCFRA 2021/22 Performance**

The Police Fire and Crime Commissioner produces an Annual Report for consideration by the Police, Fire and Crime Panel at their meeting in summer 2022. This report sets out delivery against priorities and once published, a full copy will be available on the Police, Fire and Crime Panel website.

Accountability for Fire and Rescue performance and service delivery is undertaken through the Accountability Board. Members of the Board are the Commissioner (the Chair), the Monitoring Officer, the Chief Fire Officer and other Chief Officers. There is a formal agenda which has a schedule of assurance in the form of standard agenda items.

The minutes of the Accountability Board are published on the OPFCC website.

Performance for the year is summarised in the table below



**Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspection**

In November 2018, prior to the governance transfer, the Fire and Rescue service were subject to a HMICFRS inspection. The report was received in June 2019 and is available on the PFCC website.

The Chief Fire Officer reviewed the findings and recommendations from the first HMICFRS inspection and prepared an improvement plan. Regular updates were considered by the PFCC through the Accountability Board during the year.

A re-visit by Inspectors in June 2019 showed that NFRS had made significant improvement and between 2nd and 5th March 2020, the Inspectors visited again to check progress against the improvement plan. The Inspectors found that NFRS had prioritised improvement and that there was no longer a cause for concern about their performance

In Winter 2021/Spring 2022 the second HMICFRS Inspection of Northamptonshire Fire and Rescue took place. The report is expected in Summer 2022 and it is anticipated that NFRS will have made progress since the last inspection.

The report will be available on both the HMICFRS and OPFCC websites when published.

**Financial Performance**

As at year end, NCFRA underspent by £323k on the budget of £25.260m after planned transfers to reserves.

The year to 31 March 2022 is the end of the three year stability plan period set out in the governance proposal to the Home Secretary. Whilst NCFRA are still one of the lowest funded Fire and Rescue Authorities nationally, reserves are now deemed to be at an adequate level, a capital programme is in place and a Medium Term Financial Plan is in place with a balanced budget for three years. The outturn for 2021/22 was as follows:



Whilst further progress has been made in building internal controls during the year, work continues with budget managers to take forward and embed internal controls particularly in the areas of asset management, training, property, commercial and procurement.

Key variances include:

* The impact of COVID, the unbudgeted 1.75% pay award and vacancies in retained staff resulted in additional costs for wholetime firefighters.
* Commercial received additional income in the year and training underspends were as a result of plans not being delivered by year end.
* Engineering, fleet and stores were impacted by higher inflationary costs particularly for fuel.
* Corporate budgets underspends arose from lower than anticipated capital financing and shared services costs. Furthermore, the Home Office provided a number of one off grants (e.g. transformation and audit fees) which increased the underspend in this area.
* Property underspends arose from savings arising from revaluations of business rates and slippage to some of the property enhancements to 2022/23.
* Other budgets include the PFCC contingency of £120k held to mitigate the cost of the pay award; £52k savings from ICT contracts and underspends in Business Planning, Senior Leadership and Service Information Teams, often as a result of staff vacancies.

**Capital**

NCFRA have a significant capital programme following many years of under investment. The programme is continually reviewed to ensure that it is affordable. In 2021/22, a capital programme of £3m had been approved and expenditure totalled £2.8m as set out below:



Most expenditure related to the purchase of the four new fire tenders. Internal borrowing of £2.5m was used for these and capital receipts, grants and revenue contributions comprised the balance.

**Balance Sheet**

The Balance Sheet as at 31 March 2021 is the closing balance for the 2020/21 accounts and the opening balance for the 2021/22 accounts..

**Fixed Assets**

NCFRA owns twenty four properties across Northamptonshire, of which all but one are freehold.

**Borrowing**

Only internal borrowing took place in 2021/22. NCFRA undertook borrowing of 40 years in 2020/21 and there is a balance of £3.2m remaining. NCFRA does not hold any short term loans.

**Reserves**

As at 31 March 2022, NCFRA hold £5.7m in reserves as follows:



**General Reserve**

In 2020/21 the Home Office provided £2m to NCFRA, of which £1m was ring fenced and used to support the 2021/22 revenue budget. Mindful of government policy to maintain reasonable but not excessive reserve levels, NCFRA set a reserve strategy to maintain general reserves at a minimum level of £2m of 5% (whichever is higher). As at 31 March 2022, general reserves are 7.4% of the 2022/23 revenue budget.

**Capital Reserves**

NCFRA hold a number of reserves and S106 developer contributions set aside to meet capital expenditure with a view to minimising future capital financing costs on the revenue budget. Given the legacy capital requirements inherited by NCFRA, during 2021/22, the Home Office provided a one off capital grant of £0.5m. These reserves will be utilised in accordance with the requirements of the conditions and applied to finance expenditure with a view to minimising future capital financing costs on the revenue budget.

**Earmarked Revenue Reserves**

NCFRA hold a number of earmarked revenue reserves which are used to mitigate funding variations on the revenue budget, support one off revenue costs and transformation initiatives.

**Events after the Balance Sheet Date**

There were no events highlighted after the Balance Sheet date.

**The 2021/22 Statement of Accounts**

Each year NCFRA publishes a Statement of Accounts that incorporates all the financial statements and disclosure notes required by statute. This is the third set of Accounts for NCFRA (second full year) and these accounts relate to the year ended 31 March 2022.

The Statements of Accounts for 2021/22 has been prepared in accordance with the ‘Code of Practice on Local Authority Accounting in the United Kingdom’. This sets out the accounting principles and practices required to present a true and fair view of the financial position of a local Council and is based on International Financial Reporting Standards (IFRS).

Accounts drawn up under the Code assume, for example, that a Fire Authority local authority will continue to operate for the foreseeable future. This assumption is made because Fire Authorities carry out functions essential to the local community and receive council tax, business rates and grants.

The Core Financial Statements are set out on **pages 22 to 25** and consist of the following, which are explained in more detail in the notes to the accounts:

* **Comprehensive Income and Expenditure Statement** – this statement provides a summary of the resources which have been applied and generated in providing services and managing the Authority during the year;

The headline figures and messages from this statement for NCFRA are that the Total Comprehensive Income and Expenditure was a deficit of £2.761m. Due to the nature of the CIES this deficit included charges such pension interest cost (£6.6m) and Capital Charges which are offset by beneficial changes in pension actuarial assumptions which explain the majority of this. None of the listed items immediately impact on the budget required for NCFRA each year but are required to ensure that NCFRA accounts for its assets and liabilities correctly

* **Balance Sheet** - setting out the assets and liabilities recognised by NCFRA at the balance sheet date, the bottom line is effectively the net worth of the organisation. The NCFRA holds sufficient current assets to discharge its current liabilities, however, the long term liability which is the pension commitment is not able to be funded by the assets held and will be funded by revenue funding when the liability becomes payable.
* **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’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. This statement shows how the movements in year of the 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 or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

The headline figures and messages from this statement for **NCFRA** are that usable reserves have increased by £0.2m which will help improve the resilience of the organisation going forward.

* **Cash Flow Statement** – outlines the changes in the cash and cash equivalents, for example, changes in debtor balances (those owing NCFRA money) and creditor balances (those which NCFRA owes money to) during the year. The statement shows how NCFRA generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The headline figures and messages from this statement for **NCFRA** are that at the balance sheet date NCFRA held a cash balance of £2.1m which is sufficient for the authority to fulfil their ongoing obligations.

**Risk Management**

The manner in which NCFRA manages its response to various risks is part of a continuum of risk management that takes into account the National Security Strategy, the National Risk Register and the NCFRA risk registers. Risks are regularly considered at the Joint Independent Audit Committee (JIAC) and the last update was considered in March 2022.

Managing risk and business continuity arrangements are a key aspect of NCFRA’s governance arrangements. As a Category 1 responder under the Civil Contingencies Act 2004, the Authority is required to have in place business continuity arrangements to ensure that continuity of service can be provided for foreseeable events that may impact upon the delivery of services.

The most significant risks to NCFRA have related to the operational risks required following the HMICFRS inspection and ensuring sufficient level of reserves and funding levels over the medium term.

**The 2022/23 Budget and Medium Term Outlook**

NCFRA has adopted a prudent approach to budgeting that is both affordable and sustainable over the medium term.

The PFCC has set a balanced budget for Fire for 2022/23. The budget was approved by the PFCC in January 2022 and considered at the Police, Fire and Crime Panel in February 2022. Following intensive lobbying, the bottom quartile of Fire Authorities were given the opportunity to increase the precept by £5 and as the second lowest preceptor in the country, the PFCC took this into account and the views of the public of Northamptonshire before levying this increase.

It was in this context that the PFCC lobbied the Government for increased funding and whilst a gap remains, the increase was successful in establishing a permanent increase of £1m in the base budget and a levy of £68.20 was set for a Band D property for 2022/23, the maximum increase available. Even after this increase, NCFRA is still funded second lowest of the 30 FRAs in England, and the third lowest funded FRA still receives £4m more in core spending power than Northamptonshire.

Whilst a balanced budget has been set for three years, it is dependent on efficiency savings being achieved. These savings were identified by the Fire service and the PFCC will monitor them closely throughout the year.

However, with the increase in inflation, the impact from BREXIT, COVID and the Ukraine conflict, further pressures are anticipated. These will continue to be identified and modelled in the Medium Term Financial Plan and where appropriate further savings identified.

The Fire budget and precept continues in taking forward the statutory duty to collaborate for the three emergency services. This means that the services should be actively seeking opportunities to work together to deliver more efficient and effective public services.

A number enabling services joint teams have already been established and these, together with interoperability proposals, will provide opportunities for efficiencies and greater integration between police and fire and rescue to realise savings to meet financial challenges, increase capacity and resilience and reinvest where possible in frontline services.

As set out in the Medium Term Financial Plan considered at the Police, Fire and Crime Panel in February 2022, with identified savings, NCFRA have a balanced budget until 2025/26 and whilst it is currently anticipated that further efficiencies will need to be made, reserves are sufficient if required.



For information on the accounts, in the first instance, please contact:

Deanna Sharratt, Finance Advisor: [Deanna.Sharratt@northants.police.uk](mailto:Deanna.Sharratt@northants.police.uk)

You have the right to inspect our accounts each year before the external audit is completed. We advertise the dates during which you can inspect the accounts in the local press. Our accounts are audited by Ernst and Young, they are the auditors appointed by the PSAA.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

**The Police, Fire and Crime Commissioner’s responsibilities**

The Police, Fire and Crime Commissioner is required to:

* Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
* Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
* Approve the Statement of Accounts.

I certify that these accounts were considered and approved.



**Stephen Mold, Police, Fire and Crime Commissioner for Northamptonshire**

**Date: 1st June 2023**

**The Chief Finance Officer’s responsibilities**

* The Chief Finance Officer is responsible for the preparation of the 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 Chief Finance Officer has:

* Selected suitable accounting policies and applied them consistently
* Made judgements and estimates that are reasonable and prudent.
* Complied with the local authority Code.

The Chief Finance Officer has also:

* Kept proper accounting records which were up to date.
* Taken reasonable steps for the prevention and detection of fraud and other irregularities.

**The Chief Finance Officer’s certificate**

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.



**Helen King**

**Chief Finance Officer and S151 Officer, Northamptonshire Commissioner Fire and Rescue Authority**

**Date: 1st June 2023**

**STATEMENT OF ACCOUNTING POLICIES**

**1. Accounting Policies**

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2021/22. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority Accounts, as determined by HM Treasury, who are advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounting permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Authority for the purpose of presenting fairly the position of the Authority is selected. The particular policies adopted by the Authority are described below and they have been applied consistently in dealing with items considered material in relation to the Accounts.

**Accounting Convention**

These Accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. Where appropriate, financial assets and liabilities have been impaired or discounted to bring them to fair value.

**Acquisitions and Discontinued Operations**

Activities are considered to be ‘acquired’ only if they are taken on from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one public sector body to another. The Authority has not acquired or discontinued any operations during the reporting period.

**Going Concern**

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that the functions of the Northamptonshire Commissioner Fire and Rescue Authority will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which fire and rescue services operate.

These provisions confirm that, as fire and rescue services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Fire and Rescue services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a fire and rescue authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a fire and rescue authority and service will continue to operate for the foreseeable future.

NCFRA received additional Council Tax and Business Rate support funding which has helped to mitigate the financial impact of COVID on the Authority in 2021/22 and in future years through the award of Section 31 grant which has subsequently been accounted for as an earmarked reserves

Whilst it is envisaged the grant will be fully utilised by the end of 2022/23, the Authority does not currently envisage a financial viability concern arising from the Covid-19 pandemic in this period.

Following the support from the Home Office in previous years and active lobbying, the Home Office awarded a one-off grant of £500k in 21/22 to fund replacement capital spend.

NCFRA have undertaken cashflow modelling which demonstrates the Authority’s ability to work within its Capital Financing Requirement and has a realistic headroom on a £27m annual budget, together with sufficient scope for borrowing if required.

At the time of the approval of the accounts, the Authority has only one long term borrowing which is well below the Authority’s operational boundary and authorised limit. The costs are included within the MTFP.

NCFRA therefore concludes that it is appropriate to prepare the financial statements on a going concern basis and that NCFRA will continue to be a going concern, 12 months from the date of the approval of these accounts.

**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:

* 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.
* Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.
* Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively 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 income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

**Employee Benefits**

**Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. The CIPFA Code of Practice on Local Authority Accounting requires the Authority to recognise the amount of untaken annual leave at the 31st March as a liability which is reflected on the Balance Sheet. To ensure consistency annual leave costs have been reflected in the year in which the annual leave should have been taken.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or of an officer’s decision to accept voluntary redundancy in exchange for those benefits. These are charged on an Accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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.

**Retirement Benefits**

Employees of the Authority are members of the following pensions schemes:

* The 1992, 2006, 2015 and Modified Firefighters’ Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Pension Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts
* The Local Government Pension Scheme (LGPS) for support staff, administered by the Northamptonshire Pension Fund, is a funded scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment Assets.

The above schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. They are accounted for in accordance with the requirements for Defined Benefits Schemes, based on the principle that an organisation should account for retirement benefits when it is committed to give them, even though this may be many years into the future.

A pensions Asset or Liability is recognised in the Balance Sheet, made up of the net position of retirement Liabilities and pension scheme Assets. Retirement Liabilities are measured on an actuarial basis using the projected unit method, by assessing 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 and projections of earnings for current employees. Pension scheme assets (LGPS only) attributable to the Authority are included at their Fair Value. The Authority currently has a net pensions liability and this is matched in the Balance Sheet by a Pensions Reserve.

The change in net pensions Liability during the year is analysed into the following components:

Service cost comprising:

* Current service cost – the increase in Liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement
* Past service cost – the increase in Liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of the services line in the Comprehensive Income and Expenditure Statement
* Net interest on the net defined benefit Liability – the change during the period in the net defined benefit Liability that arises from the passage of time. This 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 end 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. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Remeasurements comprising:

* The return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit Liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
* 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. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
* Contributions paid / benefits paid – cash paid as employer’s contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme Liabilities.

Statutory provisions require that the amount charged to the General Fund Balance is that payable by the Authority to Pensions Funds or directly to pensioners during the year rather than that calculated under accounting standards. This means that an appropriation to or from the Pensions Reserve is done within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs. The negative balance 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.

On 31st March 2022, following the Sergeant and McCloud ruling for Pensions Age Discrimination, both the 1992 & 2006 schemes were closed and all members of these schemes will be transferred to the 2015 pension scheme.

**Other Expenses**

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the Fair Value of the consideration payable.

**Property, Plant and Equipment**

**Recognition**

Property, plant and equipment is capitalised if:

* it is expected to be used for more than one financial year;
* the cost of the item can be measured reliably; and
* the item has a cost of at least £6,000 or is part of a project or replacement programme costing above £6,000.

Where a large Asset, for example a building, includes a number of components with significantly different Asset lives (a minimum of 5 years), the components are treated as separate Assets if they have a cost that is a significant proportion of the whole Asset (a minimum of 25%). The components are treated as separate Assets and depreciated over their useful economic life.

Donated Assets are recognised at their value and are defined in the CIPFA Code of Practice on Local Government Accounting as those Assets that are transferred at nil value or acquired at less than Current Value. Donated Assets that are from other public bodies are accounted for as a government grant (as required by IAS 20).

**Valuation**

All property, plant and equipment are measured initially at cost, representing the cost attributable to acquiring or constructing the Asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All Assets are measured subsequently at Current Value.

Land and buildings used by the Authority are stated in the Balance Sheet at their re-valued amounts, being the Current Value at the date of valuation. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the Reporting Period. Current Values are determined as follows:

* Operational Buildings – Depreciated Replacement cost.
* Land and non-specialised buildings – Current value for existing use.
* Vehicles, plant and equipment – historic cost less accumulated depreciation (as a proxy for current replacement cost).

Properties in the course of construction are carried at cost, less any impairment loss. Costs include professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at Current Value. Assets are re-valued and Depreciation commences when they are brought into use. An increase arising on revaluation is taken to the Revaluation Reserve except when it reverses an impairment previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an Impairment charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the Asset, and, thereafter, to expenditure. Gains and losses recognised in the Revaluation Reserve are reported as other comprehensive income in the Comprehensive Income and Expenditure Statement.

**Disposals**

Capital receipts from the sale of non-current assets are held in the Capital Receipts Unapplied Account until such time as they are used to finance other Capital Expenditure or to repay debt. Gains and losses on the disposal of non-current assets are recognised in the Comprehensive Income and Expenditure Statement.

**Depreciation and Impairments**

Depreciation is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their Useful Economic Lives, on a straight line basis. The Useful Economic Life of an Asset is the period over which the Authority expects to obtain economic benefits or service potential from the Asset. This is specific to the Authority and may be shorter than the physical life of the Asset itself. The Useful Economic Life and Residual Values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The approximate average useful lives (depreciation periods) are categorised below:

* Buildings 30 – 60 years
* Vehicles – Fire Appliances 15 years
* Vehicles – Lorries and Vans 7 years
* Vehicles – Non FDS Cars and Light Vans 7 years
* Vehicles – FDS Cars 5 years
* Equipment 5 years
* Specialised Equipment (e.g. Breathing Apparatus) 10 Years

Assets acquired under Finance Leases are Depreciated over the term of the lease (or the life of the asset if this is lower than the term of the lease) on a straight line basis.

At each reporting period end, the Authority checks whether there is any indication that any of its non-current Assets have suffered an impairment loss. If there is indication of an Impairment loss, the recoverable amount of the Asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an Impairment loss, the Asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the Asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the Revaluation Reserve.

The Authority is not required to raise council tax to cover Depreciation and Impairment, however it is required to make an annual provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the Minimum Revenue Provision (MRP). The Authority borrowed for the first time in 2021/22 for capital purposes. The policy is to charge MRP over the life of the asset from the year after the asset acquired comes into use, so the first charge was made in 2021/22.

**Government Grants**

Government grants are grants from Government bodies. Revenue grants are matched against the expenditure to which they relate. Capital grants are credited to income once any conditions of the grant have been satisfied. Assets purchased from government grants are valued, Depreciated and Impaired as described for purchased Assets.

**Leases**

Leases are classified as Finance Leases when substantially all of the risks and rewards of ownership are transferred to the lessee. All other leases are classified as Operating Leases.

**The Authority As A Lessee**

The Authority has a single asset held under a Finance Lease (a vehicle). The outstanding Liability relating to Finance Leases is reflected in the Authority’s Balance Sheet, with the Assets acquired under Finance Leases added to the Authority’s Asset register and the value reflected in the Property, Plant and Equipment total on the Balance Sheet. Interest costs relating to Finance Leases are reflected in the Comprehensive Income and Expenditure Statement. Payments for Finance Leases are made in equal amounts over the term of the lease. Operating Lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a Liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an Operating Lease. Leased buildings are assessed as to whether they are Operating Leases or Finance Leases.

**Inventories**

Inventories are valued at the lower of cost and Net Realisable Value using the average cost method. This is considered to be a reasonable approximation to Fair Value.

**Cash and Cash Equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. The balances on the current account and the business reserve account are cash. The balance in the liquidity manager account is a cash equivalent (as this is held for investment purposes until a sufficient balance is achieved and a short-term investment entered into). In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Authority’s cash management.

**Provisions**

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

**Reserves**

The Authority sets aside specific reserves for future policy purposes. Details of these reserves are provided in the relevant note to the Accounts. The Authority has the following reserves:

|  |  |
| --- | --- |
| * General Reserve | * S106 Developer Contributions |
| * Insurance | * Capital Receipts Reserve |
| * Funding Reserve | * Capital Grants Unapplied Reserve |
| * Transformation Reserve | * Capital and ESN Reserve |
| * Carry Forwards Reserve |  |
| * Equipment Reserve |  |

Other reserves held by the Authority, are held to meet accounting requirements:

|  |  |
| --- | --- |
| * Revaluation Reserve | * Capital Adjustment Account |
| * Pension Reserve | * Accumulated Absence Reserve |

**Financial Assets**

Financial assets are recognised when the Authority becomes party to the Financial Instrument contract or in the case of trade receivables, when goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the Asset has been transferred. Financial Assets are initially recognised at Fair Value.

Financial Assets are classified into the following categories: Financial Assets at Fair Value through profit and loss; held to maturity investments; available for sale Financial Assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**Loans and Receivables**

Loans and receivables are non-derivative Financial Assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at Amortised cost using the Effective Interest Method, less any Impairment. Interest is recognised using the Effective Interest Rate Method.

Fair Value is determined by reference to quoted market prices where possible, or failing that by reference to similar arms-length transactions between knowledgeable and willing parties.

The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

At the end of the reporting period the Authority assesses whether any Financial Assets, other than those held at ‘Fair Value through profit and loss’ are impaired. Financial assets are impaired and Impairment losses recognised if there is objective evidence of impairment, as a result of one or more events which occurred after the initial recognition of the Asset and which has an impact on the estimated future cash flows of the Asset.

For Financial Assets carried at amortised cost, the amount of the Impairment loss is measured as the difference between the Assets carrying amount and the present value of the revised future cash flows discounted at the Asset’s original effective interest rate. The loss is recognised in expenditure and the carrying amount of the Asset reduced directly.

If, in a subsequent period, the amount of the Impairment loss decreases and the decrease can be related objectively to an event occurring after the Impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the Impairment is reversed does not exceed what the amortised cost would have been had the Impairment not been recognised.

**Financial Liabilities**

Financial Liabilities are recognised in the Balance Sheet when the Authority becomes party to the contractual provisions of the Financial Instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the Liability has been paid or expired. Financial Liabilities are recognised at Fair Value.

**Exceptional Items**

Exceptional items shall be included in the costs of the service to which they relate and noted accordingly.

**Events After The Reporting Period**

Material events after the Balance Sheet date shall be disclosed as a note to the Accounts and amended in the Accounts as required. Other events after the Balance Sheet date will be disclosed in a note with an estimate of the likely effect.

**VAT**

Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of Non-Current Assets.

**ACCOUNTING STATEMENTS**

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

**FOR THE YEAR ENDING 31 March 2022**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
|  | **2020/21** | | |  | **Note Ref** | **2021/22** | | |  |
|  | **Gross Expenditure** | **Gross Income** | **Net Expenditure/Income (-)** |  | **Gross Expenditure** | **Gross Income** | **Net Expenditure/Income (-)** |  |
|  | **£000** | **£000** | **£000** |  | **£000** | **£000** | **£000** |  |
|  | 33,060 | (10,133) | **22,927** | Fire and Rescue Services |  | 34,483 | (7,823) | **26,660** |  |
|  | **33,060** | **(10,133)** | **22,927** |  |  | **34,483** | **(7,823)** | **26,660** |  |
|  | 35 | 0 | **35** | Other Operating Expenditure |  | 129 | (19) | **110** |  |
|  | 6,525 | (3) | **6,522** | Financing and Investment Income\Expenditure |  | 6,655 | (3) | **6,652** |  |
|  | - | (24,342) | **(24,342)** | Taxation and Non Specific Grant Income | 3 | - | (24,237) | **(24,237)** |  |
|  |  |  | **5,142** | **Surplus(-) or Deficit on Provision of Services** |  |  |  | **9,185** |  |
|  |  |  | **(1,506)** | (Surplus) or deficit on revaluation of non current assets | 9 |  |  | **(3,662)** |  |
|  |  |  | **32,031** | Remeasurements of the net defined benefit liability (asset) | 26.2 |  |  | **(2,762)** |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  | **30,525** | **Other Comprehensive Income and Expenditure** |  |  |  | **(6,424)** |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  | **35,667** | **Total Comprehensive Income(-) and Expenditure** |  |  |  | **2,761** |  |
|  |  |  |  |  |  |  |  |  |  |

**MOVEMENT IN RESERVES STATEMENT**

**FOR THE YEAR ENDING 31 March 2022**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
|  |  | **General Fund** | **Earmarked Reserves** | **Capital Grants Unapplied** | **Capital Receipts Reserve** | **Usable Reserves Total** | **Unusable Reserves Total** | **Reserves Total** |  |
|  |  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |  |
|  | **Balance at 31st March 2020** | **(1,167)** | **(773)** | **(952)** | **(19)** | **(2,911)** | **252,962** | **250,051** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Movement in Reserves for 2020/21** |  |  |  |  |  |  |  |  |
|  | Total comprehensive income and expenditure | 5,142 | - | - | - | **5,142** | **30,525** | **35,667** |  |
|  | Adjustments between accounting and funding basis under regulations (note 7) | (8,377) | 255 | 400 | 19 | **(7,703)** | **7,703** | - |  |
|  | Transfer to Earmarked Reserves | 1,403 | (1,403) | - | - | **-** | - | - |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **(Increase)/decrease in the 12 months to 31 March 2021** | **(1,832)** | **(1,148)** | **400** | **19** | **(2,561)** | **38,228** | **35,667** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Balance carried forward at 31 March 2021** | **(3,000)** | **(1,921)** | **(552)** | **0** | **(5,473)** | **291,190** | **285,718** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Movement in Reserves during 2021/22** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total comprehensive income and expenditure | 9,185 | - | - | - | **9,185** | **(6,423)** | **2,762** |  |
|  | Adjustments between accounting and funding basis under regulations (note 7) | (9,429) | 0 | 6 | 0 | **(9,423)** | **9,423** | **-** |  |
|  | Transfer to Earmarked Reserves | 1,244 | (744) | (500) | - | **0** | **-** | **-** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **(Increase)/decrease in 2021/22** | **1,000** | **(744)** | **(494)** | **0** | **(238)** | **3,000** | **2,762** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Balance carried forward at 31 March 2022** | **(2,000)** | **(2,665)** | **(1,046)** | **0** | **(5,711)** | **294,190** | **288,479** |  |
|  |  |  |  |  |  |  |  |  |  |

**BALANCE SHEET**

**AS AT 31 March 2022**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
|  | **31 March 2021** |  |  |  |  |  |  | **31 March 2022** |  |
|  | **£000** |  |  |  |  |  | **Notes** | **£000** |  |
|  | 40,989 |  | Property, Plant and Equipment | | |  | 9 | 46,126 |  |
|  | **40,989** |  | **Long Term Assets** | | |  |  | **46,126** |  |
|  | 237 |  | Inventories | |  |  | 10 | 244 |  |
|  | 5,238 |  | Short Term Debtors | | |  | 11 | 2,596 |  |
|  | 3,000 |  | Short Term Investments | | |  | 12 | 3,000 |  |
|  | 2,808 |  | Cash and Cash Equivalents | | |  | 12 | 2,105 |  |
|  | **11,283** |  | **Current Assets** | |  |  |  | **7,945** |  |
|  | (5,333) |  | Short Term Creditors | | |  | 14 | (4,449) |  |
|  | (502) |  | Provisions | |  |  | 14a | (448) |  |
|  | **(5,835)** |  | **Current Liabilities** | | |  |  | **(4,897)** |  |
|  | (3,300) |  | Long Term Borrowing | | |  | 16.1 | (3,218) |  |
|  | (328,855) |  | Other Long Term Liabilities | | |  | 16.2 | (334,435) |  |
|  | **(332,155)** |  | **Long Term Liabilities** | | |  |  | **(337,653)** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **(285,718)** |  | **Net Liabilities** | |  |  |  | **(288,479)** |  |
|  | (5,472) |  | Usable Reserves | | |  | 17 | (5,711) |  |
|  | 291,190 |  | Unusable Reserves | | |  | 18 | 294,190 |  |
|  | **285,718** |  | **Total Reserves** | |  |  |  | **288,479** |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Balance Sheet Approved for Issue** | | | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Signed: Stephen Mold - Police, Fire and Crime Commissioner** | | | | | | |  |  |
|  | **Date: 1st June 2023** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | **Signed: Helen King - Chief Finance Officer & S151 Officer** | | | | | |  |  |  |
|  | **Date: 1st June 2023** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**CASH FLOW STATEMENT**

**FOR THE TWELVE MONTHS ENDED 31 March 2022**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **2020/21** |  |  | **2021/22** |  |
|  | **£000** |  |  | **£000** |  |
|  |  |  |  |  |  |
|  | **(5,142)** | **Net Surplus on the provision of services** |  | **(9,185)** |  |
|  |  |  |  |  |  |
|  | 1,648 | Depreciation and impairment |  | 1,230 |  |
|  | - | Movement in Impairment for Bad Debts |  | - |  |
|  | (1,326) | Increase(-)/Decrease in Creditors |  | (938) |  |
|  | (1,963) | Increase/Decrease (-) in Debtors |  | 2,642 |  |
|  | (29) | Increase/Decrease (-) in Inventories |  | (7) |  |
|  | (4,347) | Additions of PPE Assets |  | (2,843) |  |
|  | 6,378 | Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments) |  | 8,342 |  |
|  | - | Increase(-)/Decrease in Long Term Liabilities |  | - |  |
|  | (3,000) | Increase/Decrease(-) in Investments |  | - |  |
|  | 3,300 | Proceeds from Borrowing |  | (82) |  |
|  | - | Derecognition of PPE Assets |  | 129 |  |
|  | 541 | Other Non Cash Movements |  | (10) |  |
|  | **(3,940)** | **Net cashflows from operating activities** |  | **(722)** |  |
|  |  |  |  |  |  |
|  |  | **Net cashflows from investing activities** |  |  |  |
|  | 60 | Proceeds from Sale of Assets |  | 19 |  |
|  |  |  |  |  |  |
|  | **(3,880)** | **Net Increase /Decrease (-) in cash and cash equivalents** |  | **(703)** |  |
|  | **6,688** | Cash and Cash equivalents at the beginning of the reporting period |  | 2,808 |  |
|  |  |  |  |  |  |
|  | **2,808** | **Cash and Cash equivalents at the end of the reporting period** |  | **2,105** |  |
|  |  |  |  |  |  |

**NOTES TO THE ACCOUNTS**

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 22 to 25 and provide further information upon the financial performance of the Authority during 2021/22.

**1 Expenditure and Funding Analysis**

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  | **Net Surplus Chargeable to the General Fund** | **Adjustments between Funding and Accounting Basis** | **2020/21 Net Surplus in the Comprehensive Income and Expenditure Statement** |  | **Net Surplus Chargeable to the General Fund** | **Adjustments between Funding and Accounting Basis** | **2021/22 Net Surplus in the Comprehensive Income and Expenditure Statement** |  |
|  | **£000** | **£000** | **£000** |  | **£000** | **£000** | **£000** |  |
|  | **21,501** | **1,426** | **22,927** | Fire and Rescue Services | **17,237** | **9,423** | **26,660** |  |
|  | **21,501** | **1,426** | **22,927** | **Net Cost of Services** | **17,237** | **9,423** | **26,660** |  |
|  | **(24,482)** | **6,697** | **(17,785)** | Other Income and Expenditure | **(17,475)** | **-** | **(17,475)** |  |
|  | **(2,981)** | **8,123** | **5,142** | **(Surplus) or Deficit** | **(238)** | **9,423** | **9,185** |  |
|  | (1,940) |  |  | Opening Revenue Reserves | (4,921) |  |  |  |
|  | **(4,921)** |  |  | **Closing Usable Reserves at 31 March** | **(5,159)** |  |  |  |
|  |  |  |  |  |  |  |  |  |

Note 7 outlines the breakdown of the Adjustments between Funding and Accounting Basis

**2 Accounting standards that have been issued but not adopted**

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The relevant standards being introduced for 2021/22 are:

• IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS

• IAS 37 (Onerous contracts) – clarifies the intention of the standard

• IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

• IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

**3 Taxation and Non-Specific Grant Income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  | **12 Months to 31 March 2021** | **Council Tax and Non Domestic Rates Income** | **12 Months to 31 March 2022** |  |
|  | **£'000** | **£'000** |  |
|  | (15,571) | Council Tax Funding | (15,609) |  |
|  | (2,085) | Revenue Support Grant | (2,279) |  |
|  | (6,686) | Non Domestic Rates Funding | (6,349) |  |
|  | **(24,342)** |  | **(24,237)** |  |

**4 Events after the Balance Sheet date**

The statement of accounts was authorised for issue by the Chief Finance Officer in July 2022 and no post balance sheet event had been reported at this date.

**5 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 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 Balance Sheet at 31 March 2022 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

|  |  |  |
| --- | --- | --- |
| **Item** | **Uncertainties** | **Effect if actual results differ from assumptions** |
| **Property, Plant and Equipment** | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | If the useful economic life (UEL) of assets is reduced, depreciation will increase and the carrying value of assets will decrease. It is estimated that the annual depreciation charge for buildings would increase by £24k for every year that useful lives had to be reduced. |
| **Pensions Liability** | Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. | The carrying value of the Fire Staff pension liability as at 31 March 2022 is £334m. The effect on the net pensions’ liability as a result of changes in individual assumptions is detailed within the Pensions Note 26. |
| **Council Tax (CT) and Business Rates (BR)** | The two local billing authorities were unable to complete their returns and therefore the result of the CT and BR outturn have been estimated. | The estimation technique is to assume the equivalent debtor, creditor or cash balance for the size of the Council compared to historical trends and published forecast information where available. Material differences in either CT and/or BR outturn positions would have a material impact on Council Tax and BR funding NCFRA will receive in the 2023/24 financial year and for future years, however due to the recommended accounting treatment for these items there would be no impact on the NCFRA reserves position as at the 31st March 2022 of any material differences between the estimate used and the actual values when they become available. |

**6 Material items of income and expenditure**

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

**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 Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  | **Usable Reserves** | | | | |
|  | **2020/21** | **General Fund Balance** | **Earmarked Reserves** | **Capital Grants Unapplied** | **Capital Receipts Reserve** | **Movement in Unusable Reserves** |
|  | **Adjustments to the Revenue Resources** | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |
|  | **Amounts by which income and expenditure included in the CIES are different from Revenue for the year calculated in accordance with Statutory Requirements:** |  |  |  |  |  |
|  | Pension costs (transferred to (or from) the Pensions Reserve | **(6,378)** |  |  |  | **6,378** |
|  | Depreciation and Impairment Losses moved to Capital Adj Account | **(2,093)** |  |  |  | **2,093** |
|  | Change in Accumulated Absence Charge | **14** |  |  |  | **(14)** |
|  | Capital Expenditure Funded by Revenue Funding (RCCO) | **506** |  | **400** | **32** | **(938)** |
|  | Capital Receipts Received in year | **(242)** | **255** |  | **(13)** | **-** |
|  | Loss on Disposal | **(48)** |  |  |  | **48** |
|  | Application of Collection Fund Income | **(136)** |  |  |  | **136** |
|  | **Total Adjustment to Revenue Resources** | **(8,377)** | **255** | **400** | **19** | **7,703** |
|  | **2021/22** | **General Fund Balance** | **Earmarked Reserves** | **Capital Grants Unapplied** | **Capital Receipts Reserve** | **Movement in Unusable Reserves** |
|  | **Adjustments to the Revenue Resources** | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |
|  | **Amounts by which income and expenditure included in the CIES are different from Revenue for the year calculated in accordance with Statutory Requirements:** |  |  |  |  |  |
|  | Pension costs (transferred to (or from) the Pensions Reserve | **(8,341)** |  |  |  | **8,341** |
|  | Depreciation and Impairment Losses moved to Capital Adj Account | **(1,240)** |  |  |  | **1,240** |
|  | Change in Accumulated Absence Charge | **21** |  |  |  | **(21)** |
|  | Capital Expenditure Funded by Revenue Funding (RCCO) | **150** | **-** | **-** | **-** | **(150)** |
|  | Minimum Revenue Provision (MRP) | **29** |  |  |  | **(29)** |
|  | Capital Receipts Received in year | **19** | **-** |  | **(19)** | **-** |
|  | Loss on Disposal | **-** |  |  |  | **-** |
|  | Application of S106 Funding | **188** |  |  |  | **(188)** |
|  | Application of Capital Receipts |  |  |  | **19** | **(19)** |
|  | Application of Capital Grants |  |  | **6** |  | **(6)** |
|  | Application of Collection Fund Income | **(255)** |  |  |  | **255** |
|  | **Total Adjustment to Revenue Resources** | **(9,429)** | **0** | **5** | **0** | **9,423** |
|  |  |  |  |  |  |  |

**8 Transfers to/from earmarked reserves**

This note sets out the amounts set aside funding in earmarked reserves to provide financing for future expenditure plans.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  | **Opening Balance April 2021** | **Transfers to Reserve** | **Transfers from Reserve** | **Closing Balance March 2022** |  |
|  |  | **£000** | **£000** | **£000** | **£000** |  |
|  | **Earmarked Reserves:** |  |  |  |  |  |
|  | Section 106 Contributions | 255 | 206 | (188) | **273** |  |
|  | Insurance reserve | 250 | - | - | **250** |  |
|  | Funding Reserve | 500 | 424 | - | **924** |  |
|  | Transformation Reserve | 400 | 367 | (86) | **681** |  |
|  | Capital &ESN | 388 | - | (32) | **356** |  |
|  | Equipment Reserve | 30 | - | - | **30** |  |
|  | Service Carry Forwards | 99 | 150 | (98) | **151** |  |
|  | **Total Earmarked Reserves** | **1,922** | **1,147** | **(404)** | **2,665** |  |
|  |  |  |  |  |  |  |

**9 Property, plant and equipment**

The movement in fixed assets during the year is shown in the table below

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  | **Operational Assets** | | | | |  |
|  |  | **Land and Buildings** | **Assets Under Construction** | **Vehicles, Plant and Equipment** | **Total Assets** |  |
|  |  | **£'000** | **£'000** | **£'000** | **£'000** |  |
|  | **Cost or Valuation** |  |  |  |  |  |
|  | **At 31 March 2021** | 31,482 | 3,490 | 7,457 | **42,429** |  |
|  | Additions/Enhancement | 6 | 120 | 2,717 | **2,843** |  |
|  | Revaluation Increases/(Decreases) to Revaluation Reserve | 3,662 | - | - | **3,662** |  |
|  | Depreciation eliminated on Revaluation | (517) | - | - | **(517)** |  |
|  | Revaluation Loss Reversal to Comprehensive Income and Expenditure Statement | (9) | - | - | **(9)** |  |
|  | Derecognitions | - | - | (189) | **(189)** |  |
|  | Reclassifications | - | - | - | **-** |  |
|  | **At 31 March 2022** | **34,624** | **3,610** | **9,985** | **48,219** |  |
|  |  |  |  |  |  |  |
|  | **Depreciation/Impairment** |  |  |  |  |  |
|  | **At 31 March 2021** | - | - | (1,440) | **(1,440)** |  |
|  | Charge for the twelve months to 31st March 2021 | (517) | - | (713) | **(1,230)** |  |
|  | Depreciation written out to the Revaluation Reserve | - | - | - | **-** |  |
|  | Depreciation written out to the CIES | 517 | - | - | **517** |  |
|  | Impairments | - | - | - | **-** |  |
|  | Derecognitions | - | - | 60 | **60** |  |
|  | Reclassifications | - | - | - | **-** |  |
|  | **At 31 March 2022** | - | - | (2,093) | **(2,093)** |  |
|  |  |  |  |  |  |  |
|  | **Balance as at 31 March 2022** | **34,624** | **3,610** | **7,892** | **46,126** |  |
|  |  |  |  |  |  |  |
|  | **Balance as at 31 March 2021** | **31,482** | **3,490** | **6,017** | **40,989** |  |

The freehold and leasehold properties within the Authority’s property portfolio are valued, under a five year programme, by the Authority’s property advisors (Wilkes, Head and Eve) with impairment reviews made annually.

A full valuation was undertaken as at 31 March 2022. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost and other properties are valued at existing use value.

**10 Inventories**

The values of stock items held are summarised in the table below:

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| 208 | Opening Balance | 237 |
| 29 | Year End Stock Take Adjustment | 7 |
| **237** | **Total Inventories** | **244** |

**11 Debtors**

The analysis of Debtors is shown below:

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| 446 | Trade Debtors | 571 |
| 4,792 | Other Debtors | 2,025 |
| **5,238** | **Total Debtors** | **2,596** |

The figures for the previous year have been restated to new categories following changes in the accounting code of practice. Trade Debtors consist primarily of payments in advance made to suppliers for goods and services. Other debtors include the Authority’s share of Council Tax and Business Rates debtors due to be paid to Districts and Boroughs by taxpayers, payments due from central government for VAT and grants and from other local government organisations for a variety of arrangements.

**12 Cash, cash equivalents and short term investments**

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| 2,808 | Cash at Bank | 2,105 |
| **2,808** | **Total Cash** | **2,105** |

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| 3,000 | Cash at Bank (95 Day Notice Account) | 3,000 |
| **3,000** | **Total Short Term Investments** | **3,000** |

**13 Assets held for sale**

The Authority has no assets held for sale at the 31st March 2022

**14 Creditors**

The analysis of Creditors is shown below:

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| (922) | Trade Creditors | (1,520) |
| (4,411) | Other Creditors | (2,929) |
| **(5,333)** | **Total Creditors** | **(4,449)** |

The figures for the previous year have been restated to new categories following changes in the accounting code of practice. Trade Creditors consist primarily of payments due to be made to suppliers. Other creditors include the Authority’s share of Council Tax and Business Rates prepayments made to Districts and Boroughs by taxpayers, grants received in advance from central government (details in note 15), payments due to central government for income tax and national insurance and pension contributions due to be paid to the pension fund.

**14.1 Provisions**

Each District/Unitary Council, based on their local data, calculates a provision for potential losses arising from ratepayers successfully appealing the level of their property’s rateable value. A proportion of each provision (currently 1%) is allocated to the Authority and recognised in the accounts.

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| (399) | Provision for Business Rates Appeals | (282) |
| (103) | Other Provisions | (166) |
| **(502)** | **Total Provisions** | **(448)** |

**15 Grant receipts in advance**

The Authority has £869k(£540k - 2020/21) grant receipts in advance, all of whichis for revenue purposes.

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| (201) | Emergency Services Network Grant | (651) |
| (230) | COVID-19 Grant | - |
| (60) | Fire Protection Grant Building Risk | (59) |
| (49) | Fire Protection | (159) |
| **(540)** |  | **(869)** |

**16.1 Long Term Borrowing**

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| (3,300) | PWLB Loan | (3,218) |
| **(3,300)** | **Total Long Term Borrowing** | **(3,218)** |

**16.2 Other Long Term Liabilities**

The Authority has other long term liabilities of £334.4m, which relate to its pension liabilities which are estimated to fall due over the longer term

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| (328,855) | Pension Liabilities | (334,435) |
| **(328,855)** | **Total Long Term Liabilities** | **(334,435)** |

**17 Usable reserves**

Movements in the Authority’s usable reserves are detailed in the Movement in Reserves statement. The nature

and purpose of these reserves is set out below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | (3,000) |  | General Fund | (2,000) |  |
|  | (255) |  | Section 106 Receipts | (273) |  |
|  | (250) |  | Insurance Fund External | (250) |  |
|  | (500) |  | Funding Reserves | (924) |  |
|  | (99) |  | Carry Forwards | (151) |  |
|  | (400) |  | Transformation Reserve | (681) |  |
|  | (388) |  | Capital & ESN | (356) |  |
|  | (30) |  | Equipment Reserve | (30) |  |
|  | **(4,922)** |  | **General Fund + Earmarked Reserves** | **(4,665)** |  |
|  |  |  |  |  |  |
|  | (550) |  | Capital Grants Unapplied Account | (1,046) |  |
|  | **(550)** |  | **Capital Grants Unapplied Account** | **(1,046)** |  |
|  |  |  |  |  |  |
|  | - |  | Capital Receipts Reserve | - |  |
|  | **-** |  | **Capital Receipts Reserves** | **-** |  |
|  |  |  |  |  |  |
|  | **(5,472)** |  | **Total Usable Reserves** | **(5,711)** |  |
|  |  |  |  |  |  |

**17.1 General Fund**

This is the accumulated surplus of income over expenditure after allowing for any General Fund Reserves. Its strategic use is to safeguard against budget risk and adverse impact on future funding levels.

**17.2 Capital grants unapplied**

These are grants received for a specific purpose but remaining unspent at the end of the year.

**18 Unusable reserves**

An analysis of the unusable reserves is shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | (1,656) |  | Revaluation Reserve | (5,320) |  |
|  | (36,255) |  | Capital Adjustment Account | (35,276) |  |
|  | 328,856 |  | Pensions Reserve | 334,435 |  |
|  | 90 |  | Accumulated Absences Account | 70 |  |
|  | 155 |  | Council Tax and NDR Collection Fund Account | 281 |  |
|  | **291,190** |  | **Total Unusable Reserves** | **294,190** |  |
|  |  |  |  |  |  |

**18.1 Revaluation reserve**

The Revaluation Reserve contains the gains/losses made by the Authority arising in the value of its Property, Plant and Equipment.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | (151) |  | Opening Balance | (1,656) |  |
|  | (1,656) |  | Revaluation gains in the period | (3,676) |  |
|  | 151 |  | Revaluation loss in the period | 12 |  |
|  | **(1,656)** |  | **Revaluation Reserve** | **(5,320)** |  |
|  |  |  |  |  |  |

The Reserve contains only revaluation gains/losses accumulated since 1 January 2019, the date that the Reserve was created.

**18.2 Capital adjustment account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

A breakdown of the CAA balance is set out below:-

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | (37,457) |  | Opening Balance | (36,255) |  |
|  | (1,047) |  | Additions funded by revenue funding | (179) |  |
|  | - |  | Additions funded by S106 Funding | (187) |  |
|  | - |  | Additions funded by Capital Grants Unapplied | (6) |  |
|  | - |  | Additions funded by Capital Receipts | (19) |  |
|  | 1,648 |  | Depreciation | 1,230 |  |
|  | 601 |  | Revaluation Losses + Disposals | 140 |  |
|  | **(36,255)** |  | **Capital Adjustment Reserves** | **(35,276)** |  |

**18.3 Pension reserve**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | 290,446 |  | Opening Balance | 328,856 |  |
|  | 38,410 |  | Actuarial (Gains)/Losses | 5,579 |  |
|  | **328,856** |  | **Pension Reserve** | **334,435** |  |
|  |  |  |  |  |  |

**18.4 Accumulated Absences Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | 105 |  | Opening Balance | 90 |  |
|  | (15) |  | Provision for the period | (20) |  |
|  | **90** |  | **Accumulated Absences Account** | **70** |  |
|  |  |  |  |  |  |

**18.5 Collection Fund Adjustment Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **31 March 2021** |  |  | **31 March 2022** |  |
|  | **£000** |  |  | **£000** |  |
|  | 88 |  | Council Tax Collection Fund Adjustment Account | 90 |  |
|  | 67 |  | NNDR Collection Fund Adjustment Account | 191 |  |
|  | **155** |  | **Collection Fund Adjustment Account** | **281** |  |
|  |  |  |  |  |  |

**19. Officers’ remuneration**

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2021/22 is listed below:

|  |  |  |
| --- | --- | --- |
| **Number of Officers** | **Remuneration Band** | **Number of Officers** |
| **2020/21** |  | **2021/22** |
| 19 | £50,000 - £54,999 | 21 |
| 12 | £55,000 - £59,999 | 22 |
| 3 | £60,000 - £64,999 | 7 |
| 3 | £65,000 - £69,999 | 1 |
| 3 | £70,000 - £74,999 | 1 |
| - | £75,000 - £79,999 | 2 |
| - | £80,000 - £84,999 | 1 |
| - | £85,000 - £89,999 | - |
| - | £90,000 - £94,999 | - |
| 2 | £95,000 - £99,999 | 2 |
| - | £115,000 - £119,999 | - |
| 1 | £120,000 - £124,999 | 1 |

**19.1 Senior Officer Remuneration**

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 19 (above).

The tables below detail the individual remuneration of senior employee’s for 2021/22 and 2020/21 respectively.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2021/22**  **Post Holder Information** | **Start Date (with NCFRA)** | **Leaving Date** | **Salary** | **Other** | **Total Excl Pension** | **Employer's Pension** |
|  |  |  | **£** | **£** | **£** | **£** |
| Chief Fire Officer - D Dovey | 01/01/2019 |  | 123,259 | - | 123,259 | - |
| Assistant Chief Fire Officer (1) | 01/01/2019 |  | 99,308 | - | 99,308 | 28,601 |
| Assistant Chief Fire Officer (2) | 01/01/2019 |  | 99,308 | - | 99,308 | 28,601 |
| Area Manager (1) | 01/01/2019 |  | 62,766 | 17,267 | 80,033 | 23,049 |
| Area Manager (2) | 01/01/2020 |  | 58,695 | 16,384 | 75,079 | 21,616 |
| Area Manager (3) | 01/01/2019 |  | 56,522 | 13,717 | 70,239 | 19,183 |
| Head of Protection | 01/01/2019 |  | 56,628 | - | 56,628 | 9,797 |
| Prevention, Safeguarding and Partnership Manager | 01/01/2019 |  | 56,628 | - | 56,628 | 9,797 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **2020/21**  **Post Holder Information** | **Start Date (with NCFRA)** | **Leaving Date** | **Salary** | **Other** | **Total Excl Pension** | **Employer's Pension** |
|  |  |  | **£** | **£** | **£** | **£** |
| Chief Fire Officer - D Dovey \* | 01/01/2019 |  | 123,850 | - | 123,850 | 24,325 |
| Assistant Chief Fire Officer (1) | 01/01/2019 |  | 95,370 | - | 95,370 | 27,469 |
| Assistant Chief Fire Officer (2) | 01/01/2019 |  | 95,380 | - | 95,380 | 27,469 |
| Area Manager (1) | 01/01/2020 |  | 55,737 | 15,508 | 71,245 | 20,519 |
| Area Manager (2) | 01/01/2019 | 31/08/2020 | 25,988 | 7,594 | 33,582 | 12,526 |
| Area Manager (3) | 01/01/2019 |  | 56,427 | 16,117 | 72,544 | 20,718 |

\* D Dovey retired on 30September 2020 and was re-appointed in October 2020 in line with the Covid provisions. Employers Pension Contributions are to September 2020.

A number of the senior officers for the NCFRA are employed and remunerated by either the OPFCC or the OCC. These posts are detailed below and details of their remuneration are included within the OPFCC accounts.

|  |  |
| --- | --- |
| **Post Holder Information** | **Start Date (with NCFRA)** |
| Police, Fire and Crime Commissioner | 01/01/2019 |
| Monitoring Officer | 01/01/2019 |
| Chief Finance Officer | 01/01/2019 |
| Assistant Chief Officer (Enabling Services) | 01/04/2020 |

All of the above roles remain as at 31 March 2022.

For the 2021/22 financial year, the Authority made a contribution to OPFCC and this is referenced further within the related parties note.

**20 External Audit costs**

The Public Sector Audit Appointments (PSAA) have set a scale fee of £25k for external audit services carried out by the appointed auditor (EY) in 2021/22 (the scale fee of £25k was payable for 2020/21 and further cost requested remain under discussion with PSAA). The 2020/21 amount is also currently under discussion with EY.

**21 Related parties**

IPSAS 20 Related Party Disclosures, based on IAS 24, requires NCFRA to disclose material transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence NCFRA or to be controlled or influenced by NCFRA.

Central Government has effective control over the general operations of both NCFRA and the OPFCC. It is responsible for providing the statutory framework within which NCFRA and the OPFCC operates, together with funding in the form of general or specific grants.

In January 2019, the Police Fire and Crime Commissioner (PFCC) took on Governance for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA). The Director of Delivery (and Monitoring Officer) and Chief Finance Officer of the OPFCC undertake these roles in NCFRA. All OPFCC Directors and OPFCC staff support the governance of NCFRA and a joint Communications Team for OPFCC and Fire was also in place during the year. The costs are reviewed annually and in 2021/22, the sum of £362k was charged to NCFRA for this support.

Furthermore, the OPFCC agreed to fund a post in Fire of up to three years to support Youth engagement, the LGA subscription and a contribution to the acorn demography tool. These costs equated to £51k.

In 2021/22, NCFRA paid the OPFCC the third and final contribution of £63k towards Fires share of the set up costs. Whilst paid over three years, these costs were accounted for in 2018/19.

NCFRA and Northamptonshire Police work together on a number of collaboration activities or where one organisation provides services for another. A separate collaboration agreement is in place which sets out the governance arrangements for existing and future collaborative activities between OPFCC, the Chief Constable (CC) and NCFRA. This agreement was reviewed in December 2021.

NCFRA and Police collaborate on operational and non- operational activities. Enabling services for shared support services teams were further embedded for Finance, Estates, Commercial Procurement, Fleet, HR, ICT and Stores during the year and Fire moved into the shared Darby House accommodation. During 2021/22, net charges of £1.208m were charged by Police to NCFRA for these services.

NCFRA collaborate and deliver mutual aid arrangements to and from other Fire Authorities. They collaborate with Warwickshire for the control room and system.

The OPFCC maintains a register of business interests and key members of staff in the OPFCC and NCFRA Chief Officers and the JIAC members are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the OPFCC and NCFRA. All returns were received and reviewed by the S151 Officer.

During the year, whilst NCFRA do not contribute financially, they continued as active participants in the Cadets arrangements with other Bluelight services in Northamptonshire.

During the first seven months of the year, NCFRA used the commercial procurement services of MINT which equated to approx. £17.5k. MINT was set up as a Limited Liability Partnership in 2020 by the PFCC Northamptonshire and the PCC Nottinghamshire to provide procurement services for organisations. The PFCC and the Director of Early Intervention and Monitoring Officer are two of the board members of the company. Procurement services were provided to NCFRA by shared services arrangements from October 2021 and MINT ceased trading on 31 March 2022.

NCFRA continued to receive some support services from West and North Northamptonshire which had been previously provided by Local Government Shared Services (LGSS) and Northamptonshire County Council (NCC). These charges equated to £202k from West and £15k from North Northamptonshire during 2021/22.

During the COVID-19 Pandemic, NCFRA have provided mutual aid arrangements to other public sector organisations as part of the local resilience forum for Northamptonshire. Some costs could be recharged and any additional costs were met from COVID-19 funding from the Home Office.

**22 Capital expenditure and capital financing**

The movement on the Capital Financing Requirement in the year was as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  | **31 March 2021** |  | **31 March 2022** |  |
|  | **£000** |  | **£000** |  |
|  | - | **Opening Capital Financing Requirement** | 3,300 |  |
|  |  |  |  |  |
|  |  | **Capital Investment:** |  |  |
|  | 4,239 | Property, Plant and Equipment | 2,843 |  |
|  | 4,239 | **Total Capital Spending** | 2,843 |  |
|  |  |  |  |  |
|  |  | **Sources of Finance:** |  |  |
|  | (31) | Capital Receipts | (19) |  |
|  | - | Earmarked Reserves | (4) |  |
|  | - | Section 106 Receipts | (188) |  |
|  |  | Sums set aside from revenue: |  |  |
|  | (908) | Direct revenue contributions | (179) |  |
|  | (939) | **Total Sources of Finance** | (390) |  |
|  | **3,300** | **Closing Capital Financing Requirement** | **5,753** |  |
|  |  |  |  |  |
|  | The year end position on the Capital Financing Requirement consists of the following: | | |  |

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
|  | **Capital Investment:** |  |
| 40,988 | Property, Plant and Equipment | 46,125 |
| 40,988 | **Total Capital Spending** | 46,125 |
|  |  |  |
|  | **Unusable Capital Reserves:** |  |
| (1,656) | Revaluation Reserve | (5,320) |
| (36,256) | Capital Adjustment Account | (35,276) |
| (37,912) | **Total Unusable Capital Reserves** | (40,596) |
|  |  |  |
|  | **1st January 2019 Stock on Governance Transfer** |  |
| 224 | Inventories | 224 |
| 224 |  | 224 |
| **3,300** | **Closing Capital Financing Requirement** | **5,753** |

**23 Operating Leases**

The Authority has some property and vehicle leases which have been accounted for as operating leases.

Operating Leases

The future minimum payments due under operating lease in future years are:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  | **31 March 2021** |  |  |  | **31 March 2022** |  |
|  | **£'000** |  |  |  | **£'000** |  |
|  | 18 |  | Less than one year (payments) |  | 63 |  |
|  | 48 |  | One to five years |  | 197 |  |
|  | **66** |  | **Total** |  | **260** |  |
|  |  | | | |  |  |

The expenditure charged to service lines in the Comprehensive Income and Expenditure during the period in relation to these leases were:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  | **31 March 2021** |  |  |  | **31 March 2022** |  |
|  | **£'000** |  |  |  | **£'000** |  |
|  | 25 |  | Minimum lease payments |  | 63 |  |
|  |  |  |  |  |  |  |

**24 Commitments**

NCFRA discloses all material Capital Commitments and after a review of all approved contracts, the following capital commitment are in existence prior to 31st March 2022;

* £768k for the delivery of an Aerial Appliance ordered in 2021/22 and to be received in 2022/23

**25 Redundancy and early retirement costs – Exit packages**

Redundancy and early retirement costs are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these payments.

These costs are recognised only when the Authority is demonstrably committed to terminate the employment on the affected employees.

In the 12 months between April 2021 and March 2022 the total cost for these exit packages was zero; reflecting that no early retirement or redundancy payments were made (The 12 months between April 2020 and March 2021 was also zero)

**26 Pensions**

**26.1 Participation in pension schemes**

On 1 April 2015 a new Firefighters’ Pension Scheme was introduced, and the following notes include the data for the three schemes combined, 2015, 2006 and 1992. Employees' and employers' contributions into the Firefighters’ 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.

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is a funded defined benefits scheme administered by Northamptonshire County Council. The Authority and employees pay contributions to the LGPS Pension Fund, calculated at a level intended to balance the pension liability with investment assets. The rate of contributions payable by employees range from 5.5% to 12.5% depending on the salary band of the employee. The Authority contributes at the rate prescribed by the Fund’s actuary.

**26.2 Transactions relating to retirement benefits**

The Authority recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the funding needs of the Authority are based upon the cash payable in the year, so the real cost of retirement benefits is reversed out after Net Operating Expenditure. The following transactions have been made during the year:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Local Government Pension Scheme** | **Fire Fighters Pension Scheme** | **Total** | **Local Government Pension Scheme** | **Fire Fighters Pension Scheme** | **Total** |
|  | **March 2021** | **March 2021** | **March 2021** | **March 2022** | **March 2022** | **March 2022** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Income and Expenditure Account** |  |  |  |  |  |  |
| **Cost of Services** |  |  |  |  |  |  |
| Current Service Cost | 806 | 6,950 | 7,756 | 1,133 | 6,980 | 8,113 |
| Past Service Cost (including Settlements and Curtailments) |  | 90 | 90 |  |  | - |
| **Financing and Investment Income and Expenditure** |  |  |  |  |  |  |
| Net Interest Expense | 75 | 6,450 | 6,525 | 120 | 6,470 | 6,590 |
| **Total defined benefit cost recognised in Income and Expenditure Account** | **881** | **13,490** | **14,371** | **1,253** | **13,450** | **14,703** |
|  |  |  |  |  |  |  |
| Return on plan assets (excluding the amount included in the net interest expense) | (1,508) | - | (1,508) | (415) | - | (415) |
| Actuarial gains and losses arising on changes in demographic assumptions | 161 | - | 161 | (69) | - | (69) |
| Actuarial gains and losses arising on changes in financial assumptions | 3,331 | 30,110 | 33,441 | (1,182) | (1,120) | (2,302) |
| Other | (63) | - | (63) | 24 | - | 24 |
| **Total remeasurements recognised in Other Comprehensive Income (OCI)** | **1,921** | **30,110** | **32,031** | **(1,642)** | **(1,120)** | **(2,762)** |
| **Movement in Reserves Statement** |  |  |  |  |  |  |
| Reversal of net charges made for retirement benefits in accordance with IAS19 | (2,379) | (36,030) | (38,409) | 791 | (6,370) | (5,579) |
| **Actual amount charged against the General Fund Balance for pensions in the year:** |  |  |  |  |  |  |
| Employers' contribution payable to scheme (LGPS)/Retirement Benefits payable to pensioners (FPS) | (423) | (7,570) | (7,993) | (402) | (5,960) | (6,362) |

**26.3 Assets and liabilities in relation to retirement benefits**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two defined benefit pension schemes:

* the Local Government Pension Scheme for civilian employees, administered by West Northamptonshire Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
* the Firefighters’ Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2019. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Local Government** | **Fire Fighters** |  | **Local Government** | **Fire Fighters** |  |
|  | **Pension Scheme** | **Pension Scheme** | **Total** | **Pension Scheme** | **Pension Scheme** | **Total** |
|  | **31 March 2021** | **31 March 2021** | **31 March 2021** | **31 March 2022** | **31 March 2022** | **31 March 2022** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Opening Defined Benefit Obligation** | **9,010** | **287,340** | **296,350** | **13,547** | **323,370** | **336,917** |
| Current Service Cost | 806 | 6,950 | 7,756 | 1,133 | 6,980 | 8,113 |
| Past Service Cost |  |  | - |  |  |  |
| Interest Cost | 217 | 6,450 | 6,667 | 290 | 6,470 | 6,760 |
| Contribution by Scheme Participants | 156 | 1,250 | 1,406 | 150 | 1,270 | 1,420 |
| **Actuarial Gains and Losses:** |  |  |  |  |  |  |
| Arising from changes in demographic assumptions | 161 | - | 161 | (69) | - | (69) |
| Arising from changes in financial assumptions | 3,331 | 30,110 | 33,441 | (1,182) | (1,120) | (2,302) |
| Return on assets | - | - | - | - | - | - |
| Other | (63) | - | (63) | 24 | - | 24 |
| Curtailments, Settlements and past Service Costs | - | 90 | 90 | - | - | - |
| Benefits paid | (71) | (8,820) | (8,891) | (82) | (7,230) | (7,312) |
| Closing Defined Benefit Obligation | **13,547** | **323,370** | **336,917** | **13,811** | **329,740** | **343,551** |

Reconciliation of opening and closing balances of the fair value of scheme assets:

|  |  |  |
| --- | --- | --- |
|  | **LGPS Pension Scheme** | **LGPS Pension Scheme** |
|  | **31 March 2021** | **31 March 2022** |
|  | **£000** | **£000** |
| Opening Fair Value of Employer Assets | 5,904 | 8,062 |
| Return on Plan Assets, excluding the amount included in the net interest costs | 1,508 | 414 |
| Interest income on Plan assets | 142 | 170 |
| Benefits Paid | (71) | (82) |
| Contributions from Employer | 423 | 402 |
| Contributions by scheme participants | 156 | 150 |
| **Closing Fair Value of Employer Assets** | **8,062** | **9,116** |

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

**26.4 Scheme history**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Local Government Pension Scheme** | **Fire Fighters Pension Scheme** | **Total** | **Local Government Pension Scheme** | **Fire Fighters Pension Scheme** | **Total** |
|  | **March 2021** | **March 2021** | **March 2021** | **March 2022** | **March 2022** | **March 2022** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Present value of the defined benefit obligation | (13,547) | (323,370) | (336,917) | (13,811) | (329,740) | (343,551) |
| Fair value of plan assets | 8,062 | - | 8,062 | 9,116 | - | 9,116 |
| **Net Liability arising from defined benefit obligation** | **(5,485)** | **(323,370)** | **(328,855)** | **(4,695)** | **(329,740)** | **(334,435)** |

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £334.4m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

* the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary; and
* finance is only required to be raised to cover fire pensions when the pensions are actually paid.

The total contributions expected to be made to the Local government Pension Scheme by the Authority in the year to 31 March 2023 is £0.3m. Expected contributions for the Fire pension Scheme in the year to 31 March 2023 are £1.14m.

**26.5 Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The annual Fire Authority budget will make allowance for the firefighter’s pension scheme payments based on an estimate of when such payments fall due. The Authority’s budget is set taking the employer’s pension contribution into account and government grant is received to cover any shortfall in the account.

The Government Actuaries Department (GAD), has assessed both the Firefighters’ scheme and the Local Government Pension Scheme liabilities. The main assumptions used in their calculations are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Local Government** | **Fire Fighters** |  | **Local Government** | **Fire Fighters** |
| **Pension Scheme** | **Pension Scheme** |  | **Pension Scheme** | **Pension Scheme** |
| **March 2021** | **March 2021** |  | **March 2022** | **March 2022** |
| **%** | **%** |  | **%** | **%** |
| 2.80 | 2.40 | Rate of inflation | 3.15 | 3.00 |
| 3.30 | 4.15 | Rate of increase in salaries | 3.65 | 4.75 |
| 2.80 | 2.40 | Rate of increase in pensions | 3.15 | 3.00 |
| 2.05 | 2.40 | Rate for discounting scheme liabilities | 2.75 | 2.65 |
| 50 | N/A | Take up of option to convert annual pre April 2008 service Pension into retirement grant | 50 | N/A |
| 75 | N/A | Take up of option to convert annual post April 2008 service pension into retirement grant | 75 | N/A |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Local Government** | **Fire Fighters** |  | **Local Government** | **Fire Fighters** |
| **Pension Scheme** | **Pension Scheme** |  | **Pension Scheme** | **Pension Scheme** |
| **March 2021** | **March 2021** |  | **March 2022** | **March 2022** |
|  |  | **65 year old current pensioner** |  |  |
| 21.7 | 21.4 | Male | 21.7 | 21.5 |
| 24.1 | 21.4 | Female | 24 | 21.5 |
|  |  |  |  |  |
|  |  | **45 year old future pensioner at age 65** |  |  |
| 22.8 | 23.1 | Male | 22.7 | 23.2 |
| 25.8 | 23.1 | Female | 25.8 | 23.2 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Impact on Defined Benefit Obligation** |  |  |
| **Local Government Pension scheme** | **Fire Fighters Pension Scheme** | **Increase/Decrease in assumption** | **Local Government Pension scheme** | **Fire Fighters Pension Scheme** |
| **March 2021** | **March 2021** |  | **March 2022** | **March 2022** |
| 3%-5% | 4.0% | Longevity (increase in 1 year) | 3%-5% | 3.5% |
| 2.0% | 0.5% | Rate of increase in salaries (increase by 0.5%) | 0.0% | 1.5% |
| 10.0% | 7.5% | Rate of increase in pensions (increase 0.5%) | 2.0% | 8.0% |
| 12.0% | 8.0% | Rate for discounting Scheme liabilities (decrease by 0.5%) | 2.0% | -9.5% |

The Fire Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme’s assets consist of the following categories, by proportion of the total assets held:

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
| 127 | Cash and Cash Equivalents | 113 |
| - | **Equity Securities** | - |
|  |  |  |
|  | **Debt Securities Bonds** |  |
| 818 | Government | 908 |
|  |  |  |
|  | **Property** |  |
| 467 | UK | 531 |
| 60 | Overseas | 73 |
|  |  |  |
|  | **Private Equity** |  |
| 240 | All | 408 |
|  |  |  |
|  | **Investment Funds and Trust Units** |  |
| 5,095 | Equities | 5,721 |
| 748 | Bonds | 822 |
|  | Commodities |  |
| 505 | Infrastructure | 540 |
| **8,060** | **Total Assets** | **9,116** |

**26.6 Pensions Reserve**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Local Government** | **Fire Fighters** |  | **Local Government** | **Fire Fighters** |  |
|  | **Pension Scheme** | **Pension Scheme** | **Total** | **Pension Scheme** | **Pension Scheme** | **Total** |
|  | **31 March 2021** | **31 March 2021** | **31 March 2021** | **31 March 2022** | **31 March 2022** | **31 March 2022** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Opening Balance** | **3,106** | **287,340** | **290,446** | **5,485** | **323,370** | **328,855** |
| Current service cost | 806 | 6,950 | 7,756 | 1,133 | 6,980 | 8,113 |
| Interest cost | 75 | 6,450 | 6,525 | 120 | 6,470 | 6,590 |
| Changes in assumptions | 1,921 | 30,110 | 32,031 | (1,641) | (1,120) | (2,761) |
| Past service cost, including curtailments | - | 90 | 90 | - | - | - |
| Contributions by employer/employee | (423) | 1,250 | 827 | (402) | 1,270 | 868 |
| Benefits Paid | - | (8,820) | (8,820) | - | (7,230) | (7,230) |
| Return on assets less interest | - | - | - | - | - | - |
| **Closing Balance** | **5,485** | **323,370** | **328,855** | **4,695** | **329,740** | **334,435** |

**27 Financial Instruments**

Financial instruments are recognised on the Balance Sheet when the Fire Authority becomes party to the contractual provisions of a financial instrument.They are initially measured at fair value.

**Financial Liabilities**

Financial liabilities are subsequently measured at amortised cost. For the Fire Authority’s borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

**Financial Assets**

Financial assets are classified as below:

1. Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
2. Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

As at the 31st March 2022 (or 31st March 2021), the fire authority has no type 2) assets or liabilites in its balance sheet.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

|  |
| --- |
| **Note 27.1 Financial Instruments** |
| This note includes a correction to the 2020/21 Financial Statements in accordance with Note 28 and provides to correct the omission. |
| The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 11 and 14 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **31 March 2021** | |  | **31 March 2022** | |  |  | | **Long term** | **Short term** |  | **Long term** | **Short term** |  | **Source** | | **£'000** | **£'000** |  | **£'000** | **£'000** |  |  | | **Financial assets at amortised cost** | | | | |  |  | | 0 | 3,000 | Investments | 0 | 3,000 |  | Balance Sheet | | 0 | 4,822 | Debtors | 0 | 2,089 |  | Balance Sheet | | **0** | **7,822** | **Total Financial Assets** | **0** | **5,089** |  |  | |  |  | **Financial liabilities at amortised cost** |  |  |  |  | | (3,300) | 0 | Borrowing | (3,218) | 0 |  | Balance Sheet | | 0 | (4,770) | Creditors | 0 | (3,559) |  | Balance Sheet | | **(3,300)** | **(4,770)** | **Total Financial Liabilities** | **(3,218)** | **(3,559)** |  |  | |

**Note 27.2 Financial Instruments**

**Income, Expense, Gains and Losses**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2020/21** | |  | **2021/22** | |
| **Financial Liabilities** | **Financial Assets** |  | **Financial Liabilities** | **Financial Assets** |
| **Measured at** | **Measured at** |  | **Measured at** | **Measured at** |
| **Amortised Cost** | **Amortised Cost** |  | **Amortised Cost** | **Amortised Cost** |
| **£’000** | **£’000** |  | **£’000** | **£’000** |
| - | - | Interest Expense | 65 |  |
| 0 | - | Total Expense in Surplus/Deficit on the Provision of Service | 65 |  |
| 0 | (3) | Interest Income |  | (3) |
| 0 | (3) | Total income in Surplus/Deficit on the Provision of Services |  | (3) |
| **0** | **(3)** | **Net Gain/(Loss) for the Year** | **65** | **(3)** |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 27.3 Financial Instruments** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Fair value of assets and liabilities**  Financial liabilities and financial assets classed as financial assets and financial liabilities at amortised cost are carried  in the balance sheet at amortised cost.  Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining  term of the instruments.  The fair value of borrowing is less than the carrying value because this reflects the fact that the average rate of  interest (1.98%) on the Fire Authority’s borrowing is less than current rates (2.66%)for new borrowing.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **31 March 2021** | |  | **31 March 2022** | | | **Carrying Amount** | **Fair Value** |  | **Carrying Amount** | **Fair Value** | | **£'000** | **£'000** |  | **£'000** | **£'000** | | **Financial Assets Held at amortised cost** | | | | | | 3,000 | 3,000 | Investments | 3,000 | 3,000 | | 4,822 | 4,822 | Debtors | 2,089 | 2,089 | | **7,822** | **7,822** | **Total Financial Assets** | **5,089** | **5,089** | | **Financial liabilities at amortised cost** | | | | | | (3,300) | (3,738) | Public Works Loan Board Borrowing | (3,218) | (2,914) | | (4,770) | (4,770) | Creditors | (3,559) | (3,559) | | **8,070)** | **(8,508)** | **Total Financial Liabilities** | **(6,777)** | **(6,473)** | | | | | | | | | | | | | |
|  |

**Note 27.4 Credit risk management practices**

The authority’s credit risk management practices are set out in the annual treasury management strategy document

**28 Prior Period Adjustment**

In the 2020/21 Statement of Accounts, the Financial Instruments disclosures required by the CIPFA Code of Practice were omitted in error. These disclosures are now given in note 27 and the comparators for 2020/21 in that note now correct that omission

**FIREFIGHTERS’ PENSION FUND ACCOUNT**

**FOR THE YEAR ENDED 31 March 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **2020/21** |  |  |  | **2021/22** |
| **£000** |  |  | **Note** | **£000** |
|  | Income To The Fund | |  |  |
|  |  | **Income to the Fund** |  |  |
|  |  | **Contributions Receivable** |  |  |
|  |  | From Employer |  |  |
| (2,861) |  | Normal Contributions | 7 | (2,872) |
| (1,242) |  | From Members | 9 | (1,272) |
|  |  |  |  |  |
|  |  | **Transfers in** |  |  |
| (90) |  | Individual transfers in from other schemes |  | (76) |
|  |  |  |  |  |
|  |  | **Expenditure by the Fund** |  |  |
|  |  | **Benefits Payable** |  |  |
| 7,211 |  | Pensions including ill health |  | 7,185 |
| 2,196 |  | Commutations and lump sum retirement benefits | | 2,028 |
|  |  |  |  |  |
|  |  | **Payments to and on account of leavers** |  |  |
| 4 |  | Individual transfers out to other schemes |  | - |
| **5,218** |  | **Net amount payable for the year** |  | **4,993** |
|  |  | Refund to be received from HMRC |  | (541) |
| (5,218) |  | Top up grant receivable from Central Government | 10 | (4,452) |
| **-** |  | **Net Fund position for year** |  | **-** |

**FIREFIGHTERS’ PENSION FUND ACCOUNT**

**Balance Sheet**

**As at 31 March 2022**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **31 March 2021** |  |  |  | **31 March 2022** |
| **£000** |  | **Net Current Assets and Liabilities** | **Note** | **£000** |
|  |  | **Net Current Assets and Liabilities** |  |  |
| 873 |  | Top Up grant receivable from Central Government | 10 | 192 |
| (873) |  | Amount Owing to Northamptonshire Fire & Rescue |  | (192) |
| **-** |  | **Total** |  | **-** |

**NOTES TO FIREFIGHTERS’ PENSION FUND ACCOUNT**

**Notes to the Firefighters Pension Fund Statement**

**1.**This statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain.

**2.**Three pension schemes operate within the Fund, the 1992 scheme, the 2006 scheme, and the 2015 scheme

**3.**The Fund is administered and managed according to the statutory requirements set out in the 1992, 2006, and 2015 scheme legislation.

**4.**The Firefighters Pension Schemes are unfunded and as such have no investment assets. They are funded through employee and employer contributions and Government grant.

**5.**All firefighter pension related benefits are charged to the Firefighters Pension Fund Account with the exception of costs relating to non-member retirement on ill health grounds and all costs relating to injury pensions, which are charged to the Fire Service Operating Account (revenue).

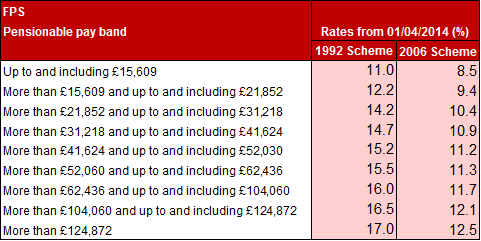
**6.** The Fund Account captures income and liabilities relevant to the period shown and therefore does not take account of liabilities to pay pensions and other benefits after the period end.

**7.**   Normal Employer contributions are made as follows:

* 1992 scheme 37.3% of pensionable pay.
* 2006 scheme 27.4% of pensionable pay
* 2015 scheme 28.8% of pensionable pay

**8.**   For any retirement on ill health grounds the Fire Service is required to make a payment to the Pension Fund from its revenue account. This is payable over 3 years. There were 0 retirements of scheme members on ill health grounds

**9.**   Members contributions, for both the 1992 scheme and also the 2006 scheme, changed to having banded contributions in 2013/14. The bandings are as follows:



**2015 scheme members**



**10**. These accounts have been prepared on an accruals basis.

**GOVERNANCE STATEMENT**

The Police and Crime Act 2017 enabled Police and Crime Commissioners to become responsible for the governance of fire and rescue authorities, subject to the approval of a business case by the Home Secretary. The aim of this legislation was to ‘enable fire and police services to work more closely together and develop the role of our elected and accountable Police and Crime Commissioners.’

Following consideration of the Northamptonshire Business Case by the Home Secretary, the Police and Crime Commissioner for Northamptonshire, Stephen Mold, became the first Police, Fire and Crime Commissioner for Northamptonshire (PFCC) on 1 January 2019.

Under these governance arrangements, a new corporation sole, Northamptonshire Commissioner Fire and Rescue Authority (NCFRA), was created on 1 January 2019. The Police, Fire and Crime Commissioner also acts as NCFRA.

The PFCC outlined the three year plan to build financial stability within the organisation which includes ensuring the establishment of effective internal controls. This timeframe is now concluded and the 2021/22 governance statement is the third full year governance statement for NCFRA as 2018/19 related to a three month period.

**The CIPFA/SOLACE Framework of Good Governance**

In 2007, CIPFA developed with the Society of Local Authority Chief Executives (Solace) a framework – “*Delivering good governance in local government”.* This was subsequently reviewed in 2015 and an updated edition was published in April 2016.

Governance as defined in the 2016 framework is:

*“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and delivered.”*

Good governance is not only about rules, policies and procedures but should also incorporate a spirit of good governance as an integral part of the culture of the organisation, its values and the expected behaviours. Senior leaders have a significant responsibility not only to ensure that good governance arrangements are properly codified and documented but also that the proper culture exists so that the concept of good governance, including transparency and openness, is effectively conveyed throughout their organisation.

This framework recognises that no two organisations are the same and as such allows an organisation to test its governance structures against a set of principles which are:

* **Principle A:** Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law:
* **Principle B**: Ensuring openness and comprehensive stakeholder engagement.
* **Principle C:** Defining outcomes in terms of sustainable, economic, social and environmental outcomes.
* **Principle D:** Determining the interventions necessary to optimise the achievement of intended outcomes.
* **Principle E:** Developing Capacity and Capability.
* **Principle F:** Managing Risks and Performance
* **Principle G:** Implementing good practices in transparency, reporting and accountability.

This statement explains how NCFRA/PFCC has complied with the CIPFA/SOLACE framework and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement (AGS).

Northamptonshire PFCC is responsible for ensuring that his business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. He also has a duty to arrange to secure continuous improvement in the way in which his functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the PFCC is responsible for putting in place proper arrangements for the governance of his affairs and facilitating the effective exercise of his functions which includes arrangements for the management of risk.

The PFCC has approved and adopted a Corporate Governance Framework which is consistent with the framework; explains how the PFCC has complied with the code and meets the requirements of the Accounts and Audit Regulations in relation to the publication of an AGS.

This governance statement provides a high level overview. It comments on the effectiveness of governance arrangements over the 12 month period from 1 April 2021 to 31 March 2022, and will be updated where required as at the date of signing of the statement of accounts for 2021/22.

**The purpose of the Governance Framework**

The Corporate Governance Framework comprises the systems and processes, and culture and values, by which NCFRA is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the Authority (the PFCC) to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PFCC’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact and to manage them efficiently, effectively and economically.

**The Governance Framework**

The Police, Reform and Social Responsibility Act 2011 brought in the responsibility for local authorities to create a Police and Crime panel. This panel is made up of local elected councillors and independent members with the responsibility to scrutinise and support the work of the Police and Crime Commissioner.

The Policing and Crime Act 2017 amended Section 28 (Powers of Police and Crime Panels) of the Police Reform and Social Responsibility Act 2011 to include the responsibilities of the new Fire and Rescue Authority.

The functions of the panel are set out in legislation and the Panel must also review or scrutinise decisions made, or other actions taken by the PFCC in connection with the discharge of their functions in relation to Policing and Fire and Rescue. The Panel is referred to as the Police, Fire and Crime Panel (PFCP).

**The PFCC’s Governance Arrangements**

To ensure the effective administration of NCFRA, key meetings are as follows:

* The PFCC holds a monthly Accountability Board with the Chief Fire Officer, supported by statutory officers and senior fire and PFCC officers. Minutes are available on the PFCC website.
* The PFCC meets regularly with the Chief Fire Officer and specific meetings are held between the Chief Fire Officer and key officers from the Office of the Police, Fire and Crime Commissioner (OPFCC).
* The terms of reference of the Joint Independent Audit Committee (JIAC) includes NCFRA. Four virtual meetings of the Committee took place in 2021/22 and notes of the meetings are published on the OPFCC website. Additional workshops with a specific focus were also held . The Committee provides independent assurance to the PFCC and individual reports are produced for NCFRA. This enables the internal controls and assurances for each corporation sole to be independently considered.
* An Enabling Services Transformation Board provides a structured approach to managing and monitoring collaboration opportunities between Fire and Policing.
* A joint Assistant Chief Officer leads the Enabling Services Programme and provides strategic leadership of joint support services across Fire and Policing.
* A collaboration agreement is in place in line with the Home Office Financial Management Code of Practice. The agreement was reviewed in the year.
* Fire and Rescue Service have a number of meetings established at strategic and operational levels. Where appropriate, members of the OPFCC attend these meetings and provide scrutiny, challenge and briefings.
* During 2021/22, Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services undertook their second inspection of Northamptonshire. The fieldwork on the inspection has now concluded and it is anticipated the report will be available during the summer of 2022.

In the full year to 31 March 2022, the PFCC has sought to ensure that appropriate management and reporting arrangements are in place to enable him to be satisfied that the approach to corporate governance was both adequate and effective in practice.

The system of internal control is based on a system of financial, contractual, management and administrative controls and is reviewed by both internal and external audit.

**Compliance with the seven principles set out in the CIPFA/SOLACE Framework**

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law:**

The Corporate Governance Framework provides guidance on expected behaviours to ensure integrity and builds on the clear statements made by the PFCC and the Chief Fire Officer.

For the financial year 2021/22, related party disclosures have been received for all key staff in the OPFCC, JIAC members, and the Chief Fire Officer and Senior Officers .

The statutory roles of Monitoring Officer and Chief Finance Officer to NCFRA are held by the post holders in the OPFCC which provides consistency and continuity.

The policies for Fire transferred across to NCFRA under the Governance arrangements. Some have been reviewed to date and regular reviews are now undertaken.

**Principle B: Ensuring openness and comprehensive stakeholder engagement.**

The Authority’s purpose is set out in statute. The vision for Northamptonshire is set out in Police, Fire and Rescue Plan which was produced in 2021/22 and revised the previous Fire and Rescue Plan and a Community Risk Management Plan (CRMP) will be published shortly.

The OPFCC website is used to publish a wide range of policy and information, making this easily accessible to the public. The website includes key NCFRA governance information and the role of the PFCC in Fire Governance is set out. Furthermore, all agendas, public papers and meetings of the JIAC are open to the public and papers are available on the PFCC website, together with the minutes of the Accountability Board.

Papers, reports and decisions made by the PFCC are published on the website, together with consultations and details of future public events. The PFCC undertook public consultation to inform setting the Northamptonshire Fire precept for 2021/22 and 2022/23. This consultation included wider public engagement on Fire and the report is available on the OPFCC website.

Significant stakeholder engagement was undertaken for the Police, Fire and Crime Plan and the Community Risk Management Plan in 2021. The report for the Police, Fire and Crime Plan is available on the PFCC website.

The Joint PFCC and Fire Communications Team was established in 2020/21 and is fully resourced and embedded within the service.

**Principle C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes.**

For the 2021/22 budget and precept, the Fire and Rescue Plan was used to direct the resources of NCFRA through the Revenue and Capital budgets.

The 2021/22 budget, precept and Medium Term Financial Plan (MTFP), alongside the Reserves, Capital and Treasury Management Strategies comprised the final year of the three year plan to achieve financial stability within three years. NCFRA have worked hard to manage within resources, seeking and obtaining additional financing where possible and ensuring a sufficient level of general and earmarked reserves. Following representation, NCFRA were given precept flexibility for 2022/23, together with a better than anticipated settlement.

As such, whilst still one of the lowest funded authorities, financial stability has been achieved and there is a three year balanced budget and an agreed and identified efficiency savings plan for the service. The Fire base budget has increased in cash terms by approximately 20% since the time of the governance transfer and reserves are deemed adequate.

As in previous years, the 2021/22 budget was prepared on zero-based budget principles, the Chief Fire Officer was fully involved in the preparation of the 2021/22 budgets and a number of targeted meetings took place with him to develop the detail of the budget and the capital programme, which were aligned to the priorities set out in the then Integrated Risk Management Plan (IRMP) and Fire and Rescue Plan.

Whilst overall volatility across Fire budgets has reduced in 2021/22, some volatility was still experienced in Estates and facilities, commercial, training and fleet. Whilst some of this is due to increases in inflation and the timing of works which have been impacted by Brexit and Covid-19 the Joint Head of Finance did, and continues to, work with budget managers to improve monitoring and forecasting and minimise volatility in these areas.

Following earlier Internal Audit reviews, and alongside the now established Joint Heads of Support Services (described as Enabling Services), progress to ensure policies and procedures have continued and compliance has improved in most areas. However, in some teams further work is still required and work will continue with budget managers to ensure this is done.

**Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.**

The NCFRA Capital Programme has continued to develop since the governance change in January 2019 and has been further informed with the knowledge of the Joint Heads of Department and a Joint Assistant Chief Officer. The Chief Fire Officer’s view is that this now includes all the essential operational requirements, together with some transformative requirements for the service. A new joint garage workshop has been purchased by NCFRA which avoids costs from condition surveys, enables the sale of the previous HQ and workshops, utilises Home Office grants, meets operational and safety requirements, and will when operational, enable the Joint Fleet team to be embedded and provides an opportunity to generate additional income. With the implementation of the new Police, Fire and Crime Plan and Community Risk Management Plan, the Authority has the strategies and plans in place to continue to evolve and change over time, and the Government’s White Paper “reforming our Fire and Rescue Service”, currently being consulted on will potentially bring further changes.

The capital programme is supported by asset strategies and these reflect the PFCC’s desired direction of travel for interoperability, building capacity or reducing costs to be reinvested in operational services. Following representation, given the significant Capital Programme legacy requirements, the Home Office have provided £0.5m to help mitigate some of the costs.

Let by the Assistant Chief Officer, a more structured approach was put in place for business cases and investment requests, and this has continued to embed in 2021/22. During the past eighteen months, proposals have been approved for joint teams with the Police of: Finance, Estates, Fleet, HR and Digital. Whilst some proposals require additional investment, others provide efficiencies and includes increased resilience and capacity for Fire.

Joint Heads of Department are in place for all Support Services and NCFRA are starting to receive the benefits of resilience and professional expertise. This has resulted in some staff transferring to Police employ with agreed charges to Fire as set out in individual Business cases.

Her Majesty’s Inspector of Constabulary and Fire and Rescue Services undertook an inspection of Northamptonshire Fire and Rescue Service prior to the governance transfer and a number of recommendations were received. An improvement Plan was developed and monitored regularly through the FEG and scrutiny and challenge applied by the PFCC at the Accountability Board and the Police, Fire and Crime Panel. The JIAC received updates on progress throughout the year. A follow up visit by HMICFRS during 2020 identified that the then causes of concern had been addressed. A second HMICFRS Inspection took place in 2021/22 which will be published in Summer 2022.

Throughout 2021/22, NCFRA continued to play a key role in Northamptonshire’s partnership response to the COVID-19 pandemic, HMICFRS assessed that financial controls and monitoring were effective in ensuring that related expenditure was captured appropriately and monitored regularly.

**Principle E: Developing Capacity and Capability.**

Following the governance transfer, after many years of holding vacancies, work has taken place to recruit staff to build capacity and capability - as such, 20 firefighters were recruited in February 2020 to ensure pre-governance transfer vacancies were filled and service strength increased up to budgeted establishment. Since that time, workforce planning has identified timescales for recruitment to minimise vacancies, and has resulted in an additional 12 posts recruited in early 2021 and a further 18 in early 2022. Forecasting needs to be developed across the medium term to better align resources to demand. In addition, the recruitment, retention, training and availability of on-call staff is a local and national challenge and has an impact on the use of overtime and bank cover for wholetime staff. This commitment to increasing wholetime firefighters supports wellbeing of the workforce whilst increasing capacity and resilience for the public of Northamptonshire. As such, appliance availability above minimum standards now averages 19 appliances. Prior to the governance transfer availability was regularly below minimum standards and appliances available averaged 14.

Whilst significant strides have been made in managing staffing resources, development of the workforce strategy which sets out clear recruitment plans and forecasts is required to ensure that future staffing resources are targeted towards meeting future service needs and requirements over the longer term. The changes to pension arrangements is making forecasting less predictable than previously and as such the strategy and plans will include scenarios or ranges where appropriate.

Principle D set out that work on the Enabling Services Programme is well progressed and all joint Heads of Department and teams are implemented and becoming embedded.

NCFRA has training capacity, skills and knowledge based at Chelveston and there are options to review these to maximise the benefit from these resources of NCFRA. A joint Fire/Police business development/commercial manager is in place and in addition to improvements in procurement has developed a draft commercial strategy which considers all opportunities available to both services.

The Assistant Chief Fire Officers continued in role during the year, as did the Joint Assistant Chief Officer for Enabling Services, the Chief Finance Officer and the Monitoring Officer. During the year, the Chief Fire Officer announced his intention to retire in October 2022 and recruitment for the role is currently underway.

The statutory roles of Monitoring Officer and Chief Finance Officer are undertaken by the same advisers to the PFCC for policing and enables consistent advice to be provided across the services.

**Principle F: Managing Risks and Performance**

NCFRA have a developed Risk Management system and the same system is being used following the governance transfer. The NCFRA risk register was considered at the March 2022 JIAC and an OPFCC Director attends the Fire Risk Management and Fire Executive Group (FEG) review meetings where risks are considered, as well as attending the Fire and Rescue Service quarterly strategic risk review meetings. During 2021/22 Internal Audit delivered risk management support and expertise.

An operational performance framework is in place that aligns to the outcomes in the previous Fire and Rescue Plan and IRMP (and updated with the new Police, Fire and Rescue Plan and CRMP). This is a standing agenda item quarterly on the accountability board agenda, with monthly monitoring by Chief Fire Officer at Fire Executive Group.

The agreed Internal Audit Plan for 2021/22, was informed by statutory officers during the year and covered the significant areas of risk and internal control. Regular update reports were provided to the JIAC for discussion.

West Northamptonshire Council undertook the support services previously undertaken by Local Government Shared Services (LGSS). These provide system, financial and some support services (with the exception of management accounting, procurement, estates and legal services) to NCFRA. Services such as Treasury Management and Tax were brought in house during the year as part of the planned direction of travel. The Chief Finance Officer had highlighted concerns in these areas in 2020/21 and these services were already scheduled to move in-house from July 2021. Internal Audit Review of this area in 2021/22 has provided assurance following transfer.

The internal audits, together with the assessment of statutory officers, considered previously identified risks of budget holders compliance with policies and procedures. The year-end Internal audit and provisional outturn report recognises improvements have been made and further targeted work is required with a small number of budget managers during 2022/23 to further embed this.

The JIAC Chair and one JIAC member completed their extended second tenures and retired during the year. The new JIAC Chair was appointed from the wider JIAC membership and recruitment for two new members took place during the year. One member was appointed and commenced their role in May 2022. The JIAC has one vacancy for which further recruitment is anticipated to take place in 2022/23. JIAC members were offered and some attended CIPFA, EY (the external auditors), Public Sector Audit Appointments (PSAA) or other events. Additionally EY and other circulars are shared with JIAC members and senior officers on a regular basis.

**Principle G: Implementing good practices in transparency, reporting and accountability.**

External governance is managed through a system of assurance that includes attendance at meetings by OPFCC staff to fully understand activities and associated risks. There is a monthly robust, formal Accountability Board meeting regularly between the PFCC and Chief Fire Officer and this is supported by regular informal meetings.

The PFCC provides regular updates to the Police, Fire and Crime Panel as well as to elected Members, officials and members of the local community and has recently instigated a regular newsletter to Northamptonshire Members of Parliament.

The OPFCC website has been awarded the independent CoPaCC transparency award in the last two years and the draft 2020/21 NCFRA statement of accounts were placed on the OPFCC website by the 31 July 2021.

As with every year since 2018/19, it was a major concern to the PFCC, the Panel, JIAC and statutory officers, that, due to factors outside of NCFRA’s and the PFCC’s control, the audit was not concluded until 28 February 2022. A letter has been received from DLUHC advising organisations of their responsibilities in publishing audited accounts in line with statutory timescales. Despite this, it is uncertain whether the 2021/22 Statement of Accounts will be audited in line with the statutory timescales and the Chief Finance Officer will continue to work closely with the auditor to ensure the audit is scheduled and concluded as soon as possible to ensure that public transparency and accountability is delivered for the public of Northamptonshire in a timely and effective manner. Any delays will continue to be reported on the PFCC website in line with the legislative requirements.

**Internal Audit and Internal Audit Review of Effectiveness**

The PFCC has the responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the JIAC, internal and external auditors, HMICFRS, statutory officers and senior managers within the Authority who have responsibility for the development and maintenance of the governance environment.

The 2021/22 Internal Audit Plan was approved by the PFCC and considered by JIAC in March 2021. At the date of the Annual Governance Statement (AGS) all but one audits had been concluded. The results of these audits were discussed with Fire Senior Officers and OPFCC statutory officers. Fire provide an annual update for the PFCC on the progress of audit recommendations with the last report considered in May 2022 Accountability Board. At this meeting the PFCC asked for follow up progress reports on Data Recovery and Data Quality later in the year.

The JIAC received updates on Internal Audit Reports and Management’s implementation of recommendations in June, October and December 2021 and March 2022.

Internal Audits undertaken are given two assurance ratings:

* System: How the control environment is assessed and documented, and
* Compliance: How well the system and environment is working in practice.

There are five assurance ratings as follows: Substantial, Good, Satisfactory, Limited and No Assurance. During the three years since the governance transfer, the PFCC and statutory officers have prioritised the need for Fire to embed an effective internal control framework and have targeted the internal audit programme to consider these key areas and to monitor them until controls have improved. The outcomes of the audit programme and assurance received show demonstrable progress as follows:

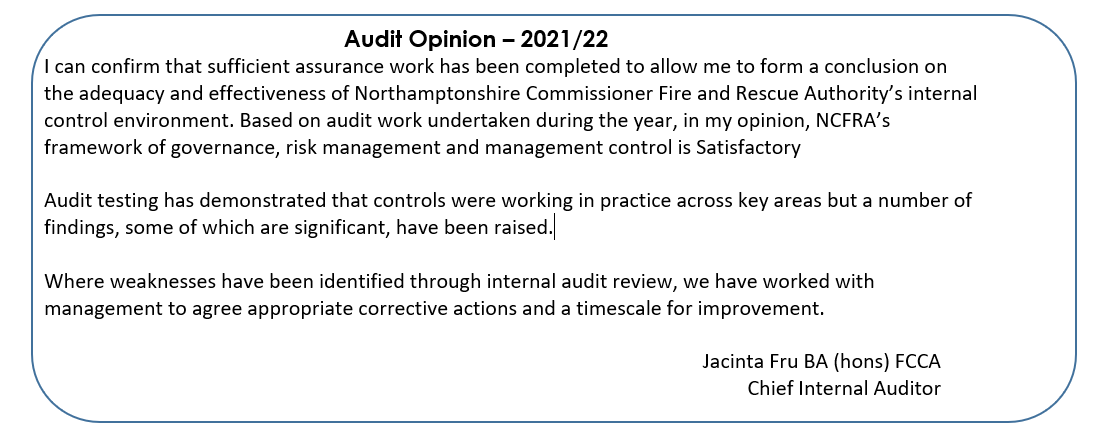


The audits reflect good progress since the governance transfer and whilst good policies and procedures are in place, work will continue to ensure compliance with them.

Significant gaps have been identified in the areas of ICT and audits have identified issues with both data recovery and security. This areas has been historically underinvested in and the new team has provided resilience and capacity to take forward and prioritise this work. In addition to the updates required by the PFCC and JIAC, follow up actions are scheduled in this area for 2022/23.

The PFCC, the S151 Officer and the Chief Fire Officer will continue to monitor these areas closely and will identify areas where further assurance is required and act accordingly.

The Chief Internal Auditor has produced her draft annual report for NCFRA for 2021/22, as follows:



Furthermore, within the report, the Chief Internal Auditor has advised:

*“The Satisfactory opinion for 2021/22 should be viewed positively. It reflects the maintenance of a sound controls environment despite several challenges, including the ongoing impact of the pandemic on the organisation’s capacity, as well as significant changes to processes in bringing key support service delivery back inhouse and the impact of work on the pending merger of key enabling services with the Police Force.”*

The JIAC will consider the report of the Chief Internal Auditor at their meeting in July 2022.

**CIPFA Financial Management Code**

The CIPFA Financial Management Code translates the principles of good financial management into a series of financial standards that comprise: leadership and accountability, governance and financial management, medium term financial planning to inform and ensure financial resilience, and monitoring financial performance to address emerging issues through to financial reporting. Taken together these financial management standards underpin the effective governance of the use and control of resources utilised by NCFRA in pursuance of its stated objectives.

The S151 Officer, together with the Joint Finance Team and Joint Assistant Chief Officer for Enabling Services have considered a self-assessment against this framework. This review highlighted that compliance has mainly been achieved in all significant areas of the framework and a small number of areas have been highlighted for further consideration in 2022/23, and this is captured in the AGS action plan as a recommendation.

**Review of Effectiveness**

The Internal Audit Plan was in place in 2021/22 and good momentum was achieved. The results of the audits show good progress in key financials since the time of the governance transfer. Some audits, particularly for Data Recovery and Data Quality have identified a number of areas requiring focus. The PFCC is fully appraised of these and will continue to seek assurance through statutory officer updates and the Accountability Board.

There were four JIAC meetings during the year, a workshop in October 2021 on the draft 2020/21 Statement of Accounts and a workshop in February 2022 on the Joint Estates Strategy. The four meetings include as standard: Internal and External Audit updates and a review of the JIAC annual plan.

Specific NCFRA additional areas considered were as follows:

|  |  |
| --- | --- |
| **JIAC Meeting** | **Areas Covered** |
| July 2021 | * Meeting of members with auditors without officers present * Annual Report of the JIAC and Terms of Reference Review * External Audit Annual Audit letter 2019/20 * External Audit Plan 2020/21 * Internal Audit Annual Report 2020/21 * 2020/21 Treasury Management Outturn * NCFRA Risk Register Update * NCFRA Internal Audit progress against recommendations update |
| October 2021 | * Attendance of PFCC * Budget and MTFP Processes, Plan and Timetable * MINT and Procurement update * Enabling Services update * Future New Systems update |
| December 2021 | * Attendance of PFCC * Draft Annual Audit Results Report 2020/21 |
| March 2022 | * Internal Audit Plan 2022/23 * 2022/23 Treasury Management Strategy and 2021/22 mid-year update * Risk Register update |

**Significant Governance Issues**

There were no formal reports issued by the S151 or Monitoring Officer during the year, outcomes of Monitoring Officer Investigations, objections from local electors or ombudsman referrals. The financial settlement and precept flexibility for 2022/23 have enabled NCFRA to set a balanced budget for three years with an agreed realistic efficiency plan which will be kept under close review.

Fixed Asset Strategies, Reserves, Treasury Management Strategies and a Capital Programme are in place, and the Capital Programme is regularly reviewed to ensure deliverability and affordability. Representation will continue to be made for funding to mitigate this impact. It remains essential that opportunities to build resilience and capacity and maximise efficiencies continue to be taken forward with Policing. The internal control framework continues to develop and it is important that this momentum is maintained.

**Progress on the 2021/22 Recommendations**

Good progress has been made on the 2021/22 recommendations identified in the governance statement as follows:

|  |  |  |
| --- | --- | --- |
| **Progress on 2021/22 Internal Control Actions** | | |
| **Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.** | **Recommendation 1:** To continue to progress the HMICFRS Improvement Plan and monitor updates regularly through the Accountability Board. | **Completed –** new inspection undertaken Autumn 2021 – report due Spring 2022.  **New recommendation for 2022/23 to take forward any recommendations.** |
| **Principle E: Developing Capacity and Capability.** | **Recommendation2:** Further develop the work of the Establishment Board including the development of a Workforce Strategy. | **Completed** –the Joint HR team has been established and this work will continue a Workforce Strategy has been developed but work to take forward establishment plans and monitoring is required.  **New recommendation for 2022/23 to take forward establishment plans.** |
| **Recommendation 3:** To continue to inform, develop and implement proposals for Enabling Services together with Policing. | **Completed/Incorporated into Business as Usual** – all Joint Heads of Department are in place and Joint Teams established. |
| **Recommendation 4:** To assess the feasibility of and where appropriate, develop a commercial strategy in conjunction with Policing. | **Completed** – a joint post is in place and a commercial strategy has been approved. |
| **Principle F: Managing Risks and Performance.** | **Recommendation 5:** To continue to maximise all funding opportunities for NCFRA, ensuring the MTFP reflects the position, that savings plans are prepared and reviewed and lobbying to continue to seek a fairer funding settlement for NCFRA. | **Completed/Incorporated into Business as Usual** – the 2022/23 budget and precept has enabled NCFRA to balance the budget over three years and to put in place an agreed efficiency plan – this is now Business as usual |
| **Principle G: Implementing good practices in transparency, reporting and accountability.** | **Recommendation 6:** To work closely with Budget managers and the service to understand that the impact of proposals and decisions made can be fully understood to ensure that reliance can be placed on information provided and that unexpected volatility on the budget headings is minimised. | **Ongoing and carried forward to 2022/23** – whilst there has been improvements in many areas, further targeted work will take place particularly with Training, Commercial , Fleet and Estates during 2022/23 to minimise volatility and improve compliance with policies and procedures. |
| **Recommendation 7:** To take forward the recommendations of the Asset Management and Stock control internal audits. | **Ongoing and carried forward to 2022/23** – good progress has been made, however, some of the recommendations will take longer to implement than first envisaged as they were impacted by COVID and social distancing. |

**Recommendations for 2022/23**

Following the assessment of internal controls, the following areas have been recommended to embed and improve internal controls for 2022/23:

|  |  |
| --- | --- |
| **2022/23 Internal Control Action Plan** | |
| **Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.** | **Recommendation 1:** On receipt of the HMICFRS report, take forward recommendations and areas for improvement and monitor updates regularly through the Accountability Board and JIAC. |
| **Principle E: Developing Capacity and Capability.** | **Recommendation 2:** Further develop the work of the Establishment Board including the development of Recruitment plans and forecasts. |
| **Principle F: Managing Risks and Performance.** | **Recommendation 3:** To take forward the recommendation from the Target Operating Model Performance Data audit. |
| **Recommendation 4:** To take forward the recommendation from the ICT Disaster Recovery audit. |
| **Principle G: Implementing good practices in transparency, reporting and accountability.** | **Recommendation 5:** To work closely with Budget managers and the service to understand that the impact of proposals and decisions made can be fully understood to ensure that reliance can be placed on information provided and that unexpected volatility on the budget headings is minimised. |
| **Recommendation 6:** To take forward the recommendations of the Asset Management and Stock control internal audits. |
| **Recommendation 7** – To take forward actions Identified in the self-assessment of the CIPFA Financial Management Code. |

**CONCLUSION**

The PFCC has highlighted the actions identified within this statement to take steps to address the above matters and further enhance the NCFRA governance arrangements and will monitor their implementation and operation during the year and as part of the next annual review.



**Signed: Stephen Mold, Police Fire and Crime Commissioner**

**Date: 1st June 2023**



**Helen King,**

**Chief Finance Officer & S151 Officer, Northamptonshire Commissioner Fire and Rescue Authority**

**Date: 1st June 2023**

**GLOSSARY OF TERMS**

**1 Accounting period**

The length 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.

**2 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.

**3 Actuarial gains and losses**

For defined benefit schemes, the changes in actuarial deficits or surpluses arise because:

events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

**4 Asset**

An item having value to the authority in monetary terms. Assets are categorised as either current or fixed:

A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);

A fixed 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 building, or intangible, e.g. computer software licences.

**5 Audit of accounts**

An external audit is an independent examination of the financial records prepared by an organisation. The main objective of an external audit is to verify that the accounting records for a company provide a true and accurate picture of the organisation’s finances and that statements are prepared in accordance to the set laws and accounting standards. External audits also add value by identifying areas where efficiency in the business can be improved and where controls and processes may be made more effective.

**6 Balance sheet**

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

**7 Budget**

The forecast of net revenue and capital expenditure over the accounting period.

**8 Capital expenditure**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**9 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.

**10 Capital programme**

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

**11 Capital receipt**

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

**12 CIPFA**

The Chartered Institute of Public Finance and Accountancy.

**13 Collection fund**

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

**14 Consistency**

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

**15 Contingent asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority’s accounts.

**16 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 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.

**17 Creditor**

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

**18 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.

**19 Debtor**

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**20 Deferred charges**

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

**21 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.

**22 Depreciation**

The measure of the cost of wearing out, consumption, or other reduction, in the useful economic life of the Authority’s fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

**23 Discretionary benefits (pensions)**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority’s discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

**24 Equity**

The Authority’s value of total assets less total liabilities.

**25 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.

**26 Exceptional items**

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**27 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.

**28 Extraordinary items**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

**29 Fair value**

The fair value of an asset is the price at which it could be exchanged in an arm’s length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**30 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 Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

**31 Impairment**

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

**32 Income and expenditure account**

The revenue account of the 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.

**33 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.

**34 Investments (pension fund)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

**35 Liability**

A liability is where the 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.

**36 Liquid resources**

Current asset investments that are readily disposable by the 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.

**37 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.

**38 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.

**39 Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

**40 Net book value**

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

**41 Net debt**

The Authority’s borrowings less cash and liquid resources.

**42 Non-domestic rates (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy.

**43 Non-operational assets**

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

**44 Operating lease**

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

**45 Operational assets**

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**46 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.

**47 Pension scheme liabilities**

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

**48 Precept**

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

**49 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.

**50 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.

**51 Public Works Loan Board (PWLB)**

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

**52 Rateable value**

The annual assumed rental of a hereditament, which is used for NDR purposes.

**53 Related parties**

There is a detailed definition of related parties in IAS 24. For the Authority’s purposes related parties are deemed to include the Authority’s members, the Chief Executive, its Directors and their close family and household members.

**54 Related party transactions**

The Code 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.

**55 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.

**56 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 Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

**57 Residual value**

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

**58 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.

**59 Revenue expenditure**

The day-to-day expenses of providing services.

**60 Revenue support grant**

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

**61 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.

**62 Temporary borrowing**

Money borrowed for a period of less than one year.

**63 Useful economic life (UEL)**

The period over which the Authority will derive benefits form the use of a fixed asset









