



DEVON & SOMERSET FIRE & RESCUE AUTHORITY



Statement of Accounts 2022 - 2023

Devon and Somerset Fire and Rescue Authority

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Devon & Somerset Fire & Rescue Authority - STATEMENT OF ACCOUNTS 2022/23

NARRATIVE REPORT

Introduction

The purpose of these Accounts is to advise stakeholders of the financial performance of the Authority for the financial year ending 31 March 2023. The Accounts are presented in compliance with International Financial Reporting Standards (IFRS). The Accounts are prepared on the basis of a going concern given that the Authority has sufficient resources to fund its financial obligations and has no major concerns of its financial viability over the medium term.

The main purpose of the report is to provide an explanation of the financial position of the authority and assist in the interpretation of the financial statements as well as providing information on the economy, efficiency and effectiveness in its use of resources over the financial year.

Group Accounts - This is the second time we have produced a set of group accounts in conjunction with our trading company Red One Limited. This consist of a Consolidated Comprehensive Income & Expenditure Statement, Consolidated Balance Sheet, Consolidated Cashflow Statement and Consolidated Movement in Reserves Statement. These statements bring together the two entities and remove any intra group transactions. More can be found from pages 19 to 27 in the accounts.

Information on the financial performance of the authority includes four key accounting statements;

Comprehensive Income & Expenditure Statement - This statement reports the cost of providing services based upon generally accepted accounting principles. This cost will differ from the actual expenditure funded from taxation, as there are some costs e.g. depreciation of assets, which are not required to be funded from taxation.

Balance Sheet - This records the assets and liabilities of the Authority as at the end of the financial year.

Cash Flow Statement - This statement shows the movement in cash and cash equivalents during the year. It illustrates how the Authority generates and uses cash and cash equivalents, analysed by operating, investing and financing activities.

Movement in Reserves Statement - This statement shows the movement in the year on all of the different reserves held by the Authority. The reserves are reported under two broad headings; "usable reserves" (which can be used to fund expenditure or reduce local taxation) and "unusable reserves" (which recognise non-cash transactions in/out of reserves e.g. revaluation of an asset.).

Financial Performance for the year

Inflation has impacted the Authority during 2022/23 including energy (gas and electricity), vehicle fuel and wage inflation which was far greater than originally budgeted for. The Authority anticipated a 2% pay award across the board during 2022/23. In the end, the grey book staff (firefighters and control room staff) accepted an increase of 7%, the green book staff (professional and technical staff) accepted a flat rate increase of £1,925 each. There has been no support received to fund these increases so reductions in planned expenditure were made to help meet the majority of these cost pressures.

Against this backdrop it is imperative for the Authority's Medium Term Financial Plans to be focused on providing forecasts of budget savings required and to inform its strategic planning. So far the Authority has responded well based upon a strategy which has been focused around the three key areas of improving efficiency, reducing costs and increasing income generation. Total recurring budget savings of £22.5m have been delivered since 2010. The Service is in the process of finalising and publishing a Target Operating Model which will determine the savings and improvement plans for the period to 2023-27. It is forecast that a minimum of £12.1m of recurring savings need to be identified over that period but this may increase to £18.4m if funding risks and cost pressures do materialise.

Revenue spending in 2022/23 before transfer from reserves of £0.947m was £78.236m, compared to an agreed budget of £77.289m. Table 1 provides a summary of revenue spending in 2022/23 compared with agreed budget headings.

TABLE 1 – SUMMARY OF REVENUE SPENDING 2022/23

	Budget	Spending	Variance
	£m	£m	£m
Employee Costs	72.0	74.9	2.9
Premises Related Costs	4.3	4.6	0.3
Transport Related Costs	3.5	3.1	(0.4)
Supplies and Services	7.9	6.9	(1.1)
Establishment Expenses	0.7	0.7	(0.0)
Payments to Other Authorities	0.8	0.9	0.0
Capital Financing	4.4	3.3	(1.1)
Gross Spending	93.8	94.4	0.6
Income	(12.3)	(13.0)	(0.7)
Transfer to (from) Reserves	(4.2)	(4.1)	0.1
Net Spending	77.3	77.3	(0.0)
Funded By:			
Council Tax Precept	(57.2)		
Business Rates Redistribution	(2.8)		
Central Government Funding	(17.2)		
Total Funding	(77.3)		

An overspend of £0.947m, equivalent to 1.23% of the total revenue budget, has occurred due to larger than budgeted pay awards for both firefighters and professional and support staff of 7.0% and a flat rate of £1,925 across the board respectively. Reductions in discretionary spend coupled with recruitment controls instigated early in the financial year helped reduce the over-spend position.

Contributions from Earmarked Reserve

The Fire Authority approved that the net overspend of £0.947m be transferred from the Direct Funding to Capital Reserve to ensure the outturn position was neutral. A further £0.225m has been transferred to the General Fund Balance to ensure the target of 5% of Revenue budget, as suggested by CIPFA, is maintained. Further detail on all Earmarked Reserve balances is included in Note 20 to the financial statements.

Capital Expenditure and Financing 2022/23

The financial statements include capital spending of £5.1m in 2022/23 of which £1.6m has been spent either on the rebuild of fire stations or improvements to them and £3.5m on replacement fleet and equipment, primarily focused on the continued roll-out of new traditional fire appliances to replace older vehicles of the same type.

Aligned to the Authority strategy to avoid any new external borrowing to fund medium term capital spending, no new borrowing was taken out in 2022/23. Of the total spending of £5.1m an amount of £1.3m was funded from existing borrowing.

Authority Borrowing

External borrowing from the Public Works Loan Board (PWLB) as at 31 March 2023 was £24.2m. All of this debt is at fixed rates which protects costs from adverse changes in interest rates in the future. This level of debt is well within the maximum debt level of £27.0m, set by the Authority at the beginning of the financial year as one of its prudential indicators for capital financing.

Pension Liabilities

As at 31 March 2023 the Authority pension liability has been calculated to be £604.2m (£921.5m in 2021-22). This is based on an actuarial assessment and represents accrued benefits of members of the pension schemes that the Authority participates in; the Fire-fighter Pension Schemes (operational staff) and the Local Government Pension scheme (support staff). Further details of the assets and liabilities of each scheme are included in note 30 of these Accounts.

The impact of reporting pension assets and liabilities, under the current accounting standards (IAS19), is that all fire and rescue authorities, and also police services, find themselves in the position of reporting significant net liability position in the balance sheet. This is because the Fire-fighter Pension Scheme is not a funded scheme, unlike the Local Government Pension Scheme, and therefore has no reported assets to meet future pension costs. It should be emphasised that this liability position does not cause any funding concerns as it does not require any immediate call on Authority reserves. Current accounting standards for the Fire-fighter Pension Scheme require that the Authority only set aside provision for retirement benefits in the year in which the commitment arises.

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges and fire fighters' schemes as part of the reforms amounted to unlawful discrimination. The Government sought permission to appeal from the Supreme Court, however this was not granted.

The Government has considered the impact of the Court of Appeal decision including any impact on other public service schemes and launched a consultation to address the discrimination in July 2020. The proposed remedy is to offer pension scheme members the option to return to their previous scheme if this is preferential and will therefore increase costs of the scheme going forward, although this cannot be measured with any certainty at this time. The final remedy was confirmed when HMT published their response to their consultation on 4 February 2021, with no change to that proposed in the consultation. Last year's Statement of Accounts was in line with this remedy therefore no further adjustments are required to the allowance for the McCloud/Sargent case.

Assets/Liabilities of the Authority

The balance sheet of the Authority as at 31 March 2023 shows a net liability of £469.0m (£784.8m as at 31 March 2022). This includes the pension liability of £604.2m (£921.5m as at 31 March 2022) required to be included under IAS 19.

Performance and Use of Resources

Public Safety - We believe it is better to prevent an emergency from happening in the first place rather than deal with it when it does. To support this belief we work with local communities and partners to educate them in how to reduce the risk of fires and other emergencies and do all we can to help prevent crime and disorder through, for example, our work on reducing incidents of arson.

If a fire does start, we want to make sure people have the best chance of escape and that the disruption to business and the community is kept to a minimum. We will work with businesses to influence and regulate the built environment to protect people, property and the natural environment from harm. In situations when an emergency response is needed, we will make sure that our resources are appropriately located, reflecting our Community Risk Management Plan, so that we have the right resources in the right place at the right time.

Staff Safety - As our work evolves due to the changing demands on our service, we need to make sure that we develop our staff so they have the right skills and values to deliver our services to the community. Our staff need to operate in a safe and supportive working environment and we will provide them with the most appropriate vehicles, equipment and information relevant to the risks they are likely to face.

Effectiveness and Efficiency - We will aim to continuously improve our effectiveness and efficiency. This means that we are working to improve, while at the same time spending less money. To achieve this, we will need to transform the way we work through continuous long-term improvement. We will promote this transformation by involving staff and the community, encouraging innovation and change, and looking for opportunities to do things differently for the benefit of the community. We will learn from other high-performing organisations and focus on activities that support effectiveness and efficiency.

Key Performance Indicators

In Table 2 is a summary of performance against corporate Key Performance Indicators (KPIs) in 2022/23 with a comparison against the previous year. Our KPIs are reported to the Fire Authority throughout the year and are used to benchmark against other Services.

Measure			
Non-financial Indicators	2022-23	2021-22	variance
Number of deaths as a result of fires where people live	6	8	-25.00%
Number of injuries as a result of fire where people live	80	75	6.70%
Number of fires where people live	882	865	2.00%
Number of fire related deaths where people work, visit and in vehicles	0	2	-100.00%
Number of fire related injuries where people work, visit and in vehicles	17	14	21.40%
Number of fires where people work, visit and in vehicles	1242	1173	5.90%
Emergency Response Standard for attendance at fires where people live (1st appliance to attend within 10 minutes)	69.00%	71.40%	-2.4% pt
Emergency Response Standard for attendance at road traffic collisions (1st appliance to attend within 15 minutes)	72.10%	76.40%	-4.3% pt
Sickness - Rate of shifts lost to sickness per full time equivalent (FTE)	13.15	9.42	-3.73

Overview of Service Performance in 2022/23

Prevention

The Service has delivered over 20,000 targeted home fire safety visits. This has been delivered through a combination of specialist staff with our dedicated home safety technicians delivering 12,175 Home Safety Checks, and Operational Fire Fighters delivered 8,007 Home Safety Checks.

A continued review our Partnerships (over 300 currently) to ensure quality referrals are received of the most at risk members of the community.

We are continuing to implement training packages aligning Prevention work with National expectation. This includes the National Fire Chiefs Council, 'Person Centred Framework', and our alignment to the Fire Standard for Prevention.

Other work of note.

- An Action Plan has been put in place to resolve a build-up resulting in a backlog in our home safety visits to ensure we deliver our services in a timely manner.
- Collaboration with our Protection team to ensure our teams better understand each other's area of business which is essential in the high-rise residential environment. Joint Community delivery of Prevention and Protection activity to refugee groups and those that may not have English as a first language.
- Fatal Fire reviews. Enabling us to identify trends or risks that contribute to Fire deaths. Reporting nationally and locally increasing learning and improvement in our services.

Protection

2022- 23 has seen Protection consolidate activities around the Risk Based Inspection Programme, Building Risk Review (high-rise) and the development of a cohort of new Fire Safety Inspecting Officers. The Service is seeing a high number of experienced staff retire and Protection is no different, however the lead in period to become competent is 2 – 5 years. This presents a number of key challenges maintaining the broad range of regulatory demands, however both key targets of 700 Fire Safety Audits (825 Fire Safety Audits) and 3,000 Fire Safety Checks (3,717 Fire Safety Checks) have been exceeded.

Additionally, Protection continue to assess and respond to formal Building Regulations and Licensing Consultations in line with procedural guidance, on average 98.5% within the target time. We also maintain a Fire Safety Helpdesk supporting business owners and wider community with compliance support and a route to raise fire safety concerns. This is complimented by an effective and resilient 'Out of Hours' Team ensuring we can respond 24/7 to dangerous conditions within the built environment due to serious fire safety failings and support operational crews.

In addition to being an active participant with the NFCC Protection Team, we have also reviewed the following internal processes and have been working to support the implementation of the new Building Safety Regulator: -

- Risk Based Approach to 'Post Fire' Inspections
- Unwanted Fire Signal Reduction Strategy
- Quality Assurance Process for Protection Activities and Third-Party Accreditation
- Recruited Southwest Building Safety Regulator Manager and Inspecting Officer
- Significant increase in complex enforcement / legal action cases
- Supporting the implementation of the Fire Safety (England) Regulations 2022

Protection have also had to react to the government relocation programme for refugee and asylum seekers. Ensuring a wider joined up response between Protection, Prevention, Risk and Response.

Group Accounts

This is the second set of Accounts produced by the Authority which includes Group Accounts incorporating the trading arm of the Authority, Red One Ltd. Red One Ltd was formed in 2010 and provides fire and safety training for both fire services and commercial clients as well as providing stand-by rescue teams and event safety. Until 2021/22, the turnover of Red One Ltd has been deemed immaterial (consistently in the region of £1.3m per year) to warrant producing Group Accounts. However, a large commercial contract was secured by Red One during 2020/21 which has resulted in turnover exceeding £4.3m for 2022/23. Due to the turnover of the company being considered material, Group Accounts have been produced.

Climate change

In October 2020, the Fire Authority declared a climate emergency and endorsed the green Devon and Somerset Fire and Rescue strategy.

During 2022-23 initiatives commenced to reduce the amount of greenhouse gas emissions. These include; rationalising our Estate and closing under-utilised offices. Replacing office lighting with LED lights and orders placed for Electric Vehicle Charging Infrastructure to compliment the first batch of Electric Vehicles which are on order.

The three scopes

1) Direct emissions' from the activities under our control and includes fuel use in areas such as onsite gas boilers, fleet vehicles, and leaks from air conditioning units.

2) Indirect emissions' from electricity used at our sites.

3) Covers all 'other indirect emissions' from our activities. They include (but are not limited to) the carbon embodied in everything that we purchase, our business travel, waste disposal and water consumption.

Scope three emissions are likely to account for the greatest share of our carbon footprint, however, core data is not as readily available, and the emissions are harder to accurately calculate.

For 2022-23, the Service are reporting 2,7667.7 tCO2e greenhouse gas emissions for the year - for 2021-22 it was 2,548.4 tCO2e.

The Service has a green goal to be carbon net zero by 2030 and carbon positive by 2050.

Targets will be set, however, at this time a tolerance of 50% reduction of gross scope 1, 2 and 3 emissions will be considered as a successful achievement towards our 2050 goal.

- Identifying and including data for scope 3 emissions
- Annual review of the Environmental Aspects, Legislative registers
- Annual review of the action plan aligned to ISO14001 standard
- Review of the UK Climate Risk Assessment
- Preparations for implementation of Electric vehicle charging points and introduction of Electric vehicles
- Undertaking an energy efficiency review across 10 sites (mixed use)
- Establishing an environmental protection group (operations)
- Supporting the NFCC (National Fire Chiefs Council) sustainability and environmental toolkit and group
- Planning small reductions in fleet and estates buildings
- Introducing HGV (Heavy Goods Vehicle) fleet to latest Euro6 standards
- Implementation of the electric vehicle salary sacrifice scheme
- Delivering environmental awareness training to all staff via e-learning

Conclusion on performance for the year

The Authority has been in a good position to use its resources to effectively respond to the increased costs for utilities, fuel and payroll and continue to meet the needs of the community it serves. The longer-term indicates there will be some financial pressures that will need intervention but, the Authority has a fantastic record of achieving savings in the past. The Target Operating Model will ensure the officers are focused on ensuring costs are reduced where necessary but a continued focus on organisational and financial risk management will enable effective performance going forward.

I would like to take this opportunity to place on record my own thanks to members and officers of the Authority who have played their part in securing the financial health of the Authority during 2022/23.



Shayne Scott
Treasurer to the Authority

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

Responsibilities of the Authority

The Authority 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. For the Fire Authority, that Officer is the Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

Responsibilities of the Treasurer

The Treasurer 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 United Kingdom.

In preparing the Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.

The Treasurer has also:

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

Treasurer's Certificate

I certify that the Statement of Accounts provide a true and fair view of the financial position of the Authority at the accounting data and its income and expenditure for the year ended 31 March 2023.

Shayne Scott
Treasurer to the Authority
Date: 24-08-23

STATEMENT OF ACCOUNTING POLICIES

General principles

The Statement of Accounts summarises the Service transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the 2015 Act.

These accounts have been prepared on a going concern basis, it is assumed that the functions of the Authority will continue in operational existence for the foreseeable future.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Each entry in the Statement of Accounts is consistently rounded to the nearest £1,000 and because of the complexity of the accounts there will be instances where, due to the use of rounding, subtotals or final totals appear inconsistent with the entries which make up the total or where an entry has a small difference between notes. These minor rounding differences are considered immaterial to the overall presentation of the Statements and accompanying notes.

Charges to Revenue

The Income and Expenditure Account is charged for the use of capital. These charges comprise of minimum revenue provision (MRP) and depreciation.

The extent to which the Authority is to set aside an amount each year from its revenue budget to repay debt is laid down in its Minimum Revenue Provision (MRP) Statement, as agreed at the beginning of the financial year. The policy adopted by the Authority is to make a provision based upon the useful lives of the assets which are being provided for.

Interest charged on external borrowing, and also interest receivable on investments, is accrued and accounted for in the period to which it relates.

Accruals of Income and Expenditure

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

Revenue is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority. The main source of revenue for the Service is Council Tax and Government Grant.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

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. They are measured at the fair value of the consideration payable.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The basis on which payables and receivables are included in the Accounts is as follows:

Payables are accrued on expenditure to cover goods and services received but not paid for by 31 March 2023. Receivables are accrued on income to cover goods and services provided before 31 March 2023 but for which no payment has been received.

We have reviewed the requirements of IFRS 15 - Revenue from Contracts, and consider that this standard does not apply to the Authority.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of the Accounts and that are readily convertible to known amounts of cash with insignificant risk of change in value. Investments exceeding 3 months but less than 12 months are classed as short-term investments.

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

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

There were no changes to accounting policies or prior-period adjustments during 2022/23.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

depreciation attributable to the assets used by the relevant service

revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

amortisation of intangible fixed assets attributable to the service.

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

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Benefits are charged on an accruals basis to the Cost of Service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement in Reserves, 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.

Post-Employment Benefits

The treatment of pension costs in these accounts complies with the Code of Practice on Local Authority Accounting for 2022/23, which requires adoption of IAS19 Employee Benefits.

The Authority participates in two different pension schemes to meet the needs of the employees. Each scheme provides members with defined benefits related to pay and service. These schemes are administered by either West Yorkshire Pension Fund for the firefighters pension scheme or Peninsula Pensions for the Local Government Pension Scheme.

(a) Uniformed Staff

The Authority is responsible for deducting contributions from current employees to be paid into the Pensions Account, together with an employer's contribution based upon a rate set by the Government Actuary Department (GAD). The last valuation was undertaken as at March 2021.

(b) Civilian Staff

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Scheme through the Pension Fund, which is administered by Peninsula Pensions on behalf of Devon County Council. The employer's contribution rate for those employees in the scheme is based on advice from the Fund's Actuary who carries out regular actuarial valuations. The last valuation was undertaken in March 2022.

Pensions Reserve and Impact on Council Tax

For all schemes, the pension costs charged in the accounts per the reporting requirements of the Standard IAS19. This means that the figures are calculated on an actuarial basis to reflect the Authority's share of the increase in the present value of pension liabilities arising from employee service in the current period.

It is a statutory requirement that the cost of pension benefits to be funded by taxation are those cash payments made in accordance with the scheme requirements. These payments do not match the change in the Authority's pension assets or liabilities for the same period including the real cost of retirement benefits earned during the year by Authority employees. The difference between the cost charged against taxation and the real cost of retirement benefits is represented by an appropriation to the pensions reserve, which equals the net change in the pension liability recognised in the Statement of Comprehensive Income & Expenditure.

Financial Instruments

Financial Liabilities

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

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

The Authority has not provided or received any soft loans as at 31st March 2023.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

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

For the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

The Authority business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable in year.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Group recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains or losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are provided by the Group of Treasury advisors.

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Revenue Support Grant and National Non Domestic Rates grant are received direct from government. Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

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

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

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

Inventories and Long Term Contracts

Inventories are included in the Consolidated Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. As at 31 March 2023 the Authority had significant Capital contracts outstanding as detailed in Note 11 to the accounts.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Statement of Movement in Reserves for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Further information in respect of leasing obligations is included in the notes to the core financial statements (Note 27).

Overheads Support Services Costs

In line with the CIPFA Code of Practice, all overheads and support services costs are allocated to the Authority's reportable segment - Fire & Rescue Services.

Property, plant and equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Intangible Assets

There are no intangible assets recognised by the Authority.

Tangible Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Expenditure below £20,000 on plant and equipment is treated as de-minimis, it is not capitalised and accordingly is charged to the revenue account in the year it is incurred.

Measurement

Assets are initially measured at cost, comprising: the purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Assets under construction – depreciated historical cost;

All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Under IFRS 13 Fair Value Measurement, non-cash and non-operational current assets are required to be valued at Market Value. The Authority does not hold any of this type of asset.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. A full revaluation was undertaken as at the 31 March 2023. A full revaluation will be undertaken every five years as a minimum. The Authority's valuer is South West Norse Group Ltd which is a subsidiary of Norse Group, a controlled company of Norfolk County Council.

Land and buildings costs have been separately identified and will continue to be so for all future revaluations.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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

Depreciation is calculated on the following basis:

- Buildings including PFI assets – useful economic life of each asset determined as part of the revaluation process.
- Fire Appliances – useful economic life assessed to be between 10 - 15 years depending on type. Specialist vehicles (e.g. Aerial Platforms) have longer useful lives dependent on the specifics of the vehicle
- Vehicles, plant and furniture and equipment – useful economic life assessed to range from 5-7 years.
- Intangible assets are to be amortised over 7 years.

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

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

Componentisation

Where an asset has components which have a significantly different life, depreciation is applied over the life of each component rather than applying the same life for the whole of the asset. Components for fire stations are the land (indefinite life), main structure (60 year life (40 years if prefabricated)), mechanical & electrical (20 year life) and steel training towers (30 year life (40 years if masonry)).

Disposals and Non-current assets held for sale

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

Amounts received for disposals of fixed assets are credited to the Capital Receipts in Advance Account. Receipts are appropriated to the account from the General Fund Balance in the Statement of Movement in Reserves.

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

Heritage Assets

Heritage assets are something which have a historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The Authority has identified heritage assets held by the Service however no recognition has been included in the Accounts on the grounds that the value is not material, and that the exercise of obtaining valuations for the vast majority of these assets would involve a disproportionate cost in comparison to the benefits to the users of the Authority's financial statements.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. Devon & Somerset Fire & Rescue Authority, in partnership with Avon Fire Authority and Gloucestershire County Council has invested in a PFI project to provide a Fire and Rescue Service training centre.

- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Non Domestic Rates Appeals provision

A number of appeals have been made to billing authorities against the rateable value of Non Domestic Properties. The Fire Authority is required to account for its share of the provision for successful appeals, amounting to £0.564m in 2022/23.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

There are two contingent liabilities for 2022/23. One is as a result of the changes to the firefighters pension reforms and the other regarding an appeal to the employment tribunal decision. These can be found within Note 31.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Statement of Movement in Reserves. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Statement of Movement in Reserves so that there is no net charge against council tax for the expenditure.

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

Details of all reserve balances at the year-end are included with note 20 to these accounts.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Devon & Somerset Fire & Rescue Authority

Group Accounts

Devon & Somerset Fire & Rescue Authority Group Accounts

Group Accounts

The group accounts contain core financial statements such as those included in the Authority's single entity statements, but which represent the consolidated position of the group. Notes to the Group accounts have been included where relevant values and/or the impact on the group statements are material.

The group accounts are presented in the following pages:

Group Comprehensive Income and Expenditure Statement for year ended 31 March 2023

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

	NOTE	Gross Expenditure 2022/23 £000	Gross Income 2022/23 £000	Net Expenditure/ (Income) 2022/23 £000	Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Net Expenditure/ (Income) 2021/22 £000
Fire & Rescue Service		115,602	(17,173)	98,429	110,245	(16,878)	93,367
Cost of Services		115,602	(17,173)	98,429	110,245	(16,878)	93,367
Financing and Investment Income and Expenditure	9	24,421	(811)	23,610	18,806	(93)	18,713
Other Operating Expenditure / (Income)	8	-	(7,732)	(7,732)	-	(10,522)	(10,522)
Taxation and Non Specific Grant Income	10	-	(79,581)	(79,581)	-	(76,298)	(76,298)
(Surplus) or deficit on provision of services				34,726			25,259
Tax expenses of the subsidiaries				71			-
Group (Surplus)/Deficit				34,797			25,259
(Surplus)/Deficit on Revaluation of Non-Current Assets	11 & 20			(7,768)			(15,567)
Impairment losses on non-current assets charged to the revaluation reserve	11 & 20			-			-
Actuarial (gains) or losses on Pension assets and liabilities	20			(343,388)			20,785
Other comprehensive income and expenditure				(351,156)			5,218
Total Comprehensive Income and Expenditure				(316,360)			30,477

GROUP BALANCE SHEET AS AT 31 March 2023

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

		31 March 2023	31 March 2022
	NOTE	£000	£000
Non-Current assets			
Intangible Assets		-	3
Property, plant and equipment	11	132,494	127,791
Long-term Investments	12	-	-
Trade and other receivables	15	537	620
Total Long-Term assets		133,031	128,414
Current assets			
Inventories	14	655	498
Trade and other receivables	15	8,798	11,931
Short-term Investments	12	20,050	24,500
Cash and cash equivalents	16	9,608	10,519
Assets held for sale	17	218	273
Total current assets		39,329	47,722
Total assets		172,360	176,136
Current liabilities			
Trade and other payables	18	(11,055)	(13,109)
Borrowings	12	(207)	(188)
Provisions	19	-	-
Total current liabilities		(11,262)	(13,298)
Net current assets		28,067	34,424
Total assets less current liabilities		161,098	162,839
Non-current liabilities			
Borrowings	12	(24,938)	(25,567)
Pensions Liability	30	(604,259)	(921,661)
Provisions	19	(563)	(655)
Deferred tax liability		(25)	-
Total non current liabilities		(629,785)	(947,884)
Total liabilities		(641,047)	(961,181)
Net assets employed		(468,686)	(785,046)
Unusable Reserves			
Revaluation reserve	20	(54,218)	(49,986)
Capital Adjustment Account	20	(53,343)	(52,385)
Pensions Reserve	20	604,259	921,542
Council Tax + Business Rates Adjustment Accounts	20	(1,632)	669
Accumulated Absence Account	20	1,593	1,391
PFI - Equalisation Fund	20	(537)	(620)
		496,122	820,610
Usable Reserves			
General fund balance	20	(4,280)	(4,050)
Earmarked reserves	20	(22,777)	(31,759)
Capital Grants Unapplied		-	-
Profit & Loss Reserve		(379)	245
		(27,436)	(35,564)
Total Reserves		468,686	785,046

Shayne Scott
Treasurer to the Authority
Date: 24-08-23

**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2023**

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

	NOTE	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Net deficit on provision of services		(34,797)	(25,259)
<u>Adjustments to deficit relating to non-cash movements</u>			
Depreciation and Impairment	11	7,994	8,668
Pension Liability	20	25,984	17,552
(Increase)/decrease in inventories	14	(157)	(19)
(Increase)/decrease in debtors	15	3,649	3,941
Increase/(decrease) in creditors	18	(2,533)	542
Increase/(decrease) in provisions	19	(92)	(523)
Income Tax Expense	-	71	-
Other non-cash movement	13.4	(243)	(341)
Net cash inflow/(outflow) from operating activities		(123)	4,562
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
Transfer from government grant reserve		-	-
Net cash inflow/(outflow) from operating activities		(123)	4,562
Net cash inflow/(outflow) from investing activities	13.2	(175)	(11,333)
Cash outflow from financing activities		(613)	(698)
Net increase/(decrease) in cash and cash equivalents	16	(911)	(7,472)
Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year	16	10,519	17,990
Cash/cash equivalents (and bank overdrafts) at the end of the financial year	16	9,608	10,519

GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2023

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

Note	Total General fund balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Authorities Share Of			Total Usable Reserves £000	Authorities Unuseable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Group £000
				Useable Reserves £000	Useable Reserves £000	Useable Reserves £000				
Balance carried forward as at 31 March 2022	35,806	-	-	35,806	(245)	35,564	(820,610)	(820,610)	(785,046)	
Movement in reserves during 2022/23										
Surplus or (deficit) on provision of services	(34,976)	-	-	(34,976)	179	(34,797)	-	-	(34,797)	
Other Comprehensive Income and Expenditure	-	-	-	-	124	124	351,032	351,032	351,156	
Total Comprehensive Income and Expenditure	(34,976)	-	-	(34,976)	303	(34,673)	351,032	351,032	316,360	
Group Account Adjustments										
Adjustments between group accounts and authority accounts	(320)	-	-	(320)	320	-	-	-	-	
Net increase or decrease before transfers	(35,296)	-	-	(35,296)	624	(34,673)	351,032	351,032	316,360	
Adjustments between accounting basis and funding basis under regulations										
<u>PFI Adjustment</u>	20.2	83	-	-	83	83	(83)	(83)	-	
<u>Adjustments involving the Capital Adjustment Account</u>										
Reversal of items in the C.I.E.S.										
Depreciation, impairment & revaluation losses	11	7,975	-	-	7,975	7,975	(7,975)	(7,975)	-	
Reversal of Impairments	11	-	-	-	-	-	-	-	-	
Net gain or loss on sale of non-current assets	8	(301)	663	-	362	362	(362)	(362)	-	
Capital grants received	10	-	-	-	-	-	-	-	-	
Insertion of items not in the C.I.E.S.										
Minimum Revenue Provision	20.2	(1,975)	-	-	(1,975)	(1,975)	1,975	1,975	-	
Revenue Provision in respect of finance leases	20.2	-	-	-	-	-	-	-	-	
Capital expenditure funded direct from revenue	20.2	(3,120)	-	-	(3,120)	(3,120)	3,120	3,120	-	
<u>Adjustments involving the Pensions Reserve</u>										
Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	20.2	40,388	-	-	40,388	40,388	(40,388)	(40,388)	-	
Employers pension contributions and direct payments to pensioners	20.2	(14,407)	-	-	(14,407)	(14,407)	14,407	14,407	-	
<u>Adjustments involving the Collection Fund Adjustment Account</u>										
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	20.2	(2,301)	-	-	(2,301)	(2,301)	2,301	2,301	-	
<u>Adjustments involving the Accumulated Absence Account</u>										
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	20.2	202	-	-	202	202	(202)	(202)	-	
<u>Adjustments to Capital Resources</u>										
Use of the Capital Receipts Reserve to finance capital expenditure		-	(663)	-	(663)	(663)	663	663	-	
Application of capital grants to finance capital		-	-	-	-	-	-	-	-	
Cumulative Roundings		-	-	-	-	-	-	-	-	
Total Adjustments between accounting basis and funding basis under regulations		26,543	-	-	26,543	-	26,544	(26,544)	-	
Increase/Decrease in year		(8,753)	-	-	(8,753)	624	(8,128)	324,489	324,488	316,360
Balance carried forward as at 31 March 2023		27,052	-	-	27,052	378	(496,121)	(496,122)	(468,686)	

GROUP MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2022

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

Note	Total General fund balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Authorities Share Of		Total Usable Reserves £000	Authorities Unusable Reserves £000	Total Unusable Reserves £000	Total Reserves of the Group £000
				Useable Reserves £000	Subsidiaries Useable Reserves £000				
Balance carried forward as at 31 March 2021	45,753	-	-	45,753	(643)	45,113	(799,681)	(799,681)	(754,568)
Movement in reserves during 2021/22									
Surplus or (deficit) on provision of services	(25,073)	-	-	(25,073)	(186)	(25,259)	-	-	(25,259)
Other Comprehensive Income and Expenditure	-	-	-	-	27	27	(5,245)	(5,245)	(5,218)
Total Comprehensive Income and Expenditure	(25,073)	-	-	(25,073)	(159)	(25,232)	(5,245)	(5,245)	(30,477)
Group Account Adjustments									
Adjustments between group accounts and authority accounts	(557)	-	-	(557)	557	-	-	-	-
Net increase or decrease before transfers	(25,630)	-	-	(25,630)	398	(25,232)	(5,245)	(5,245)	(30,477)
Adjustments between accounting basis and funding basis under regulations									
<u>PFI Adjustment</u>	20.2	58	-	-	58	58	(58)	(58)	-
<u>Adjustments involving the Capital Adjustment Account</u>									
Reversal of items in the C.I.E.S.									
Depreciation, impairment & revaluation losses	11	8,661	-	-	8,661	8,661	(8,661)	(8,661)	-
Reversal of Impairments	11	-	-	-	-	-	-	-	-
Net gain or loss on sale of non-current assets	8	89	20	-	109	109	(109)	(109)	-
Capital grants received	10	-	-	-	-	-	-	-	-
Insertion of items not in the C.I.E.S.									
Minimum Revenue Provision	20.2	(2,219)	-	-	(2,219)	(2,219)	2,219	2,219	-
Revenue Provision in respect of finance leases	20.2	-	-	-	-	-	-	-	-
Capital expenditure funded direct from revenue	20.2	(6,210)	-	-	(6,210)	(6,210)	6,210	6,210	-
<u>Adjustments involving the Pensions Reserve</u>									
Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	20.2	31,736	-	-	31,736	31,736	(31,736)	(31,736)	-
Employers pension contributions and direct payments to pensioners	20.2	(14,196)	-	-	(14,196)	(14,196)	14,196	14,196	-
<u>Adjustments involving the Collection Fund Adjustment Account</u>									
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	20.2	(2,076)	-	-	(2,076)	(2,076)	2,076	2,076	-
<u>Adjustments involving the Accumulated Absence Account</u>									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	20.2	(159)	-	-	(159)	(159)	159	159	-
<u>Adjustments to Capital Resources</u>									
Use of the Capital Receipts Reserve to finance capital expenditure		-	(20)	-	(20)	(20)	20	20	-
Application of capital grants to finance capital		-	-	-	-	-	-	-	-
Cumulative Roundings		-	-	-	-	-	-	-	-
Total Adjustments between accounting basis and funding basis under regulations		15,684	-	-	15,684	-	15,684	(15,684)	-
Increase/Decrease in year		(9,947)	-	-	(9,947)	398	(20,929)	(20,929)	(30,477)
Balance carried forward as at 31 March 2022		35,806	-	-	35,806	(245)	35,564	(820,610)	(785,046)

Notes To The Group Accounts

The Group

The relevant accounting standards have been applied in determining which organisations are included in the group boundary. The extent of the Authority's interest and control over the entity was considered as was the materiality of the financial impact on the Authority's group accounts and the transparency of less material entities to allow the reader to understand the Groups consolidated position. From the assessment of Red One Ltd they are considered to fall into the following category.

Subsidiaries - Where the Authority either wholly or by majority controls the entity. Red One is consolidated within the group accounts on a subsidiary basis.

The authority has disclosed further information on all of its major business interests in the Related Parties note, in the Authority's single entity accounts (Note 25).

Accounting Policies

Subsidiaries have been consolidated using the acquisition accounting basis. This is the full, line by line consolidation of the financial transactions and balances of the Authority and Red One Ltd. To avoid overstating balances within the group financial statements, all transactions between the authority and group companies have been eliminated.

Alignment of accounting framework and policies

Where the accounting framework used by the group companies differs from that of the Authority including the accounting policies and impact of such differences would have a material impact on the group financial statements the relevant balances have been adjusted to bring them in line with the policies of that Authority.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 March 2023

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

	NOTE	Gross Expenditure 2022/23 £000	Gross Income 2022/23 £000	Net Expenditure/ (Income) 2022/23 £000	Gross Expenditure 2021/22 £000	Gross Income 2021/22 £000	Net Expenditure/ (Income) 2021/22 £000
Fire & Rescue Service		111,661	(12,671)	98,990	106,836	(13,095)	93,740
Cost of Services		111,661	(12,671)	98,990	106,836	(13,095)	93,740
Financing and Investment Income and Expenditure	9	24,418	(811)	23,607	18,805	(93)	18,711
Other Operating Expenditure / (Income)	8	-	(7,732)	(7,732)	-	(10,522)	(10,522)
Taxation and Non Specific Grant Income	10	-	(79,568)	(79,568)	-	(76,299)	(76,299)
(Surplus) or deficit on provision of services				35,296			25,630
(Surplus)/Deficit on Revaluation of Non-Current Assets	11 & 20			(7,768)			(15,567)
Impairment losses on non-current assets charged to the revaluation reserve	11 & 20			-			-
Actuarial (gains) or losses on Pension assets and liabilities	20			(343,264)			20,812
Other comprehensive income and expenditure				(351,032)			5,245
Total Comprehensive Income and Expenditure				(315,736)			30,875

BALANCE SHEET AS AT 31 March 2023

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

	31 March 2023		31 March 2022
	NOTE	£000	£000
Non-Current assets			
Property, plant and equipment	11	132,394	127,759
Long-term Investments	12	-	-
Trade and other receivables	15	537	620
Total Long-Term assets		132,930	128,379
Current assets			
Inventories	14	655	498
Trade and other receivables	15	8,384	11,868
Short-term Investments	12	20,050	24,500
Cash and cash equivalents	16	9,052	9,936
Assets held for sale	17	218	273
Total current assets		38,360	47,076
Total assets		171,290	175,455
Current liabilities			
Trade and other payables	18	(10,388)	(12,303)
Borrowings	12	(207)	(188)
Provisions	19	-	-
Total current liabilities		(10,595)	(12,491)
Net current assets		27,764	34,585
Total assets less current liabilities		160,695	162,964
Non-current liabilities			
Borrowings	12	(24,938)	(25,567)
Pensions Liability	30	(604,259)	(921,542)
Provisions	19	(563)	(655)
Total non current liabilities		(629,760)	(947,765)
Total liabilities		(640,356)	(960,256)
Net assets employed		(469,064)	(784,800)
Unusable Reserves			
Revaluation reserve	20	(54,218)	(49,986)
Capital Adjustment Account	20	(53,343)	(52,385)
Pensions Reserve	20	604,259	921,542
Council Tax + Business Rates Adjustment Accounts	20	(1,632)	669
Accumulated Absence Account	20	1,593	1,391
PFI - Equalisation Fund	20	(537)	(620)
		496,122	820,610
Usable Reserves			
General fund balance	20	(4,280)	(4,050)
Earmarked reserves	20	(22,777)	(31,759)
Capital Grants Unapplied		-	-
		(27,057)	(35,809)
Total Reserves		469,064	784,800

Shayne Scott
Treasurer to the Authority
Date: 24-08-23

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2023

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

	NOTE	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Net deficit on provision of services		(35,296)	(25,630)
<u>Adjustments to deficit relating to non-cash movements</u>			
Depreciation and Impairment	11	7,975	8,661
Pension Liability	20	25,979	17,540
(Increase)/decrease in inventories	14	(157)	(19)
(Increase)/decrease in debtors	15	3,567	4,178
Increase/(decrease) in creditors	18	(1,914)	487
Increase/(decrease) in provisions	19	(92)	(523)
Other non-cash movement	13.4	(233)	(341)
Net cash inflow/(outflow) from operating activities		(172)	4,353
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
Net cash inflow/(outflow) from operating activities		(172)	4,353
Net cash inflow/(outflow) from investing activities	13.2	(102)	(11,299)
Cash outflow from financing activities	13.3	(610)	(696)
Net increase/(decrease) in cash and cash equivalents		(884)	(7,644)
Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year	16	9,936	17,581
Cash/cash equivalents (and bank overdrafts) at the end of the financial year		9,052	9,936

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2023

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

Note	Total General fund balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance carried forward as at 31 March 2022	35,808	-	-	35,808	(820,609)	(784,801)
Movement in reserves during 2022/23						
Surplus or (deficit) on provision of services	CIES (35,296)	-	-	(35,296)	-	(35,296)
Other Comprehensive Income and Expenditure	-	-	-	-	351,032	351,032
Total Comprehensive Income and Expenditure	(35,296)	-	-	(35,296)	351,032	315,736
Adjustments between accounting basis and funding basis under regulations						
<u>PFI Adjustment</u>	20.2 83	-	-	83	(83)	-
<u>Adjustments involving the Capital Adjustment Account</u>						
Reversal of items in the C.I.E.S.						
Depreciation, impairment & revaluation losses	11 7,975	-	-	7,975	(7,975)	-
Reversal of Impairments	11 -	-	-	-	-	-
Net gain or loss on sale of non-current assets	8 (301)	663	-	362	(362)	-
Insertion of items not in the C.I.E.S.						
Minimum Revenue Provision	20.2 (1,975)	-	-	(1,975)	1,975	-
Capital expenditure funded direct from revenue	20.2 (3,120)	-	-	(3,120)	3,120	-
<u>Adjustments involving the Pensions Reserve</u>						
Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	20.2 40,388	-	-	40,388	(40,388)	-
Employers pension contributions and direct payments to pensioners	20.2 (14,407)	-	-	(14,407)	14,407	-
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	20.2 (2,301)	-	-	(2,301)	2,301	-
<u>Adjustments involving the Accumulated Absence Account</u>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	20.2 202	-	-	202	(202)	-
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	(663)	-	(663)	663	-
Application of capital grants to finance capital	-	-	-	-	-	-
Cumulative Roundings	-	-	-	-	-	-
Total Adjustments between accounting basis and funding basis under regulations	26,543	-	-	26,543	(26,544)	-
Increase/Decrease in year	(8,753)	-	-	(8,753)	324,489	315,736
Balance carried forward as at 31 March 2023	27,056	-	-	27,056	(496,121)	(469,064)

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2022

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

Note	Total General fund balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance carried forward as at 31 March 2021	45,753	-	-	45,753	(799,681)	(753,927)
Remeasurement of pensions reserve following McCloud Sargent guidance Sept 2020	-	-	-	-	-	-
Remeasured balance carried forward as at 31 March 2021	45,753	-	-	45,753	(799,681)	(753,927)
Movement in reserves during 2021/22						
Surplus or (deficit) on provision of services	(25,630)	-	-	(25,630)	-	(25,630)
Other Comprehensive Income and Expenditure	-	-	-	-	(5,245)	(5,245)
Total Comprehensive Income and Expenditure	(25,630)	-	-	(25,631)	(5,245)	(30,875)
Adjustments between accounting basis and funding basis under regulations						
<u>PFI Adjustment</u>	20.2	58	-	58	(58)	-
<u>Adjustments involving the Capital Adjustment Account</u>						
<u>Reversal of items in the C.I.E.S.</u>						
Depreciation, impairment & revaluation losses	11	8,662	-	8,662	(8,662)	-
Net gain or loss on sale of non-current assets	8	89	20	109	(109)	-
Capital grants received	10	0	-	-	-	-
Minimum Revenue Provision	20.2	(2,219)	-	(2,219)	2,219	-
Revenue Provision in respect of finance leases	20.2	-	-	-	-	-
Capital expenditure funded direct from revenue	20.2	(6,210)	-	(6,210)	6,210	-
<u>Adjustments involving the Pensions Reserve</u>						
Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	20.2	31,736	-	31,736	(31,736)	-
Employers pension contributions and direct payments to pensioners	20.2	(14,196)	-	(14,196)	14,196	-
<u>Adjustments involving the Collection Fund Adjustment Account</u>						
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	20.2	(2,076)	-	(2,076)	2,076	-
<u>Adjustments involving the Accumulated Absence Account</u>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	20.2	(159)	-	(159)	159	-
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance capital expenditure		-	-	-	-	-
Application of capital grants to finance capital		-	-	-	-	-
Cumulative Roundings						-
Total Adjustments between accounting basis and funding basis under regulations		15,685	-	15,685	(15,685)	-
Increase/Decrease in year	(9,946)	-	-	(9,946)	(20,930)	(30,875)
Balance carried forward as at 31 March 2022	35,807	-	-	35,808	(820,609)	(784,801)

NOTES TO THE CORE FINANCIAL STATEMENTS

1.1 EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to the council tax and rate payers how the funding available to the Authority (i.e. Government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for the decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2022/23

	Net Expenditure on General Fund reported to Members	Adjustments to arrive at net amount chargeable to General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1.2)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Fire & Rescue Service	77,268	(42,688)	55,520	43,470	98,990
Net cost of services	77,268	(42,688)	55,520	43,470	98,990
Other income and expenditure	(77,267)	30,501	(46,766)	(16,927)	(63,693)
(Surplus) or Deficit	0	(12,187)	8,754	26,543	35,297

Opening General Fund	35,808
Plus Surplus/(Deficit) on General Fund balance in year	(8,754)
Closing General Fund balance at 31 March	27,054

2021/22

	Net Expenditure on General Fund reported to Members	Adjustments to arrive at net amount chargeable to General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 1.2)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Fire & Rescue Service	74,222	(33,812)	61,931	31,809	93,740
Net cost of services	74,222	(33,812)	61,931	31,809	93,740
Other income and expenditure	(74,222)	22,237	(51,985)	(16,125)	(68,110)
(Surplus) or Deficit	0	(11,574)	9,946	15,684	25,630

Opening General Fund	45,753
Plus Surplus/(Deficit) on General Fund balance in year	(9,947)
Closing General Fund balance at 31 March	35,808

1.2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

	Depreciation charged to the General Fund	Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustment Between funding and Accounting Basis
2022/23	£000	£000	£000	£000	£000
Fire & Rescue Service	7,975	(5,096)	40,389	202	43,470
Net Cost of Services	7,975	(5,096)	40,389	202	43,470
Other income and expenditure		(301)	(14,408)	(2,218)	(16,927)
Total	7,975	(5,396)	25,981	(2,016)	26,543

	Depreciation charged to the General Fund	Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustment Between funding and Accounting Basis
2021/22	£000	£000	£000	£000	£000
Fire & Rescue Service	8,661	(8,430)	31,736	(159)	31,809
Net Cost of Services	8,661	(8,430)	31,736	(159)	31,809
Other income and expenditure		89	(14,196)	(2,018)	(16,125)
Total	8,661	(8,341)	17,540	(2,177)	15,684

NOTES TO THE CORE FINANCIAL STATEMENTS

1.3 EXPENDITURE AND INCOME ANALYSED BY NATURE

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is reported as a segment as specified by The CIPFA Code of Local Authority Accounting in the UK. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across expenditure codes. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The table below shows the income and expenditure of the Authority in the form presented for management purposes during the year, reconciled to the cost of services included in the Comprehensive Income and Expenditure Account.

	2022/23			2021/22		
	£000	£000	£000	£000	£000	£000
<u>Amounts as reported to management</u>						
Employees	74,924			69,761		
Premises	4,567			4,114		
Transport	3,107			3,116		
Supplies & Services	6,867			6,872		
Establishment Costs	727			766		
External Support Costs	854			963		
Capital and Lease Financing Costs	3,303			5,434		
<u>Gross Expenditure</u>		94,350			91,026	
<u>Gross Income</u>		(12,973)			(12,734)	
Contributions to or (from) reserves		(4,110)			(4,069)	
Net Expenditure		77,268			74,222	
Government Grant and Council Tax Income (budget for the year)		(77,267)			(74,222)	
Net surplus - to be transferred to reserves		(0)			(0)	
Contributions (to) from reserves		(942)			(3,338)	
Transfers between Useable Reserves		-			-	
Spending from Earmarked Reserves		9,694			13,281	
Net movement in Earmarked Reserves			8,752			9,943
<u>Amounts in the CIES not reported to management</u>						
Depreciation and impairment	7,975			8,661		
Net charges made for retirement benefits	40,387			31,736		
Surplus of PFI Equalisation Fund	83			58		
Employee Absence Accrual	202			(159)		
Deficit/(Surplus) on Council Tax and NNDR Collection Fund	(2,301)			(2,077)		
Net (Gain) or Loss on Sale of non-current Assets	(301)			89		
		46,046			38,307	
<u>Amounts in management information not included in the Cost of Services in the CIES</u>						
Minimum Revenue Provision	(1,975)			(2,219)		
Direct Revenue funding to Capital	(3,120)			(6,210)		
Employers Contributions to Pensions	(14,408)			(14,196)		
		(19,503)			(22,626)	
Total Adjustment Between funding and Accounting Basis (Surplus) or deficit on provision of services			26,543			15,679
			35,296			25,621

NOTES TO THE CORE FINANCIAL STATEMENTS

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified.

The CIPFA Code of Practice requires disclosure of information relating to the impact of accounting standards that have been issued but not yet adopted. The Authority does not anticipate that the following amendments will have a material impact on the information provided the financial statements however, the impact cannot be quantified at this time:

- Leases, classification of Leases (IFRS 16) - Due to Covid 19, the implementation of this Standard has been delayed until 2024/25

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Whilst there is some uncertainty in the short term regarding levels of government funding for the Fire Sector following a one year settlement at the 2022/23 budget announcement, risks remain regarding the levels of local funding achievable via the Council Tax Precept and Business Rates retention scheme as well as longer term grant funding. However, the Authority has determined that this uncertainty, when combined with COVID-19 risks, are not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Under a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service receive a significant element of their training from Babcock International Group PLC, a Ltd company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates under the PFI contract. As such, the Authority is deemed to part control the training services provided under the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the authority's share of the training centre is recognised as Property, Plant and Equipment on the Authority's Balance Sheet.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 Authority's Balance Sheet at 31 March 2023 for which there is a significant 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	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. 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.</p> <p>Land and Buildings are revalued on the basis of Depreciated Replacement cost which is dependent on assumptions about the building industry, for which there is a level of uncertainty.</p>	<p>If the value of the assets is reduced, revaluations will increase or decrease, resulting in a change to the carrying value of the asset. 100% of land & buildings are revalued so are carried at revalued figure, so asset life has no impact on their carrying value in the accounts. Plant & machinery, and transport had an opening carrying value of £14.7m with a 1-year change in useful life increasing depreciation by approximately £0.4m.</p> <p>If Direct Replacement Cost differs significantly, revaluations will increase or decrease, resulting in a change to the carrying value of the asset. 100% of land & buildings are revalued. A 1% change in the valuation of those assets would result in a change in the carrying amount of £1.1m.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected returns on assets (LGPS only). A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance within the Firefighters pension scheme, a 0.1% increase in the discount rate would result in a decrease in the pension liability by £9.1m. Within the LGPS scheme this change would result in a £1.3m decrease</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

All major items of Income and Expenditure are disclosed on the face of the Comprehensive Income and Expenditure Statement with no material items required to be separately identified.

6 EVENTS AFTER THE BALANCE SHEET DATE

There are none to report.

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This Movement In Reserves Statement 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.

8 OTHER OPERATING INCOME AND EXPENDITURE

	2022/23	2021/22
	£000	£000
(Gains)/losses on the disposal of non-current assets	(301)	89
Communities for Local Government Firefighters Pension Top-Up Grant	(7,432)	(10,612)
	<u>(7,732)</u>	<u>(10,522)</u>

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23	2021/22
	£000	£000
Interest on Loans	1,161	1,341
Investment income	(811)	(93)
Pensions Interest and administration Cost	23,257	17,464
	<u>23,607</u>	<u>18,711</u>

10 TAXATION AND NON SPECIFIC GRANT INCOMES

	2022/23	2021/22
	£000	£000
Council tax income	(57,725)	(56,017)
Non domestic rates	(4,668)	(3,303)
Tariff top up grant	(10,555)	(10,555)
Revenue Support Grant (RSG)	(6,621)	(6,424)
	<u>(79,568)</u>	<u>(76,299)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

11. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Surplus Assets	Assets under construction	Plant and machinery	Transport	Total
2022/23	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2022	19,042	91,009	-	3,010	3,404	30,215	146,680
Additions - purchased	-	985	-	1,368	-	2,795	5,148
Additions - exchange	-	2,599	-	-	-	-	2,599
Additions government granted	-	-	-	-	-	-	-
Reclassifications	(36)	(141)	177	(4,377)	112	1,666	(2,599)
Reclassified as held for sale	-	-	(225)	-	-	-	(225)
Derecognition - disposals	-	(24)	-	-	(30)	(707)	(761)
Reversal of impairments	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Revaluation Increase/(decrease):	-	-	-	-	-	-	-
- to Revaluation Reserve	-	1,817	48	-	-	-	1,865
- to Surplus/Deficit on the provision of services	-	(14)	-	-	-	-	(14)
At 31 March 2023	19,006	96,231	-	1	3,486	33,969	152,693
Depreciation at 1 April 2022	-	(6)	-	-	(2,241)	(16,674)	(18,921)
Reclassifications	-	11	(11)	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-	-
Derecognition - disposals	-	6	-	-	22	651	679
Revaluation removals	-	5,892	11	-	-	-	5,903
Impairments	-	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-	-
Charged during the year	-	(5,903)	-	-	(205)	(1,853)	(7,961)
Depreciation at 31 March 2023	-	-	-	-	(2,424)	(17,876)	(20,300)
Net book value							
As at 31 March 2022	19,042	91,003	-	3,010	1,163	13,541	127,759
As at 31 March 2023	19,006	96,231	-	1	1,062	16,093	132,393
Asset financing							
Owned	19,006	94,457	-	1	1,062	16,093	130,619
Finance Leased	-	-	-	-	-	-	-
Private finance initiative	-	-	-	-	-	-	-
PFI residual interests	-	1,774	-	-	-	-	1,774
Total 31 March 2023	19,006	96,231	-	1	1,062	16,093	132,393

SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2023 the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £5m. There were similar commitments at 31 March 2022 of £6m. Of these contracts there are two of significant value, being £2.5m committed to purchase rescue appliances and £2.1m to purchase aerial ladder platform appliances.

NOTES TO THE CORE FINANCIAL STATEMENTS

11.1 PROPERTY PLANT AND EQUIPMENT VALUATIONS

	Land	Buildings excluding dwellings	Surplus Assets	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000	£000
2022/23							
Valued at Historical Cost	-	-	-	1	3,486	33,969	37,456
Valued at Current Value in:							
2022/23	19,006	96,231	-	-	-	-	115,237
2021/22	-	-	-	-	-	-	-
2015/16	-	-	-	-	-	-	-
2014/15	-	-	-	-	-	-	-
2013/14	-	-	-	-	-	-	-
Total	19,006	96,231	-	1	3,486	33,969	152,693

Valuation Information:

The above statement shows the impact of the Authority's programme for the revaluation of property, plant and equipment, including assets valued following completion of significant projects. The Authority has moved away from the five year rolling programme of revaluations in order to ensure that all revalued assets falling under the same class are assessed at the same time, per CIPFA guidance.

Valuations of land and buildings are carried out by a qualified surveyor (FRICS) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies.

The authority is not aware of any material changes in asset values that have not been updated.

11.2 PROPERTY PLANT AND EQUIPMENT PRIOR YEAR

	Land	Buildings excluding dwellings	Surplus Assets	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000	£000
2021/22							
Cost or valuation at 1 April 2021	18,226	80,339	280	3,765	3,378	24,474	130,462
Additions - purchased	-	1,069	-	5,317	26	1,842	8,254
Additions - exchange	-	-	-	-	-	-	-
Additions government granted	-	-	-	-	-	-	-
Reclassifications	-	1,888	-	(6,072)	-	4,184	-
Reclassified as held for sale	-	-	(280)	-	-	-	(280)
Derecognition - disposals	-	-	-	-	-	(285)	(285)
Reversal of Impairments	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Revaluation increase/(decrease):							
- to Revaluation Reserve	891	8,348	-	-	-	-	9,239
- to Surplus/Deficit on the provision of services	(75)	(635)	-	-	-	-	(710)
At 31 March 2022	19,042	91,009	-	3,010	3,404	30,215	146,680
Depreciation at 1 April 2021	-	(5)	-	-	(2,019)	(15,455)	(17,479)
Reclassifications	-	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	-	182	182
Revaluation removals	-	6,327	-	-	-	-	6,327
Impairments	-	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-	-
Charged during the year	-	(6,328)	-	-	(222)	(1,401)	(7,951)
Depreciation at 31 March 2022	-	(6)	-	-	(2,241)	(16,674)	(18,921)
Net book value							
As at 31 March 2021	18,226	80,334	280	3,765	1,359	9,019	112,983
As at 31 March 2022	19,042	91,003	-	3,010	1,163	13,541	127,759
Asset financing							
Owned	19,042	89,853	-	3,010	1,163	13,541	126,609
Finance Leased	-	-	-	-	-	-	-
Private finance initiative	-	-	-	-	-	-	-
PFI residual interests	-	1,150	-	-	-	-	1,150
Total 31 March 2022	19,042	91,003	-	3,010	1,163	13,541	127,759

NOTES TO THE CORE FINANCIAL STATEMENTS

12 FINANCIAL INSTRUMENTS

12.1 CATEGORIES OF FINANCIAL INSTRUMENTS

This note shows the effect of the reclassification of financial assets and the remeasurements of the carrying amounts then required.

	Current		Long Term	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Investments				
Loans and Receivables	-	-	-	-
Amortised Costs	20,050	24,500	-	-
Fair Value through Profit or Loss	-	-	-	-
Total Investments	20,050	24,500	-	-
Cash and Cash Equivalents				
Amortised Costs	2,002	8,185	-	-
Fair Value through Profit or Loss	7,050	1,751	-	-
Total Cash and Cash Equivalents	9,052	9,936	-	-
Debtors (Trade Receivables)				
Amortised Costs	8,162	8,463	537	620
Total Debtors (Trade Receivables)	8,162	8,463	537	620
Borrowings				
Amortised Costs	(90)	(90)	(24,264)	(24,757)
Total Borrowings	(90)	(90)	(24,264)	(24,757)
Finance Lease				
Amortised Costs	(117)	(98)	(673)	(809)
Total Finance Lease	(117)	(98)	(673)	(809)
Creditors (Trade Payables)				
Amortised Costs	(7,177)	(9,185)	-	-
Total Creditors (Trade Payables)	(7,177)	(9,185)	-	-

12.1.1 BORROWING

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Annual repayments are for interest only and the principal is repayable at the date of loan maturity.

12.1.2 FINANCIAL ASSETS

Financial assets at fair value through Profit and Loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

12.1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the bank current account, on call accounts and money market funds all of which are repayable at 24 hours notice without penalty.

12.2 INCOME, EXPENSES, GAIN AND LOSSES

	Surplus or Deficit on the Provision of Services Financing and Investment Income and Expenditure	
	2022/23 £000	2021/22 £000
Net gains/losses on:		
Financial assets measured at Amortised Cost	(2)*	(2)*
Total net gains/losses	(2)*	(2)*

* The £2k represents an expected credit loss based on historical risk of default tables and as the sum falls below materiality levels it has not been charged to the Comprehensive Income & Expenditure Statement.

	2022/23 £000	2021/22 £000
Interest Revenue		
Financial assets measured at Amortised Cost	811	93
Total Interest Revenue	811	93

	2022/23 £000	2021/22 £000
Interest Expense		
Financial liabilities measured at Amortised Cost	(1,161)	(1,341)
Total Interest Expense	(1,161)	(1,341)

12.3 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (but for which FAIR VALUE DISCLOSURES ARE REQUIRED)

Financial Liabilities	2022/23 £000	2021/22 £000
PWLB Debt	(23,382)	(32,166)
Short Term Borrowing	(94)	(90)
Short Term Creditors	(7,177)	(9,185)
Short Term PFI & Finance Lease Liability	(117)	(98)
Long Term PFI & Finance Lease Liability	(673)	(809)
Total Liabilities	(31,442)	(42,349)

Financial Assets	2022/23 £000	2021/22 £000
Money Market Loans < 1 Year	7,050	1,751
Short Term Investments	22,311	32,529
Long Term Investments	0	0
Short Term Debtors	8,162	8,463
Long Term Debtors	537	620
Total Assets	38,060	43,363

All Financial Assets at amortised cost with less than 12 months to maturity at Balance Sheet date are deemed to have the same carrying value and fair value as at 31st March 2023.

12.3.1 FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE

Recurring Fair Value Measurements using:	Quoted Prices			Total
	in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB Debt	-	0	-	0
PFI and Finance Lease Liability	-	(117)	-	(117)
Total	-	(117)	-	(117)
Financial Assets				
Financial Assets held at amortised cost:				
Total	-	0	0	0

12.4 AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES

Loss Allowance by Asset Class

	12 Month Expected Credit Losses £000	Lifetime Expected Credit Losses - not credit impaired £000	Lifetime Expected Credit Losses - simplified approach £000	Total £000
Opening Balance as at 1 April 2022	-	-	-	-
Financial Assets held at amortised cost:	-	-	-	-
As at 31 March 2023	-	-	-	-

Credit Risk Exposure	Credit Risk Rating £	Gross Carrying Amount
12 Month Expected Credit Loss	AAA	-
12 Month Expected Credit Loss	AAA	-
12 Month Expected Credit Loss	A (incl A+)	-

Interest Rate Risk	Total £000
Decrease in Fair Value of Fixed Rate Investments	526
Impact on Other Comprehensive Income and Expenditure	(2,115)
Decrease in fair value of Fixed Rate Borrowings Liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income or Expenditure)	(2,642)

These are notional costs and they would not be incurred if the outstanding loans run to their contractual maturity date. The approximate impact of a 1% decrease in interest rates would be as above but with the movements being reversed.

13 CASH FLOW STATEMENT NOTES

13.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

	2022/23	2021/22
	£000	£000
Interest Received	811	93
Interest Paid	(1,161)	(1,341)
Total	(350)	(1,247)

13.2 INVESTMENT ACTIVITIES

	2022/23	2021/22
	£000	£000
Payments for property, plant and equipment	(5,215)	(8,804)
Sale of property, plant and equipment	663	(20)
(Increase)/Decrease in Short-Term Deposits	4,450	(2,475)
Capital Grant Received	-	-
Net Cash Flows from investing activities	(102)	(11,299)

13.3 FINANCING ACTIVITIES

	2022/23	2021/22
	£000	£000
Loans Repaid	(493)	(593)
Loan Capital Repayments of PFI and finance leases	(117)	(103)
Net Cash Flows from investing activities	(610)	(696)

13.4 OTHER NON CASH MOVEMENT

	2022/23	2021/22
	£000	£000
(Gains)/losses on the disposal of non-current assets	(301)	89
PWLB Interest due, paid in new year	94	90
Accumulated Absence Account	(202)	159
Other Adjustments	176	(678)
Net Other non cash movement	(233)	(340)

NOTES TO THE CORE FINANCIAL STATEMENTS

14 INVENTORIES

	31 March 2023 £000	31 March 2022 £000
Uniforms and Protective Clothing	308	248
Vehicle Spares Stocks	133	129
Fuel	101	0
Equipment Stocks	114	122
Total	655	498

15 DEBTORS

15.1 Trade and other receivables

	Current		Non-current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Public Sector Bodies	6,623	9,601	537	620
Other	1,817	2,321	-	-
Provision for the impairment of receivables	(55)	(55)	-	-
Total	8,384	11,868	537	620

15.2 Receivables past their due date but not impaired

	31 March 2023 £000	31 March 2022 £000
By up to three months	181	320
By three to six months	8	87
By more than six months	219	514
Total	407	922

15.3 Provision for impairment of receivables

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	(55)	(655)
(Increase)/decrease in receivables impaired	-	600
Balance at 31 March	(55)	(55)

16 CASH AND CASH EQUIVALENTS

	31 March 2023 £000	31 March 2022 £000
Balance at 1 April	9,936	17,581
Net change in year	(884)	(7,645)
Balance at 31 March	9,052	9,936
Made up of		
Commercial banks and cash in hand	52	185
Current investments (less than 3 Months to maturity)	9,000	9,751
Cash and cash equivalents as in statement of financial position	9,052	9,936
Bank Balance - Commercial banks	-	-
Cash and cash equivalents as cash flow statement	9,052	9,936

NOTES TO THE CORE FINANCIAL STATEMENTS

17 Assets Held for Sale

The Fire Authority agreed to close Topsham station at it's meeting of 10/1/20. During the 21/22 financial year the decision was taken to sell the property and actively seek a buyer triggering the requirement of the Code to reclassify it to Assets Held for Sale. The property was sold on 1/6/22.

The Redwoods building on the headquarters site ceased being used as an office on 1/7/22. The Fire Authority agreed to sell the property at it's meeting of 16/2/23, and it was actively marketed from 9/3/23, triggering the requirement of the Code to reclassify it to Assets Held for Sale. The property is not yet sold.

	Current	
	31 March 2023	31 March 2022
	£000	£000
Balance outstanding at start of year	273	-
Assets newly classified as held for sale:		
Property, plant & equipment	225	280
Revaluation losses	(7)	(7)
Assets sold	(273)	-
Balance outstanding at year-end	<u>218</u>	<u>273</u>

18 CREDITORS

	Current	
	31 March 2023	31 March 2022
	£000	£000
Current Liabilities		
Public Sector Bodies	(4,349)	(6,389)
Other entities and individuals	(4,446)	(4,523)
Accum absence	(1,593)	(1,391)
Defined Benefit Pension Schemes	-	-
Total	<u>(10,388)</u>	<u>(12,303)</u>

19 PROVISIONS

	Current		Non-current	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Firefighter Employer Pension Contribution	-	-	-	-
NDR Appeals Provision	-	-	(564)	(656)
Total	<u>-</u>	<u>-</u>	<u>(564)</u>	<u>(656)</u>

	Firefighter Employer Pension Contribution £000	NDR Appeals £000	Total £000
At 1 April 2021	502	60	562
Arising during the year (restated)	(73)	-	(73)
Used during the year	(429)	-	(429)
Reversed unused	-	596	596
Unwinding of discount	-	-	-
At 31 March 2022	<u>(0)</u>	<u>656</u>	<u>656</u>
At 1 April 2022	(0)	656	656
Arising during the year	-	-	-
Used during the year	-	-	-
Reversed unused	-	(92)	(92)
At 31 March 2023	<u>(0)</u>	<u>564</u>	<u>564</u>
Expected timing of cash flows:			
Between 1 April 2023 & 31 March 2024	-	-	-
Thereafter	-	564	564

NOTES TO THE CORE FINANCIAL STATEMENTS

20 USABLE AND UNUSABLE RESERVES

20.1 USABLE RESERVES

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

Earmarked Reserves

One of the categories of usable reserves is earmarked reserves. Details of the amounts set aside (transfers in) from the General Fund to provide financing for future expenditure is given in the table below.

The table below also shows the amounts posted back (transfers out) from earmarked reserves to meet the specific expenditure which is included within the CIES in 2022/23.

2022/23

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Grants unapplied from previous years	3,093	44	(2,000)	1,137
Invest to Improve	2,869	-	(991)	1,878
Budget Smoothing Reserve	1,831	666	(1,831)	666
Direct Funding to Capital	19,032	2	(3,610)	15,424
Projects, risks, & budget carry forwards				
PFI Equalisation	50	-	-	50
Emergency Services Mobile Communications Programme	1,302	-	(252)	1,050
Mobile Data Terminals	168	-	(23)	145
Pension Liability reserve	1,362	-	(144)	1,218
Budget Carry Forwards	1,633	-	(743)	890
Environmental Strategy	268	-	(25)	243
MTA Action Plan	151	-	(75)	76
Total Earmarked Reserves	31,759	712	(9,694)	22,777
General Fund (non-Earmarked) Balance	4,050	230	-	4,280
Total General Fund	35,809	942	(9,694)	27,057

2021/22

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Grants unapplied from previous years	4,526	2,270	(3,703)	3,093
Invest to Improve	3,896	219	(1,246)	2,869
Budget Smoothing Reserve	1,818	288	275	1,831
Direct Funding to Capital	23,270	100	4,338	19,032
Projects, risks, & budget carry forwards				
PFI Equalisation	150	-	(100)	50
Emergency Services Mobile Communications Programme	1,347	-	(45)	1,302
Mobile Data Terminals	266	-	(98)	168
Pension Liability reserve	1,231	139	(8)	1,362
Budget Carry Forwards	3,458	64	(1,889)	1,633
Environmental Strategy	308	-	(40)	268
MTA Action Plan	200	-	(49)	151
Total Earmarked Reserves	40,470	3,080	(11,791)	31,759
General Fund (non-Earmarked) Balance	5,282	258	(1,490)	4,050
Total General Fund	45,752	3,338	(13,281)	35,809

NOTES TO THE CORE FINANCIAL STATEMENTS

20.2 UNUSABLE RESERVES

	31 March 2023 £000	31 March 2022 £000
Revaluation Reserve	(54,218)	(49,986)
Capital Adjustment Account	(53,343)	(52,386)
Pensions Reserve	604,259	921,542
Collection Fund Adjustment Account	(1,565)	(1,086)
NDR Adjustment Account	(67)	1,755
Accumulated Absences Account	1,593	1,391
PFI Equalisation Fund	(537)	(620)
Total	496,121	820,609

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.

	2022/23 £000	2021/22 £000
Balance at 1 April	(52,386)	(49,431)
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	363	109
Revaluation losses on property, plant and equipment	14	710
Charges for depreciation and impairment of non-current assets	7,961	7,951
	8,338	8,770
Minimum Revenue Provision	(1,975)	(2,219)
Capital Expenditure charged against the Revenue Account	(3,120)	(6,210)
Capital Receipts Reserve	(663)	(20)
Adjusting amounts written out of the Revaluation Reserve	(3,537)	(3,276)
Balance at 31 March	(53,343)	(52,386)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

	2022/23 £000	2021/22 £000
Balance at 1 April	(49,986)	(37,695)
Upward Revaluation of assets	(7,768)	(15,567)
Disposal/derecognition	201	-
Downward revaluations	-	-
Difference between fair value depreciation and historical cost depreciation	3,336	3,276
Balance at 31 March	(54,218)	(49,986)

NOTES TO THE CORE FINANCIAL STATEMENTS

20.2 UNUSABLE RESERVES (Continued)

Pensions Reserve

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

	2022/23 £000	2021/22 £000
Balance at 1 April	921,542	883,190
Remeasurements of the net defined liability/ (asset)	(343,264)	20,812
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on Provision of services	40,387	31,736
Employer's pensions contributions and direct payments to pensioners payable in the year	(14,408)	(14,196)
Balance at 31 March	604,258	921,542

Collection Fund Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	(1,086)	140
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(479)	(1,226)
Balance at 31 March	(1,565)	(1,086)

National Non Domestic Rates (NNDR) Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	1,755	2,605
Amount by which NNDR credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(1,822)	(850)
Balance at 31 March	(67)	1,755

Accumulated Absences Account

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

	2022/23 £000	2021/22 £000
Balance at 1 April	1,391	1,549
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	202	(159)
Balance at 31 March	1,593	1,391

PFI - Equalisation Fund

An equalisation fund is administered by Gloucestershire County Council on behalf of the project partners. The fund balance attributable to the authority at the end of each financial year is recognized within the balance sheet. As at 31st March 2023 a surplus of £0.537m (£0.620m as at 31 March 2022) was attributable to Devon and Somerset FRA and this has been included as a PFI debtor against Gloucestershire County Council.

	2022/23 £000	2021/22 £000
Balance at 1 April	(620)	(678)
PFI Movement for the year	83	58
Balance at 31 March	(537)	(620)

NOTES TO THE CORE FINANCIAL STATEMENTS

21 MEMBERS ALLOWANCES

It is a requirement that after the end of the year to which a scheme relates, an Authority shall make arrangements for the publication of the total sum paid by it in the year under the scheme to each recipient in respect of basic allowance and special responsibility allowance. Details of such payments in 2022/23 are shown in the following table which shows all serving members during 2021/22 and 2022/23.

The Authority paid the following amounts for members of the Authority during the year.

	Basic and Special Responsibility Allowance	Travel and Subsistence	2022/23	2021/22
	£	£	£	£
Mary Aspinall	1,090	-	1,090	-
Michael Best	3,068	140	3,208	2,786
Frank Biederman	3,068	440	3,508	2,786
Ann Bown	906	38	944	3,004
Julian Brazil	6,659	436	7,095	1,925
Pam Buchan	374	-	374	2,786
Peter Burrige-Clayton	3,068	-	3,068	2,786
Richard Chesterton	7,558	-	7,558	-
Simon Coles	3,068	443	3,511	2,786
Polly Colthorpe	5	-	5	2,786
John Cook-Woodman	8,629	871	9,500	-
Margaret Corvid	374	-	374	2,213
Ian Doggett	-	-	-	1,876
Jonathan Drean	3,086	331	3,417	6,886
Andrew Eastman	5	-	5	2,786
Robert Hannaford	6,677	95	6,772	6,886
Mark Healey	1,264	-	1,264	6,886
Neill Hendy	2,613	258	2,871	-
Andy Kendall	2,573	456	3,029	-
Tim Kerley	2,573	-	2,573	-
Swithin Long	3,068	194	3,262	-
Dermot McGeough	3,060	-	3,060	-
Terry Napper	374	-	374	2,786
Sarah Parker-Khan	512	-	512	-
Philip Partridge	1,531	-	1,531	-
Ronald Peart	7,565	119	7,684	2,786
Tom Power	2,573	-	2,573	-
Graham Prowse	3,068	-	3,068	2,786
Ray Radford	9,969	-	9,969	2,877
Satnam Rai	551	-	551	500
Sara Randall Johnson	18,389	393	18,782	16,716
Leigh Redman	529	108	637	6,886
Ian Roome	3,060	190	3,250	-
Andrew Saywell	24	-	24	9,091
Richard Scott	-	-	512	-
Debo Sellis	2,564	427	2,991	-
Mark Shayer	9,962	1,023	10,985	-
Andy Sully	2,573	-	2,573	-
David Thomas	5,010	167	5,177	9,091
Jeffrey Trail	2,572	95	2,667	2,786
Ian Tuffin	-	-	-	447
Linda Vjeh	37	-	37	2,786
Nick Way	-	-	-	869
George Wheeler	23	-	23	9,701
Jeremy Yabsley	8	-	8	2,786
Totals	134,192	6,226	140,418	122,072

22 OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows analysed in bands of £5,000 in excess of £50,000:

The decrease in numbers earning £50,000-£59,999 since last year is due to a rationalisation of roles, whereby the number of officers earning within this bracket was reduced.

22.1 Number of Employees earning in excess of £50,000

	2022/23	2021/22
£50,000 - £54,999	55	50
£55,000 - £59,999	43	56
£60,000 - £64,999	32	31
£65,000 - £69,999	25	13
£70,000 - £74,999	6	1
£75,000 - £79,999	1	2
£80,000 - £84,999	-	4
£85,000 - £89,999	3	-
£90,000 - £94,999	1	-
£95,000 - £99,999	2	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	2	2
£125,000 - £129,999	-	1
£130,000 - £134,999	1	-
£160,000 - £164,999	1	1

NOTES TO THE CORE FINANCIAL STATEMENTS

22.2 Senior Officers Remuneration 2022/23 over £50k

There were leavers and new starters in senior management which has amended the number of individuals shown on the list below when compared to 2021/22.

Post Title	Salary (Including Fees and Allowances)	Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2022/23
	£	£	£	£	£	£
Chief Fire Officer - Lee Howell	162,061	-	-	162,061	46,674	208,735
Deputy Chief Fire Officer	134,510	-	-	134,510	38,739	173,249
Director of Service Delivery	121,543	-	-	121,543	35,004	156,547
Director of Service Improvement	121,543	-	-	121,543	35,004	156,547
Director of Governance & Digital Services	99,955	-	-	99,955	17,269	117,224
Director of Finance, People and Estates	99,496	-	-	99,496	17,269	116,765
Area Manager Corporate Planning & Strategic Analysis	95,305	-	-	95,305	24,809	120,114
Area Manager Transformation	86,290	-	-	86,290	24,852	111,142
Area Manager Service Delivery Resilience (a)	61,721	-	-	61,721	15,497	77,218
Area Manager Service Delivery Response (b)	85,484	-	-	85,484	24,619	110,103
Area Manager Service Delivery Risk	85,674	-	-	85,674	24,674	110,348
Head of ICT (c)	63,725	-	-	63,725	11,219	74,944
Head of ICT (d)	13,617	-	-	13,617	2,125	15,742
Co-Head of People Services (e)	44,072	-	-	44,072	7,710	51,782
Co-Head of People Services (f)	60,274	-	-	60,274	10,252	70,526
Head of Finance	69,024	-	-	69,024	11,955	80,979
Head of Estates	69,500	-	-	69,500	11,955	81,455
Head of Communications & Engagement	70,054	-	-	70,054	12,234	82,288
Head of Fleet & Procurement	73,366	-	-	73,366	12,885	86,251
Head of Organisational Assurance	67,619	-	-	67,619	11,728	79,347
Head of Portfolio & Programme Manager	68,276	-	-	68,276	11,955	80,231
	1,753,109	-	-	1,753,109	408,428	2,161,537

a) Started role on 01/11/2022
b) Started role on 05/04/2022
c) Started role on 30/05/2022
d) Left role on 04/06/2022
e) Unpaid leave from 01/08/2022 - 19/09/2022 and 01/12/2022 - 15/02/2023
f) Left role on 17/03/2023

Senior Officers Remuneration 2021/22 over £50k

Post Title	Salary (Including Fees and Allowances)	Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2021/22
	£	£	£	£	£	£
Chief Fire Officer - Lee Howell	162,660	-	-	162,660	46,846	209,506
Deputy Chief Fire Officer (a)	123,860	-	-	123,860	35,654	159,514
Deputy Chief Fire Officer (b)	126,140	-	-	126,140	35,445	161,585
Director of Service Delivery	122,008	-	-	122,008	35,134	157,142
Director of Service Improvement (c)	84,979	-	-	84,979	24,474	109,453
Director of Governance & Digital Services	106,129	-	-	106,129	18,443	124,572
Director of Finance & Resourcing (d)	14,361	-	-	14,361	1,921	16,282
Director of Finance, People and Estates (e)	80,224	-	-	80,224	12,116	92,340
Area Manager Corporate Planning & Strategic Analysis (f)	54,134	-	-	54,134	10,255	64,389
Area Manager Corporate Planning & Strategic Analysis (g)	82,068	-	-	82,068	21,375	103,443
Area Manager Service Delivery Resilience	81,774	-	-	81,774	23,525	105,299
Area Manager Service Delivery Risk	81,100	-	-	81,100	21,430	102,530
Head of ICT	66,351	-	-	66,351	11,597	77,948
Co-Head of People Services	64,326	-	-	64,326	11,293	75,619
Head of Finance	68,698	-	-	68,698	11,924	80,622
Head of Estates	65,957	-	-	65,957	11,370	77,327
Head of Communications & Engagement	66,717	-	-	66,717	11,649	78,366
Head of Fleet & Procurement	69,215	-	-	69,215	12,359	81,574
Head of Organisational Assurance	63,932	-	-	63,932	11,147	75,079
Head of Portfolio & Programme Manager	64,140	-	-	64,140	11,370	75,510
	1,648,773	-	-	1,648,773	379,327	2,028,100

(a) Left post 28/02/2022
(b) In post from 01/03/2022. Was previously ACFO Director of Service Improvement from 01/08/2020 to 28/02/2022
(c) In post from 01/03/2022. Was previously Area Manager Service Delivery Response 21/10/2020 to 28/03/2022
(d) Left post 09/05/2021
(e) In post from 19/07/2021
(f) Left post 30/10/2021
(g) In post from 31/10/2021

22.3 Exit Packages agreed

This note identifies the cost of termination benefits for those Employees who the Authority has decided to terminate employment before their normal retirement date.

Exit Package Cost Band (including special payments)	No of Compulsory Redundancies		No of other departures agreed		Total No of exit packages by cost band (b + c)		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£0 - £20,000	-	-	2	2	2	2	28,414	£19,361
£20,001 - £40,000	-	-	-	0	-	0	-	£0
£40,001 - £60,000	-	-	-	0	-	0	-	£0
Total	-	-	2	2	2	2	28,414	£19,361

NOTES TO THE CORE FINANCIAL STATEMENTS

23 EXTERNAL AUDITOR FEES

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2022/23 £000	2021/22 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	53	41
Total	53	41

24 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement (CIES) in 2022/23

	2022/23 £000	2021/22 £000
Grants		
New Dimensions Grant	(946)	(953)
Firelink Grant	(739)	(859)
Hinkley Point Grant	(86)	(109)
Rural Services Delivery Grant	(445)	(445)
Covid 19 Grant	-	(121)
Business Rates Relief	(3,127)	(1,528)
Fire Pension Grant	(4,042)	(4,022)
Section 31 Grants (Minor)	(28)	(17)
Building Protection Grant	(294)	(344)
Services Grant	(1,098)	-
Business Rates Grant	-	(1,756)
Council Tax Grant	-	(943)
	(10,806)	(11,097)
Insurance cost recovery	(59)	(9)
Procurement income from Frameworks	(56)	(73)
Rental income	(98)	(73)
Secondment income	(351)	(241)
Vehicle sales and maintenance	(140)	(40)
Other income and donations	(279)	(460)
Co-responder Income	(183)	(89)
Ambulance Covid Support	(207)	(289)
PFI Fair value	(447)	(447)
Apprenticeship Delivery	(114)	
Training Income	(248)	(270)
Primary Authority	(0)	(7)
Sub Total Other Income	(2,182)	(1,999)
Total within cost of services in the CIES	(12,987)	(13,095)

NOTES TO THE CORE FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS

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

Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills). Grants received from government departments are set out in Note 24.

Members of the Authority have direct control over the Service's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 21. In relation to members, the Authority's constitution requires members to declare their interests in related parties in a register of interests. In addition, members are asked to declare separately any transactions with the Authority. **In relation to 2022/23 no material transactions were disclosed.**

	2022/23 £000	2021/22 £000
Red One Ltd[^]		
Net receipts from Red One Ltd of training income & reimbursements, minus any payments made	(320)	(557)
FRIC*		
Payments for Insurance	895	876

[^]Red One Ltd.

In 2013 the Authority established Red One Ltd., which is a wholly owned subsidiary limited by shares, to enable trading activity to take place. The company focuses on selling training and specialist staffing solutions to public and private sector clients both in the UK and overseas. Any costs born by the Authority in relation to this activity are directly reimbursed and an annual dividend is paid over to the Authority from retained profits.

The Authority and management made the decision to consolidate the activity of both the Authority and Red One Ltd into Group Accounts for the first time for 2021-22 due to the increase in activity generated by Red One Ltd.

As at 31st March 2023 the Authority had a closing balance of £380k, which is an increase from last year where we reported a closing balance of £499k.

*Risk Protection

Until 31 October 2015 Insurances for the Authority were arranged as part of a consortium of nine fire and rescue authorities. These fire and rescue authorities, including Devon & Somerset, are now members of the Fire and Rescue Indemnity Company Limited. The Company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the Company. The Authority made a contribution of £895k to the company for the insurance year-end 31 October 2022 of which £521k relates to the 2023/24 financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

26 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2022/23	2021/22
	£000	£000
Opening Capital Financing Requirement	25,665	25,860
<u>Capital investment</u>		
Operational assets	5,149	8,254
<u>Sources of finance</u>		
Capital receipt	(663)	(20)
<u>Sums set aside from revenue</u>		
Minimum Revenue Provision	(1,976)	(2,219)
Direct revenue funding	(3,120)	(6,210)
Closing Capital Financing Requirement	25,055	25,665
Explanation of movements in year	2022/23	2022/23
	£000	£000
Increase/(Decrease) in underlying need to borrow	(493)	(92)
(Decrease) in PFI/lease liabilities	(117)	(103)
Increase/(decrease) in Capital Financing Requirement	(610)	(195)

27 LEASES

27.1 OPERATING LEASES AS LESSEE

Total rentals paid during the year amounted to £0.651m. It is estimated that the outstanding liability for future years, in relation to existing lease agreements is £0.229m.

	2022/23	2021/22
	£000	£000
<u>Payments recognised as an expense in year</u>	651	647
<u>Future Minimum Lease Payments payable:</u>		
Not later than one year	122	266
Between one and five years	107	229
Total	229	495

NOTES TO THE CORE FINANCIAL STATEMENTS

28 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

In a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service receive an element of their fire training from Babcock International Group PLC, a company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The IFRS Code accounting regulations require the asset to be included in the balance sheet relating to our 25% share of the contract. The liabilities to pay future rentals are also required to be included.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2023 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2022/23 £000	2021/22 £000
Paid in 2022/23	618	117	81	815	795
Outstanding undischarged contract obligations:					
Payable within one year	630	135	70	835	815
Payable within two to five years *	2,746	656	151	3,552	3,467
Payable within six to ten years	0	0	0	0	921
	<u>3,376</u>	<u>791</u>	<u>221</u>	<u>4,387</u>	<u>5,203</u>

* There are five years remaining.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2022/23 £000	2021/22 £000
Balance outstanding at 1 April	907	1,111
Payments in year	(117)	(101)
Capital Expenditure incurred in the year		
Other movements		
Balance outstanding at 31 March	<u>790</u>	<u>1,010</u>

29 IMPAIRMENT LOSSES & REVERSALS

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 11 which reconciles the movement over the year in the Property, Plant and Equipment balances.

	2022/23 £000	2021/22 £000
Impairment of Land	-	-
Impairment of Buildings	-	-
Net Amount Charged to the CIES	<u>-</u>	<u>-</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

30. PENSIONS

30.1 Pension Costs

In accordance with the requirements of IAS19 the Devon & Somerset Fire & Rescue Authority records in its balance sheet its share of assets and liabilities related to pension schemes and matches the net amount with an equivalent pension reserve. The Authority participates in three schemes, two of which are Fire Service Pension Schemes for Fire Officers which are unfunded, and the Local Government Pension Scheme which is administered by Devon County Council.

The Local Government Pension Scheme is a funded defined benefit scheme meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. In addition, there is a second unfunded local government pension scheme liability which was previously reported under the LGPS but is now shown separately. This unfunded scheme is where the Authority has, as an employer, agreed to enhance the retirement pensions of staff, for which there are no additional employee contributions received.

There are four Firefighter Pension Schemes (FPS) for fire officers, all of which are unfunded defined benefit schemes, meaning there are no investment assets built up to meet the pension liabilities as they fall due. The schemes are administered by the Fire Authority and known as the fire fund. The schemes are balanced to zero by the receipt of top-up grant received from the Home Office. The three legacy schemes are as follows.

- 1992 FPS
- 2006 FPS
- 2006 Modified FPS (reported within the 2006 FPS)

From April 2015 the FPS 2015 came into being, with previous schemes being closed to new members. The Authority has one further pension liability which is in respect of injury awards issued under the Firefighters Compensation Regulations.

For all schemes the employee contribution is based upon their gross salary, with that percentage varying if their salary changes.

Scheme	Employer Percentage Rate	Total Contributions expected to be made by the authority in the year to 31st March 2024
	2022/23	
		£000
Local Government Pension Scheme	18.5%	2,543
1992 Firefighters Pension Scheme	37.3%	} 10,741
2006 New firefighters Pension Scheme	27.4%	
2006 Modified firefighters Pension Scheme	37.3%	
2015 Firefighters Pension Scheme	28.8%	

The cost of retirement benefits are recognised in the comprehensive income and expenditure statement (CIES) when they are earned by employees rather than when the benefits are eventually paid as pensions. However the charge which has to be made against council tax is based on the cash payable in the year, so the real cost (service cost) of retirement benefits is reversed out of the General Fund by way of the Movement in Reserves Statement (MIRS).

There have been no material adjustments relating to pensions relating to the transition to IFRS.

The following transactions have been made in the CIES & MIRS during the year.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30.2 Pension Schemes

	LGPS 2022/23 £000	LGPS 2021/22 £000	LG Unfunded 2022/23 £000	LG Unfunded 2021/22 £000	Fire schemes 2022/23 £000	Fire schemes 2021/22 £000	Total 2022/23 £000	Total 2021/22 £000
Comprehensive Income & Expenditure Statement								
<i>Service Cost Comprising:</i>								
Current Service Cost	5,069	6,478	-	-	19,202	17,938	24,271	24,416
Past Service Costs	-	-	-	-	291	468	291	468
<i>Financing and Investment Income and Expenditure:</i>								
Net Interest Expense	843	1,085	7	5	22,363	16,333	23,213	17,423
Administration Expenses	44	41	-	-	-	-	44	41
Home Office Pension top up grant					(7,432)	(10,612)	(7,432)	(10,612)
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	5,956	7,604	7	5	34,424	24,127	40,387	31,736
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Expected return on plan assets (excluding the amount included in net interest expense)	3,279	(3,591)					3,279	(3,591)
Actuarial gains and losses arising on changes in demographic assumptions	(6,983)				-	14,775	(6,983)	14,775
Actuarial gains and losses arising on changes in financial assumptions	(53,499)	(7,830)			(347,979)	(28,413)	(401,478)	(36,243)
Other								
Total Post-employment benefits charged to the CIES	(57,203)	(11,421)	-	-	(347,979)	(13,638)	(405,182)	(25,059)
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post - employment benefits in accordance with the code	(5,956)	(7,604)	(7)	(5)	(34,424)	(24,127)	(40,387)	(31,736)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>								
Employers contributions payable to scheme	2,388	2,280	-	-	9,437	9,542	11,825	11,821
Employers contributions payable to scheme (seconded not charged to general fund)	-	-	-	-	21	25	21	25
Ill health charges	-	-	-	-	32	66	32	66
Payment in advance	-	-	-	-	-	-	-	-
Retirement benefits payable to pensioners - Authority	-	-	-	18	2,530	2,266	2,530	2,284
Retirement benefits payable to pensioners - Fund	1,658	2,008	17	-	21,620	24,594	23,295	26,602
Total Retirement benefits payable to pensioners	1,658	2,008	17	18	24,150	26,860	25,825	28,886

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the present value of the scheme liabilities	LGPS 2022/23 £000	LGPS 2021/22 £000	LG Unfunded 2022/23 £000	LG Unfunded 2021/22 £000	Fire schemes 2022/23 £000	Fire schemes 2021/22 £000	Total 2022/23 £000	Total 2021/22 £000
Opening balance as at 1st April	122,610	122,492	237	314	871,838	827,599	994,685	950,405
Opening balance adjustment	66	58	-	(58)	-	-	66	-
Current Service Cost	5,069	6,478	-	-	19,202	17,938	24,271	24,416
Interest Cost	3,102	2,439	7	5	22,363	16,333	25,472	18,777
Contributions by scheme participants	897	752	-	-	4,699	4,350	5,596	5,102
<i>Remeasurement (gains) and losses:</i>								
Actuarial gains and losses arising on changes in demographic assumptions	(6,983)	-	-	-	-	14,775	(6,983)	14,775
Actuarial gains and losses arising on changes in financial assumptions	(53,499)	(7,830)	(45)	(7)	(347,979)	(28,413)	(401,523)	(36,250)
Experience gains and losses	6,177	229	13	1	56,367	45,648	62,557	45,878
Past service Costs	-	-	-	-	291	468	291	468
Benefits Paid	(1,443)	(2,008)	(17)	(18)	(24,151)	(26,860)	(25,611)	(28,886)
Closing balance as at 31st March	75,996	122,610	195	237	602,630	871,838	678,821	994,685

Pensions Assets and Liabilities Recognised in the Balance Sheet	2022/23 £'000	2021/22 £'000
Present value of liabilities		
LGPS	(75,996)	(122,610)
LGPS- unfunded	(195)	(237)
Firefighters Pension schemes	(551,560)	(820,768)
Firefighters Compensation Regulations	(51,070)	(51,070)
Fair value of assets in the LGPS	74,563	73,143
	(604,258)	(921,542)
Surplus/(deficit) in the scheme:		
LGPS	(1,433)	(49,467)
LGPS- unfunded	(195)	(237)
Firefighters Pension schemes	(551,560)	(820,768)
Firefighters Compensation Regulations	(51,070)	(51,070)
Net Liability arising from defined benefit obligation	(604,258)	(921,542)

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. All schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the LGPS Devon Fund being based on the latest full valuation of the scheme undertaken in 2022 and the Devon & Somerset FPS valuation in 2021.

The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until some time later, may give a different value of pension assets, but this difference is not considered to be material.

The Fire Fund 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:-

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30.3 Pension Assets & Basis For Valuation

Proportion of assets held - LGPS	£000	31 March 2023	£000	31 March 2022
		%		%
Gilts	0	0%	9,983	14%
UK Equities	5,882	8%	6,623	9%
Overseas Equities	33,401	45%	36,385	50%
Property	6,536	9%	6,746	9%
Infrastructure	6,704	9%	4,333	6%
Target Return Portfolio	5,182	7%	6,936	9%
Cash	886	1%	618	1%
Other Bonds	15,943	21%	1,530	2%
Alternative Assets	29	0%	-11	0%
Total Fair value of LGPS assets	74,563	100%	73,143	100%

Based on estimated bid values.

Movement between the opening and closing balances of the fair value of assets:	Year to 31 March 2023	Year to 31 March 2022
	£000	£000
Opening fair value	73,143	67,215
Interest Income	2,259	1,354
Return on plan assets (excluding the amount included in net interest expense)	(3,279)	3,591
Other Actuarial Gains/ (Losses)	594	-
Administration Expenses	(44)	(41)
Contributions by employer	2,668	2,298
Contributions by scheme participants	897	752
Estimated benefits paid	(1,675)	(2,026)
Fair value of scheme assets at end of period	74,563	73,143

Basis for establishing assets and liabilities	LG Pension Scheme	LG Pension Scheme	LG Unfunded	LG Unfunded	Fire Schemes	Fire Schemes
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £0	2022/23 £000	2021/22 £000
Mortality assumptions						
Longevity at 65 for current pensioners						
Men	21.8	22.70	21.8	22.70	20.6	20.50
Women	22.9	24.00	22.9	24.00	22.9	22.80
Longevity at 65 for future pensioners						
Men	23.1	24.00	23.1	24.00	21.9	21.80
Women	24.4	25.40	24.4	25.40	24.4	24.30
Rate of inflation CPI	2.85%	3.20%	2.85%	3.20%	2.90%	3.30%
Rate of increase in salaries	3.85%	4.20%			3.90%	4.30%
Rate of increase in pensions	2.85%	3.20%	2.85%	3.20%	2.90%	3.30%
Rate for discounting scheme liabilities	4.80%	2.60%	4.80%	2.60%	4.80%	2.60%
Take-up of option to convert annual pension into retirement lump sum	50% of commutable pension				50% of commutable pension	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes that the assumption analysed changes while all the other changes remain constant.

Sensitivity Analysis 2022/23	LG Pension Scheme	Fire Schemes
	PV* £000	PV* £000
Adjustment to the Discount Rate		
+0.1%	74,845	593,509
0.0%	76,191	602,631
-0.1%	77,573	611,986
Adjustment to Long Term Salary Increase		
+0.1%	76,347	603,562
0.0%	76,191	602,631
-0.1%	76,036	601,706
Adjustment to Pension Increases and Deferred Revaluation		
+0.1%	77,442	611,220
0.0%	76,191	602,631
-0.1%	74,974	594,259
Adjustment to Mortality Age Rating Assumption		
+ 1 year	78,633	625,645
None	76,191	602,631
- 1 year	73,830	580,502

* Present Value of Total Obligation

NOTES TO THE CORE FINANCIAL STATEMENTS

31 CONTINGENT LIABILITIES

A contingent liability is a possible present conditional obligation arising from past events and whose existence will be confirmed only by the occurrence of future uncertain events not wholly within the Fire Authority's control.

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. In December 2018 the Court of Appeal upheld a ruling that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The Government has now confirmed the final remedy in response to the case and primary legislation is also in place to allow remedy to be applied from 1 October 2023. It is likely that the Authority will incur additional costs in the future as a result of this case and the agreed remedy, for example through increased employer's contributions to the scheme or through the costs incurred to administer the remedy. In addition there is the risk that the Authority may incur tax or other liabilities for payments made to Scheme Members under the Immediate Detriment Framework (which gives them access to legacy scheme benefits prior to remedy being in place). At this stage it is not possible to quantify what these costs might be or whether they will be incurred.

There is one Employment Tribunal appeal awaiting a decision. If the appeal is unsuccessful, a further remedy hearing will be listed with the award likely to be in excess of £85,000.

32 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

KEY RISKS

The Authority's activities expose it to a variety of financial risks:

Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.

Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall financial risk management procedures focus on the unpredictability of financial markets and seek to minimise those risks. The procedures for risk management are set out through a legal framework in the Local Government Act and the associated regulations. These require the Authority to comply with the CIPFA Prudential code and The CIPFA Treasury Management in the Public Services Code of Practice. The Authority's Treasury Management policy explains the risks to the Authority and sets procedures to be followed in order to keep such risks to a minimum.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they comply with the requirements of the Authority's Treasury Management Policy mentioned above.

The following summarises the Authority's potential maximum exposure to credit risk, based on experience of default over the last five years.

	Amount as at 31 March 2023 £000	Historical Experience of Default £000	Historical Experience adjusted for market conditions as at 31 March 2023 £000	Estimated maximum exposure to default and uncollectability £000
Deposits with bank & financial institutions	29,102	-	-	-
Public Sector Bodies	6,623	-	-	-
Other	1,817	-	-	-
Total	37,542	-	-	-

All deposits with the bank and financial institutions are due within a year. The authority generally allows 28 days for debts to be settled before debt recovery processes are implemented. As at the 31st March 2023, the value of debt which exceeded this period was £407k, broken down as follows:

	2022/23 £000	2021/22 £000
Two to Three Months	181	320
Over Three Months	226	602
Total	407	922

An allowance for potential bad debts of £55k has been made at the year-end.

NOTES TO THE CORE FINANCIAL STATEMENTS

Liquidity Risk

The funding of the Authority comes from a variety of sources, the major ones being central government (RSG & NNDR), other local authorities (council tax) and the Public Works Loan Board (PWLB). Therefore there is no significant risk that it will be unable to raise finance to meet its liabilities. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Accordingly, in line with its Treasury Management Policy, care is taken as to when loans are taken from PWLB or require repayment.

The maturity analysis of financial liabilities is as follows:-

	2022/23	2021/22
	£000	£000
Less than one year – including trade and other creditors	9,382	11,496
Between one and two years – PWLB loan repayments	458	493
Between two and five years – PWLB loan repayments	3,280	3,145
More than five years – PWLB loan repayments	20,033	20,626
Total	33,153	35,760

Market Risk

Interest Rate risk

The Authority is exposed to interest movements on its borrowings and investments. All borrowings and investments are on fixed rates. If, for example, there was an increase in interest rates it would have the following effects:

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried on the balance sheet at fair value, so nominal gains and losses on fixed rate borrowings would not impact upon the Income & Expenditure account. The Authority has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to inform the budget monitoring process during the year.

Price Risk

The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the prices of shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

THE PENSION FUND

There are four Firefighter Pension Schemes (FPS) for fire officers, all of which are unfunded defined benefit schemes, meaning there are no investment assets built up to meet the pension liabilities as they fall due. The schemes are administered by the Fire Authority and known as the fire fund. The schemes are funded from in-year employee and employer contributions and balanced to zero by the receipt of top-up grant received from the Home Office. The three legacy schemes are as follows.

- 1992 FPS
- 2006 FPS
- 2006 Modified FPS (reported within the 2006 FPS)

From April 2015 the FPS 2015 came into being, with previous schemes being closed to new members. The Authority has one further pension liability which is in respect of injury awards issued under the Firefighters Compensation Regulations.

The fire pension fund is currently dissimilar to a normal pension fund in that it has no trustees, bank account or investment assets. The fund is managed on a separate ledger to that for normal activities of the Authority. Items of income and expenditure are recognised on the date of the cash transaction.

Firefighters Pension Fund	2022/23 £'000	2021/22 £'000
Contributions receivable from:		
Fire authority:-		
a) contributions in relation to pensionable pay	(10,355)	(9,566)
b) early ill health retirements & other income	(32)	(66)
c) Firefighters contributions	(4,707)	(4,350)
	(15,094)	(13,981)
Transfers In	(587)	(277)
Benefits payable		
d) pensions	20,934	19,960
e) commutations and lump sum benefits	2,172	4,896
f) lump sum death benefits	-	-
h) GAD arrears	-	-
g) transfers out	6	14
h) refunds of contributions	-	-
Total benefits payable, less transfers in	22,526	24,593
Net amount payable for the year ¹	7,432	10,612
top-up grant received from Central Government	(7,910)	(8,766)
Balance of top-up grant for the year, payable to Central Government ³	478	-
Balance of top-up grant for the year, receivable from Central Government	-	1,846
Recoverable overpayments of pensions		

Note 1 - As DSFRS has paid or will pay all pensions and commutation payments from its own bank account it is due reimbursement for costs

Note 2 - It should be noted that the amounts included within the firefighters pension fund are only for the period of 2022/23 and do not take into account liabilities to pay pensions or benefits after that period.

Note 3 - £7.91m had been received from Home Office by 31st March 2023, being 80% of notified top-up grant expected. As there was a funding surplus of £0.478m, this amount will be deducted from the next grant payment from the Home Office in order to balance the total costs to total income within the fund.

GLOSSARY OF TERMS

Accounting Policies

Rules and practices adopted by the Authority that dictate how transactions and events are shown and costed.

Accruals

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary

An independent professional who advises on the position of the pension fund.

Actuarial Valuation

The Actuary reviews the assets and liabilities of the pension fund every three years.

Assets

Items that are owned by the Authority or money that is owed to it.

Balance Sheet

Statement of recorded assets, liabilities, reserves and other balances at the end of the accounting period.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure which adds to and not merely maintains the value of existing fixed assets.

Capital Financing Costs

Costs associated with the financing of fixed assets, representing interest and principal repayments on loans and contributions from revenue reserves towards capital payments.

Capital Receipts

Proceeds from the sale of assets, which may be used to finance new capital expenditure or set aside for the repayment of external loans.

Cash equivalents

Short term, highly liquid investments which have little scope for changes in value.

Cash Flow Statement

The statement which summarises the Authority's inflows and outflows of cash during the year.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public sector.

Collection Fund Adjustment Account

A reserve on the balance sheet used to hold accounting differences attributable to the collection of council tax.

Comprehensive Income and Expenditure Statement

This is a core statement reporting the net cost of the Authority and demonstrates how this cost has been financed from grants and tax payers.

The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. This prescribes the form and content of the Statement of Accounts, and is published by a joint committee of CIPFA and LASAAC. It is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with the Code is necessary in order that the Authority's Accounts give a "true and fair" view of its financial position and performance.

Contingent Liability

A potential liability at the balance sheet date, which is still uncertain when the accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated reasonably accurately. Otherwise the liability will be disclosed as a note to the accounts.

Creditors

Amounts owed by the Authority for goods and services received on or before 31 March.

Current Assets

Assets that are expected to be used in the short term (less than one year), such as cash and inventories.

Debtors

Amounts owed to the Authority for goods and services provided on or before 31 March.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Earmarked Reserves

Amounts set aside for a specific purpose, a particular service or a type of expenditure. Technically, they are part of the General Fund, but they are set out as a separate part of usable reserves.

GLOSSARY OF TERMS

Financial Instruments

Contracts which give rise to a financial asset or liability, such as loans and investments, trade payable (creditors) and receivables (debtors) and financial guarantees.

Heritage asset

An asset that is held primarily for its contribution to knowledge or culture.

International Financial Reporting Standards (IFRS)

The basis for reporting local authority accounts which came into effect on the 1st April 2010, replacing the standards on which the Statement of Recommended Practice (SORP) was based.

Inventories

Stock levels held by the Authority

Leasing

There are two main types of leasing arrangements:

Finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

Operating leases where the risks and rewards of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

Liabilities

Amounts owed by the Authority to lenders or suppliers.

Long-term borrowing

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

Minimum Revenue Provision

The minimum amount the Authority must charge to its revenue account to provide for the repayment of debt.

Movement in Reserves Statement

A Statement showing the movement in the year on the usable and unusable reserves held by the Authority.

National Non-Domestic Rates (NNDR)

A flat rate in the pound set by Government, sometimes known as "Business Rates", levied on businesses and paid into a National Pool. The Authority receives a share from the National Pool as part of its annual funding - the redistributed amount or 'NNDR Grant'.

Property, Plant and Equipment

The term for tangible fixed assets - i.e. Assets with physical substance that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one accounting period.

Private Finance Initiative (PFI)

A credit arrangement which enables private sector financing of public sector facilities or services.

Provisions

Amounts set aside for any liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

Projected Unit Method

An accrued benefit valuation method in which the Scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. Individuals who have ceased to be active members but are entitled at a later date) and their dependants allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PWLB

The Public Works Loan Board - the principal source of long-term capital for local authorities.

Reserves

Sums of money set aside to meet general rather than specific future liabilities. The sums set aside are charged to General Funds and not to Reserve Accounts.

Revaluation

The fair value of assets recorded in the Balance Sheet at current value should be formally reviewed by a professional valuer at intervals of no more than five years, and the revised value should be included in the Balance Sheet.

Revaluation Reserve

A record of the accumulated gains on the fair value of property, plant and equipment arising from inflation or other factors, to the extent that these gains have not been consumed by subsequent reductions in value. The balance on this reserve is carried forward as part of the Unusable Reserves in the Balance Sheet.

Scheme Liabilities

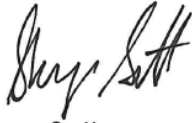
The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Treasury Management

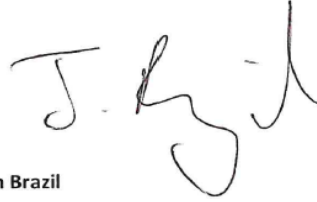
The management of cash flows, banking, lending and borrowing; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

CERTIFICATION OF ISSUE

The final audited accounts were approved by the Audit & Governance Committee on 18th January 2023



Shayne Scott
Treasurer to the Authority



Julian Brazil
Chair of Audit & Governance Committee