

NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY 2018/19 ACCOUNTS



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NARRATIVE REPORT

BY THE CHIEF FINANCE OFFICER

Introduction

The Authority's financial performance for the three months ended in 31 March 2019 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement. These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting United Kingdom 2018/19. It is the purpose of this report to explain, in an easily understandable way, the financial facts in relation to the Authority.

Northamptonshire

The county of Northamptonshire covers an area of 913 square miles and has an estimated population of over 749,000 people. It is the southern-most county in the East Midlands region and its most populated towns are Northampton, Kettering, Corby and Wellingborough. There has been a notable increase in population in recent years with some major new housing development projects and more to come.

The county is currently serviced by seven borough/district councils, but these will be consolidated into two unitary authorities from April 2021 through the reorganisation of local government in Northamptonshire as directed by Central Government. Fire and Rescue Services provided by Northamptonshire Commissioner Fire and Rescue Authority will continue to be provided to the whole of Northamptonshire.



Northamptonshire Commissioner Fire and Rescue Authority (NCFRA)

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

The Police, Fire and Crime Commissioner for Northamptonshire (Fire and Rescue Authority) Order 2018 was laid on the 12 October 2018 and established the new NCFRA with effect from 1 January 2019 and the Police and Crime Commissioner for Northamptonshire (PCC) became the Police, Fire and Crime Commissioner for Northamptonshire (PFCC) from that date. However, as a separate corporation sole, the funding and accounts for NCFRA are produced separately to the PFCC accounts.

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

Consultation on the new Fire and Rescue Plan and the Fire and Rescue Integrated Risk Management Plan (IRMP) prepared by the Chief Fire Officer was undertaken. Consultation commenced on the 4 February 2019 and lasted for four weeks. Overall 1055 people took part in the consultation.

The Fire and Rescue Plan was considered by the Police, Fire and Crime Panel at their meeting on the 4 April 2019, alongside the IRMP for information and context. The Panel's report and the PFCC's response on the Fire and Rescue Plan are available on the PFCC website.

Mission

The NCFRA Mission for the Fire and Rescue Plan is to:

- Prevent fires and other emergencies to keep people safe
- Protect the public
- Stabilise the organisation

Underpinning this should be a culture of continuous improvement that fosters learning within and between organisations to best serve the people of Northamptonshire. We should ensure the wellbeing of staff who do a difficult job so that they are better able to protect the public and deliver what is required of them.

Our Vision - Making Northamptonshire Safer



Economic climate

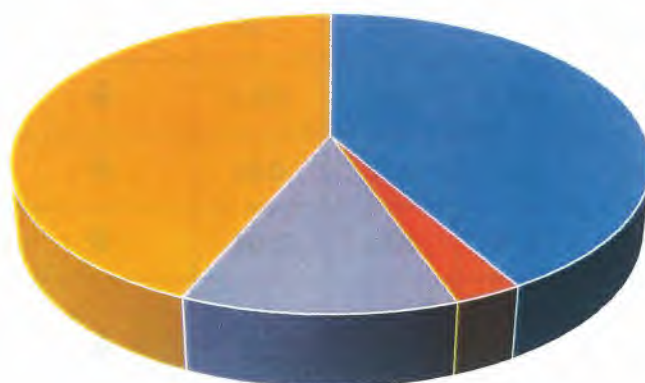
In line with the national and CIPFA guidance, the 2018-19 position on the funding split was a locally agreed and negotiated position between the PFCC and Northamptonshire County Council. Therefore, the only changes to the funding are local factors such as taxbase, council tax surplus and the local impact of Business Rates. The funding position inherited reflects the significant reductions faced by Northamptonshire County Council and implemented in the service over the years.

With no reserves transferring (other than the unspent budget for the first 9 months of the financial year whilst part of NCC), the immediate priority is a three year plan to build financial stability for NCFRA. The 2019-20 budget is the first year in the plan as the adequacy and level of reserves as they are currently considered insufficient.

Our People

At 31st March 2019 NCFRA budgeted establishment was as follows:

Budgeted Fire Establishment (FTE)



■ Wholetime (242) ■ Fire Control (17) ■ Support Staff (68) ■ On Call Firefighters (254)

Gender Pay Gap

In 2017, the Government introduced legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. The gender pay gap shows the difference in the average pay between all men and women in a workforce. As NCFRA was established on the 1 January 2019 it has not been included within the scope for Fire and Rescue Authorities returns by the Government Equalities Office and it is envisaged that 2019-20 will be the first return for the new Authority.

Appointments

Darren Dovey, the Chief Fire Officer prior to the governance transfer continued as Chief Fire Officer post transfer and undertook the role of Head of Paid Staff.

The role of Chief Finance Officer for NCFRA was undertaken by Helen King, the Chief Finance Officer for the PFCC.

The role of Monitoring Officer was undertaken by Paul Bullen, the Director of Delivery, with Director of Early Intervention, Nicci Marzec acting as Deputy. This role will be rotated between Paul Bullen and Nicci Marzec approximately every six months.

NCFRA 2018-19 Performance

An Annual Report will be produced for NCFRA and will be considered by the Police, Fire and Crime Panel at their meeting in July 2019 and a full copy is available on the PFCC website.

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

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

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

The Chief Fire Officer will review the findings and recommendations from the first HMICFRS inspection and will ensure a plan is prepared with regular updates throughout the year for the PFCC to consider and hold the Chief Fire Officer to account on its delivery. This will be a regular agenda item at the Accountability Board post publication.

Performance for the year and the quarter January – March 2019 is summarised in the table below and full detail is available in the Annual Report as highlighted above:

	2018/19				2017-18 EOY ¹	Compared to previous EOY
	Q1	Q2	Q3	Q4		
No. of Deliberate Primary Fires per 10,000 population	1.07	2.33	3.25	3.97	4.56	↓
No. of Deliberate Secondary Fires per 10,000 population	1.79	4.88	6	7.47	7.05	↑
No. of Primary Fires per 100,000 population	35.9	74.1	103.1	129.7	149.8	↓
No. of Fatalities in Primary Fires per 100,000 population	0	0.13	0.27	0.27	0.55	↓
No. of Non-fatal Casualties in Primary Fires per 100,000	0.54	0.94	1.75	2.56	3.04	↓
The No. of deaths arising from accidental fires in dwellings per 100,000 population	0	0	0	0	0.28	↓
The No. of injuries (excluding precautionary checks), arising from accidental fires in dwellings per 100,000 population	0.4	0.54	1.35	1.89	1.94	↓
Accidental fires in Dwellings per 10,000 dwellings	2.6	4.9	7.7	10	12.6	↓
Non-Domestic Fires per 1000 Non-Domestic	1.67	3.3	4.58	5.65	7.25	↓
LPI 8ai Sickness - Wholetime (days/shift lost per head)	1.75	3.83	6.07	8.04	6.09	↑
Sickness Absence (All staff, excluding RDS)	1.89	3.76	6.12	8.68	6.95	↑
Home Fire Safety Checks and refits completed	1162	2054	2922	3555	2538	↑
Total number of Protective Full Risk Inspections (FI) and Re-Inspections (RI) Completed	199	364	597	764	492	↑
Average of Full Response Time*	10:14.0	10:37.6	10:26.6	10:29.5	10:47.9	↓
Average of Call Handling Time*	1:41.6	1:43.42	1:50.74	1:55.26	1:35.54	↑

¹ EOY – End of Year

Financial Performance

For the three months January to March 2019, NCFRA's total planned expenditure was based on the £6.147m amount transferred to NCFRA from Northamptonshire County Council (NCC) as reflected in the Statutory Instrument and NCFRA was not a separate precepting authority. This equated to three twelfths of the funding position plus £0.5m to reflect an assumed underspend.

Fire Budget Heading	January to March 2019		
	Budget £000	Actuals £000	(Under)/ Overspend £000
Total Operational Fire Budget	5,373	4,814	(559)
Total Central Budgets	774	742	(32)
Additional NCC adjusted underspend	0	(159)	(159)
Transfer to Insurance Reserve	0	250	250
Transfer to General Fund	0	500	500
Total Expenditure	6,147	6,147	0
Total Funding	6,147	6,147	0

During the 3 month period from 1 January to 31 March 2019, it was expected that the transferred balance could be required to deliver NCFRA services. Therefore the balance was recognised in the revenue account during this period as a transfer from the General Fund reserve. As the period progressed the tight controls that continued to be implemented in respect of NCFRA expenditure enabled non-capital reserves of £750k to be delivered and monitored in full with £250k being transferred to the Insurance Reserve and the remaining £500k being transferred to the General Fund Reserve as part of the Reserves Strategy

To provide consistency, budget holders continued to monitor against their whole 2018-19 budgets with the three month budget position balanced to the Statutory Instrument. This reflected a £500K underspend and budgeted transfer to reserves and a profiling adjustment in the period to reflect the timing of planned expenditure.

Budget holders managed their budgets at both 12 month and 3 month levels over the 2018-19 financial year and NCC and NCFRA finance teams worked closely to give consistent messages to budget holders.

A contingency sum of £30K has been retained by NCC to reflect any late invoices or payments relating to NCFRA after the period of the opening balance sheet. This position will be reviewed in 2019-20 and given its uncertainty, no repayment of this amount has been assumed.

For the three months of 2018-19, funding was transferred from NCC in accordance with the Statutory Instrument. From 2019-20, NCFRA is a separate preceptor and will receive funding from Council Tax, Business Rates and Home Office Grants.

Total Operational Fire Budget

The 3 month position resulted in a £559K underspend. Despite the Governance transfer, for the first nine months of 2018-19 as part of NCC, NCFRA were still subject to the NCC S114 notice which restricted expenditure during this time and this is reflected in underspends across the majority of budget headings.

The main variance, however, related to an underspend in Information and Communications Technology (ICT) charges where the S114 notice had significantly impacted over the first nine months of the year. Additionally, significant expenditure during January to March was for software subscriptions over more than one year, therefore, only a small proportion related to the 3 month period.

Central Budgets

Prior to the governance transfer, a number of central functions were delivered by NCC or NCFRA were included as part of a countywide contract, for example, property management, insurance and central services with LGSS. The budgets for these were based on estimates provided at the time of the governance process and actual costs incurred have been lower due to negotiated insurance and LGSS contracts resulted in an underspend of £220K, however this was offset by an agreed £188k contribution to the start-up costs for the authority.

In addition to the underspend on the Central Budgets, there was also a £159K NCC adjusted underspend.

Profiling Adjustment

The profiling adjustment reflects the budget variations between the Statutory Instrument and the last three months of the NCC budget for 2018-19.

Transfer to Reserves

No reserves transferred to NCFRA on 1 January 2019. The Reserves Strategy set out the PFCC intention to build Insurance and General Reserves over a three year period, creating a sustainable position.

The Strategy assumed a contribution to reserves at the 31 March 2019 of £500K, increasing by £200K per annum for the next three years.

The higher than predicted underspend has enabled a higher than anticipated transfer to reserves at 31 March 2019 from £500K to £750K. This has enabled a full insurance reserve of £250K to be established and £500K towards building a sustainable level of general reserves.

Capital

No capital programme transferred from NCC and no capital expenditure was undertaken during the 3 months to 31 March 2019. High level capital programme assumptions were incorporated into the 2019-20 budget and precept and detailed strategies are being prepared for Estates, Vehicles, Operational Equipment and ICT to develop a detailed Capital Programme, aligned to priorities.

Balance Sheet

The Balance Sheet as at 1 January 2019 transferred from NCC with fixed assets and with the exception of LGPS Pension liability, no liabilities, all of which was specified within the Statutory Instrument.

Fixed Assets

Twenty three properties across Northamptonshire transferred to NCFRA, of which all but one are freehold.

Borrowing

NCFRA has not undertaken any borrowing during the period and does not hold short or long term loans.

Reserves

No reserves transferred to NCFRA under the Governance Transfer on 1 January 2019 which was identified as a key risk within the Business Case. However, the Home Secretary was assured by the plan to build reserves and this was updated as part of the 2019-20 budget and precept.

Consequently, a three year plan to build general reserves to minimum level of 2.5% and a recommended level of 3%. The plans assumed that reserves could be created totalling £700K by 31 March 2019. At the 31 March 2019, reserves totalled £750K. Whilst this is a welcome increase above the plan, it remains insufficient and the three year financial contributions to reserves from the Medium Term Financial Plan remain as planned.

Insurance Reserve

No Insurance reserve and no insurance liabilities transferred to NCFRA.

Although no insurance claims have been received in the three month period, professional advisors have considered the last eight years of Fire claims whilst within NCC, together with the excess levels for the categories of insurance and have advised that a reserve of £250K should be established until the position becomes clearer.

General Reserve

NCFRA underspends whilst within NCC totalled £159K for the first 9 months of the financial year. Due to maintaining strict financial controls in the three month period, together with some contract renegotiations in the areas of LGSS and Insurance, NCFRA managed to achieve further underspends, increasing the balance (after a £250K contribution to the Insurance Reserve) of £500K.

Events after the Balance Sheet Date

Section 106 Funding – At the balance sheet date, there was an agreement that Section 106 funding received by Northamptonshire County Council in relation to Fire and Rescue Service Provision would be transferred to NCFRA. This was agreed as part of the Business Case for the transfer of Fire Governance. At the balance sheet date, this funding has not been transferred as the legal arrangements had not been made for the transfer.

Subsequently, on the 14th November 2019, Section 106 Agreements and the associated funding of £523,256 were agreed with NCFRA. The agreements state that if the funding is not used for the purpose outlined in the agreement it is to be returned to the developer.

The 2018-19 Statement of Accounts

Each year NCFRA publishes a Statement of Accounts that incorporates all the financial statements and disclosure notes required by statute. This is the first set of Accounts for NCFRA and these accounts relate to the year ended 31 March 2019. Therefore, there are no comparator information provided within the core statements and notes to the accounts.

The Statements of Accounts for 2018-19 has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom'. This sets out the accounting principles and practices required to present a true and fair view of the financial position of a local Council and is based on International Financial Reporting Standards (IFRS).

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

The Core Financial Statements are set out on **pages 35 to 38** and consist of the following, which are explained in more detail in the notes to the accounts:

- **Comprehensive Income and Expenditure Statement** – this statement provides a summary of the resources which have been applied and generated in providing services and managing the Council during the year;
The headline figures and messages from this statement for **NCFRA** are that the Total Comprehensive Income and Expenditure was a deficit of £6.5m. This was almost exclusively due to the application of pension charges relating to pension entitlements and interest costs incurred which offsets the favourable outturn position outlined above.
- **Balance Sheet** – setting out the assets and liabilities recognised by NCFRA at the balance sheet date, the bottom line is effectively the net worth of the organisation. The net assets of the NCFRA (assets less liabilities) are matched by the Reserves held.
The headline figures and messages from this statement for **NCFRA** are that the authority holds a substantial asset base which more than covers its balance sheet liabilities.
- **Movement in Reserves Statement** – shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

The headline figures and messages from this statement for **NCFRA** are the usable reserves have increased which will help improve the resilience of the organisation going forward. The increase in unusable reserves

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

The headline figures and messages from this statement for **NCFRA** are that the increase in cash holdings provides additional assurance that the organisation will be able to fulfil its obligations as they fall due. In addition, it is expected that in the 2019/20 financial year the organisation will receive further cash amounts from Northamptonshire County Council, which will ensure a solid cash balance to support the authority going forward.

Accounting Policies

As this is the first set of accounts compiled for NCFRA, there are no changes in the accounting policies to be disclosed. However, there is the expectation that as NCFRA matures and develops in terms of delivering its medium term plan, accounting policies will change to reflect the nature of activities in which it engages. For example, within the first set of accounts, no capital expenditure is reported however the expectation is that in future year capital expenditure will be used to purchase, develop and enhance assets which will improve the service delivered by NCFRA

Risk Management

The manner in which NCFRA manages its response to various risks is part of a continuum of risk management that takes into account the National Security Strategy, the National Risk Register and the NCFRA risk registers. An update on the NCFRA Risk Register was considered at the Joint Independent Audit Committee (JIAC) in March 2019 and is scheduled for regular review annually thereafter.

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

The most significant risk to NCFRA relates to the insufficient level of reserves and funding levels until financial stability has been achieved.

Future funding is uncertain with a potential future review of the Fire funding formula to be considered and details on the next spending review also awaited.

Furthermore, the impact of uncertainty surrounding Brexit adds to these uncertainties.

The 2019-20 Budget and Medium Term Outlook

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

The PFCC has set a balanced budget for Fire for 2019-20 where all funding for Fire is allocated to support Fire delivery and which:

- meets current operational requirements,
- provides some recognition for hardworking Fire staff,
- provides commitment and support to enabling services,
- starts to build reserves,
- contributes towards some of the transition costs of Fire Governance and starts to provide investment in a capital programme

The budget was approved by the PFCC in January 2019 and considered at the Police, Fire and Crime Panel in February 2019.

In considering the Fire budget and proposed precept for 2019-20, the PFCC considered the core spending power issued for standalone Fire and Rescue Authorities (FRAs) for 2019/-20 and was surprised to see Northamptonshire

funded second lowest of the 30 FRAs in England, just higher than Shropshire. He was also informed by a consultation of 4,513 residents of Northamptonshire.

“Of those that stated whether they would be prepared to pay more, 70% in total (2,387) said that they would. 9% (304) said they would be prepared to pay an increase of £1 a year, 35% (1,195) would be prepared to pay an increase of £2 a year, 6% (193) would be prepared to pay an increase of £3 and 20% (695) said that they would be prepared to pay an increase of £6 a year.”

The PFCC increased the Fire precept from £59.00 to £60.76, an increase of 2.99%, £1.76 per Band D property, the maximum increase available.

Given the tight financial climate and the need to invest in a Capital Programme, although the 2019-20 budget is balanced, the impact of investing in a Capital Programme has resulted in a shortfall in the future years 2020-21 and 2021-22.

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

The PFCC intends that proposals for enabling services and interoperability proposals will provide opportunities for efficiencies and greater integration between police and fire and rescue to realise savings to meet financial challenges and reinvest where possible in frontline services.

Whilst shortfalls have been identified after 2019-20, if no savings are identified in the three years, then reserves are almost sufficient to balance the shortfall until 31/3/22 as follows:

	2018-19 £m	2019-20 £m	2020/21 £m	2021/22 £m
Fire Cash Limit		24.618	25.273	26.108
Funding		24.618	24.58	25.205
Forecast Shortfall			0.693	0.903
Cumulative Shortfall			0.693	1.596
Reserves Strategy (at budget)	0.700	0.910	1.100	1.300
Reserves Strategy (updated, excl S106)	0.750	1.138	1.338	1.538

Further Information

For information please contact:

Deanna Sharratt, Finance Advisor: Deanna.Sharratt@northants.pnn.police.uk

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Police, Fire and Crime Commissioner's responsibilities

The Police, Fire and Crime Commissioner is required to:

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

I certify that these accounts were considered and approved on 1 July 2020.



S Mold, Police, Fire and Crime Commissioner for Northamptonshire

Date: 1 July 2020

The Chief Finance Officer's responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

The Chief Finance Officer's certificate

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.



Helen King

Chief Finance Officer, Northamptonshire Commissioner Fire and Rescue Authority

Date: 1 July 2020

GOVERNANCE STATEMENT

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

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

The Rt Hon Amber Rudd, Home Secretary said *"Having carefully reviewed your proposal, the results of your consultation and your responses to the views expressed, I am pleased to inform you I have decided to approve your proposal. Considering all available evidence and my own Department's considerations, I believe that it demonstrates that a transfer of governance would be in the interests of economy, efficiency and effectiveness and does not have an adverse effect upon public safety....."*

You will also be aware that the Home Office commissioner Roy Wilsher, Chair of the National Fire Chiefs Council, to review the operational viability of Northamptonshire FRS due to concerns raised that public safety may be compromised if the FRS remained under the governance of NCC. I have noted the findings of this review and have given consideration to it in coming to a view on your proposal....."

I would like to thank you and your local stakeholders for your constructive engagement and I look forward to seeing the benefits of further collaboration between policing and Fire in Northamptonshire."

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

The CIPFA/SOLACE Framework of Good Governance

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

Governance as defined in the 2016 framework is:

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

Good governance is not only about rules, policies and procedures but should also incorporate a spirit of good governance as an integral part of the culture of the organisation, its values and the expected behaviours.

Senior leaders have a significant responsibility not only to ensure that good governance arrangements are properly codified and documented but also that the proper culture exists so that the concept of good governance, including transparency and openness, is effectively conveyed throughout their organisation.

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

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

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

Northamptonshire Police, Fire and Crime Commissioner (PFCC) is responsible for ensuring that his business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. He also has a duty to arrange to secure continuous improvement in the way in which his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PFCC is responsible for putting in place proper arrangements for the governance of his affairs, and facilitating the effective exercise of his functions which includes arrangements for the management of risk.

The PFCC has approved and adopted a Corporate Governance Framework which is consistent with the CIPFA/SOLACE framework. This statement explains how the PFCC has complied with the code and meets requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

This governance statement provides a high level overview. It comments on the effectiveness of governance arrangements over the 3 month period 1 January 2019 to 31 March 2019, and will be updated where required as at the date of signing of the accounts.

The purpose of the Governance Framework

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

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

The Governance Framework

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

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

The functions of the Panel are set out in legislation and the Panel must also review or scrutinise decisions made, or other actions taken by the PFCC in connection with the discharge of their functions in relation to Policing and Fire and Rescue.

The PFCC's Governance Arrangements

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

- The PFCC has established a monthly Accountability Board with the Chief Fire Officer, supported by statutory officers and senior fire and PFCC officers. Minutes are available on the website and terms of reference for this meeting are currently being reviewed.
- The terms of reference of the existing Joint Independent Audit Committee (JIAC) were expanded to include NCFRA post governance transfer. The first meeting incorporating NCFRA took place in March 2019. The

Committee provides independent assurance to the PFCC and individual reports are produced for NCFRA. This enables the internal controls and assurances for each corporation sole to be independently considered.

- To build knowledge and understanding of the governance transfer and NCFRA, regular updates on Fire Governance have been provided to the JIAC prior to transfer.
- A Collaboration Board is due to be established with the PFCC, Chief Fire Officer and Chief Constable. It will provide a structured approach to managing and monitoring collaboration opportunities between Fire and Policing. A collaboration agreement is currently being finalised to support this.
- Fire and Rescue have a number of meetings already established at strategic and operational levels. Where appropriate, members of the OPFCC attend these meetings and provide scrutiny, challenge and briefings.

In the three months to 31 March 2019, the PFCC has also sought to ensure that appropriate management and reporting arrangements are in place to enable him to be satisfied that the approach to corporate governance was both adequate and effective in practice.

The Governance transfer was overseen by a Governance Board and Working Group and further briefings and assurances that have taken place include:

- Two briefing sessions for budget holders and those using the financial system in December 2018.
- Attendance by the Procurement Adviser and the Chief Finance Officer at the Tactical Leadership Team to brief and present on the Corporate Governance Framework and Procurement Practices under the new arrangements.
- The Chief Finance Officer and Monitoring Officer attended HMICFRS pre-transfer to discuss post transfer arrangements.
- An agreed performance Framework is in place and considered regularly at the Accountability Board.
- A Fire and Rescue Plan has been prepared and considered by the Police, Fire and Crime Panel.

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

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

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

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

Meeting arrangements are currently being reviewed to ensure they best reflect the new governance arrangements.

For the three months 1 January 2019 to March 2019, related party disclosures have been undertaken for all key staff in the OPFCC, JIAC members, and the Chief Fire Officer and Senior Officers. This information is disclosed within the Statement of Accounts.

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

The policies for Fire transferred across to NCFRA under the Governance arrangements. Some have already been reviewed and others will be reviewed during 2019/10.

Recommendation 1: Review all policies for NCFRA to ensure consistent and coherent with the newly established governance arrangements.

Recommendation 2: Review meeting arrangements to ensure they appropriately reflect the new governance arrangements.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

The Authority's purpose is set out in statute. The vision for Northamptonshire is set out in the Fire and Rescue Plan considered at the Police, Fire and Crime Panel in February 2019 and was subject to public consultation. At this meeting, the Panel also considered the Integrated Risk Management Plan for Fire.

The OPCC website provides information on the PFCC. It is used to publish a wide range of policy and information, making this easily accessible to the public. The website is currently being updated to reflect NCFRA and the role of the PFCC in Fire Governance. The OPFCC website has been awarded the independent CoPacc Transparency Award, two years in succession.

All agendas, papers and meetings of the JIAC are open to the public and papers are available on the PFCC website, together with the minutes of the Accountability Board.

Papers, reports and decisions made by the PFCC are published on the website, together with consultation and details of future public events. Alongside consultation on the Police precept, the PFCC undertook public consultation to inform his decision in setting the first Northamptonshire Fire precept for 2019/20.

Corporate engagement is currently under review for NCFRA.

Recommendation 3: Develop and implement a corporate engagement strategy.

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

The consultation that took place in relation to the Business Case and the precept secured support for the Governance Transfer and the precept. The Fire and Rescue Plan was used to direct the resources of NCFRA through the revenue and capital budgets.

NCFRA transferred without reserves or liabilities. Operating without reserves is not a stable position for NCFRA moving forwards. The priority set in the medium Term Financial Plan was to build financial stability and an adequate level of reserves within three years.

The PFCC approved a reserves strategy as part of the 2019/20 Budget and Precept. Whilst the levels as at 31 March 2019, are higher than originally planned, they are still insufficient to meet the organisational requirements and to provide a safe buffer for unexpected financial pressures. The reserve strategy will be updated to reflect this improved position, and the priority will continue to provide a sustainable financial base.

A treasury management strategy has been developed for 2019/20 (which includes a minimum revenue provision policy statement), and this, together with the reserves strategy, the revenue budget, Capital Strategy and capital programme have been considered by the PFCC in proposing and setting the level of precept for NCFRA.

Recommendation 4: To undertake a mid-year review of the Medium Term Financial Plan and associated strategies and to extend them to a minimum of five years.

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

Whilst a high level capital programme has been set to inform the medium term financial Plan, there is a requirement for NCFRA to develop operational need driven strategies for Estates, ICT, Fleet and Operational Equipment to inform and update the programme.

These strategies will reflect the PFCC's desired direction of travel for interoperability between Fire and Policing, building capacity or reducing costs to be reinvested in operational services.

New approaches to business cases and investment have been developed and these are now considered by the PFCC, mindful of any opportunities with Policing and Fire.

HMICFRS undertook an inspection of Northamptonshire Fire and Rescue Service prior to the governance transfer. It is envisaged that there will be a number of recommendations and areas for improvement. The report is due for publication in the summer of 2019. Any key findings will be updated in the AGS prior to date of signing.

Recommendation 5: To ensure detailed strategies are prepared for Estates, ICT, Fleet and Operational Equipment to inform and develop a ten year Capital Programme.

Recommendation 6: Develop, implement and Monitor an action plan for improvement to address any areas for improvement identified by the HMICFRS inspection.

Principle E: Developing Capacity and Capability.

NCFRA have been subject to a number of vacancies and temporary staffing structures prior to the governance transfer but have now commenced recruiting to develop capacity and resilience. It is intended that a workforce strategy will be developed to reflect this in line with the Fire and Rescue Plan.

NCFRA are reviewing responsibilities to identify areas of duplication or where further investment is required such as those areas previously undertaken by the County Council.

The OPFCC are working with Chief Fire Officer to review Fire current corporate support functions to ensure that strategic policy development, governance and operational support can be delivered effectively.

The statutory roles of Monitoring Officer and Chief Finance Officer are undertaken by the same advisers to the PFCC for policing. This enables consistent advice to be provided within the context of the wider strategic position with Fire and Policing.

Recommendation 7: Develop and implement a workforce strategy.

Recommendation 8: Review, realign and implement changes where appropriate to the responsibilities required for a corporation sole.

Recommendation 9: Undertake a review of Fire corporate support functions to ensure that strategic policy development, governance and operational support can be delivered effectively for NCFRA.

Principle F: Managing Risks and Performance

NCFRA have a developed Risk Management system and the same system is being used following the governance transfer.

The NCFRA risk register was considered at the March 2019 JIAC and an OPFCC Director attends the Fire Risk Management review meetings.

Moving forwards, in 2019/20, ten days have been set aside with Internal Audit for Risk Management support, workshops and expertise. Risk Management Audit has also been scheduled in the 2019/20 internal Audit plan.

An operational performance framework has been agreed with the Chief Fire Officer that aligns to the outcomes in the Fire Plan and IRMP and that this is a standing agenda item quarterly on accountability board agenda, with monthly monitoring by Chief Fire Officer at Fire Executive Group, attended by an OPFCC Director.

LGSS provides system, financial and support services (with the exception of management accounting, procurement, estates and legal services) to NCFRA. Service Specifications have been prepared for each of the services, supported by an agreement. Performance monitoring is provided in accordance with the contract and the monitoring for the first quarter has been received.

LGSS Internal Audit have been appointed as Internal Auditors for NCFRA from 1 January 2019. An Internal Audit Plan has been agreed which covers the significant areas of risk and internal control from that period.

Transactions have been limited in these three months and internal audits have not taken place between 1 January and 31 March 2019. The key audits have been scheduled for quarter 2 of 2019/20 and will be used to inform and update the Annual Governance statement where appropriate until the date the accounts are signed.

Recognising an absence of independent audit on internal controls during the period 1 January to 31 March 2019, the Chief Finance Officer has sought to mitigate risks by implementing the following control procedures:

- A review of all purchase orders during the period;
- After the first BACS payment run, reviewing all BACS payment runs prior to payment, to identify any incorrect postings, payee, and invoice or address details.
- Reviewing all invoice payments over £5,000;
- Reviewing control account reconciliations from LGSS for Accounts Payable, Accounts Receivable, Payroll, Bank and Suspense accounts. The reconciliation for VAT is awaited and Treasury management are a NIL balance. These will continue in 2019/20.
- In line with supporting the requirements of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014), all senior Officers in the Fire Executive Group and Tactical Leadership Team meeting received a briefing session on the Corporate Governance Framework, which explicitly details the roles and responsibilities of the Police, Fire and Crime Commissioner and the Chief Fire Officer, together with those of all senior staff. Additionally the anti-fraud and corruption arrangements are detailed within the Corporate Governance Framework.
- One new JIAC member undertook induction training during the three month period, a Fire Governance Transfer workshop and a Fire Accounts workshop and also attended EY and PSAA events. Other JIAC members were offered and some attended CIPFA, EY, PSAA or other events. Additionally EY and other circulars are shared with JIAC members and senior officers on a regular basis.
- Two new JIAC members undertook induction training in November 2019.

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

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

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

The PFCC website is currently being updated to further improve transparency reporting for the PFCC and to incorporate NCFRA. The OPFCC website has been awarded the independent CoPacc transparency award in the last two successive years.

Internal Audit and Internal Audit Review of Effectiveness

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

An Internal Audit Plan was approved by the PFCC and ratified by the JIAC in July 2019. The Governance Statement highlights that no Internal Audits had taken place to ascertain the Internal controls in place over the 3 month period nor could it be ascertained how they were working.

In terms of the accounts, this was mitigated by the continuing spending controls operated by the service and the additional control checks undertaken to support the veracity and completeness of the 3 months' accounts.

The Internal Audit Programme commenced in 2019/20, and an Internal Audit of the Annual Governance Statement was undertaken in May 2019. A number of Internal Audit Reviews took place over the summer and Autumn 2019 and final reports were issued. The results of these Audits are scheduled for discussion with the PFCC at an Accountability Board in early 2020 and were considered by the JIAC in December 2019.

AUDIT TITLE	Assurance Rating	
	System	Compliance
Organisational Governance	Good	Good
Scheme of Delegation	Good	Limited
Policies and Procedures	Good	Satisfactory
Accounts Payable	Good	Limited
Accounts Receivable	Satisfactory	Satisfactory
Payroll	Good	Good

Internal Audits undertaken are given two assurance ratings:

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

There are five assurance ratings as follows: Substantial, Good, Satisfactory, Limited and No Assurance.

Whilst assurance was taken that for all six audits that the control environment was documented and evidenced, in two areas it was evident that these systems were not being complied with. In terms of the areas identified, these related to processes and procedures for procurement and purchasing not being followed in all instances.

The PFCC and Chief Fire Officer were immediately alerted to the lack of compliance in these areas by the S151 and Monitoring Officer and the following actions were immediately taken forward:

- The Chief Fire Officer took ownership to take forward the actions to improve compliance in respect of purchasing and procurement on the Internal Audit Reports.
- The Monitoring Officer and S151 Officer, together with the Procurement Lead contracted to Fire attended the Fire Executive Group and briefed all senior officers present on the audit reports, the findings and recommendations and gave a refresh of the April 2019 training to all managers and senior officers on procurement and delegation levels, policies, processes and responsibilities.
- The S151 Officer and the Procurement Lead attended the Tactical Leadership Team and briefed all managers present on the procurement requirements and the necessity to ensure appropriate procurement controls and procedures are followed.
- The Procurement Lead and Procurement manager held training for all Tactical and Executive Group Leaders on appropriate procurement practices.

These areas will be subject to Internal Audit follow up reviews and further checks will be undertaken monitor and review progress to improve compliance with the policies and processes.

Review of Effectiveness

One area of concern is that that there was not an internal audit plan in place for the three month period, which has been mitigated in part by the additional control checks. The Governance statement has been updated to include the outcome of the Internal Audit Reviews and the immediate actions taken to improve compliance with the policies and processes of the organisation.

There has been one JIAC meeting including NCFRA during the three month period, which was supplemented by workshop which provided an update on Fire Governance. At each meeting the JIAC review the future work plan.

At the March 2019 meeting, the JIAC considered the following NCFRA reports:

- Capital Programme 2019/20
- Treasury Management Strategy 2019/20
- Capital Strategy 2019/20
- HMICFRS Review – NCFRA Update
- Update on Fire Governance Transfer and key issues, and the
- External Audit Plan 2019/20.

The JIAC, external and internal auditors, the LGSS closure team and Fire and statutory officers have also taken part in a Fire Closure of Accounts workshop which outlined progress and highlighted areas for consideration for the 2018/19 accounts.

Similarly, JIAC members have attended the external auditors accounts seminar and a briefing to JIAC and police, Fire and Crime Panel members on Fire Governance.

Internal workshops were held with Fire Budget Managers on the ERP system and Procurement one to one sessions held with all managers responsible for Procurement. A full procurement and corporate governance framework and scheme of delegations briefing was also held at the April 2019 Tactical Leadership Team Meeting.

Significant Governance Issues

There were no formal reports issued by the S151 or Monitoring Officer during the three month period, outcomes of Monitoring Officer Investigations, objections from local electors or ombudsman referrals.

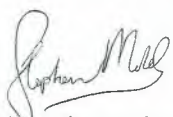
Whilst the 2019/20 financial settlement has enabled a balanced budget for the year, reserves are inadequate and there is an immediate plan in place to build reserves to an acceptable level within three years. Whilst the 2019/20 outturn position is more favourable than predicted, there remains concern that there is little financial resilience within Fire to manage any unforeseen issues or to invest in and optimise opportunities.

Furthermore, later reviews by the Chief Fire Officer has highlighted that the Capital Programme requires significant investment in the area of ICT and Vehicles and revenue investment is also required for essential ICT priorities. The requirements exceed the funding provided and the Chief Fire Officer is undertaking a review with the PFCC and S151 Officer to prioritise the requirements and propose a timely and affordable programme. Additionally, the impact of Brexit is unknown, the next Comprehensive Spending Review is awaited and the financial landscape after 2019/20 is less certain. The MTFP identifies a need for further savings and the MTFP will be under regular review as savings plans progress.

One JIAC member retired at the end of their second term from the JIAC during the year and an additional member was appointed to the JIAC. Recognising that a member retired in Autumn 2019, and that JIAC are already holding a vacancy two additional members were recruited in 2019/20.

CONCLUSION

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



Signed: Stephen Mold Police Fire and Crime Commissioner

Date: 1 July 2020



Signed: Helen King, Chief Finance & S151 Officer

Date: 1 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

Opinion

We have audited the financial statements and the firefighters' pension fund financial statements of Northamptonshire Commissioner Fire and Rescue Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement.
- Movement in Reserves Statement.
- Balance Sheet.
- Cash Flow Statement.
- Related notes 1 to 29; and
- The firefighters' pension fund financial statements comprising the Pension Fund Account, the Net Assets Statement and related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Northamptonshire Commissioner Fire and Rescue Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Going Concern – Impact of COVID-19

We draw attention to the statement of accounting policies and note 5 of the Statement of Accounts which describes the financial and operational consequences the Northamptonshire Commissioner Fire and Rescue Authority is facing as a result of COVID-19 and the additional cost pressures that this presents. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Narrative Report other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Northamptonshire Commissioner Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 12, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Northamptonshire Commissioner Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Northamptonshire Commissioner Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Northamptonshire Commissioner Fire and Rescue Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Northamptonshire Commissioner Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Northamptonshire Commissioner Fire and Rescue Authority as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

NEIL. A. HARRIS

Neil Harris (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
02 July 2020

The maintenance and integrity of the Northamptonshire Commissioner Fire and Rescue Authority website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF ACCOUNTING POLICIES

1. Accounting Policies

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2018/19. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority Accounts, as determined by HM Treasury, who are advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounting permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Authority for the purpose of presenting fairly the position of the Authority is selected. The particular policies adopted by the Authority are described below and they have been applied consistently in dealing with items considered material in relation to the Accounts.

Accounting Convention

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

Acquisitions and Discontinued Operations

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

Going Concern

The concept of a going concern assumes that the functions of the Northamptonshire Commissioner Fire and Rescue Authority will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2018/19) in respect of going concern reporting requirements reflect the economic and statutory environment in which fire and rescue services operate.

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

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

Going Concern – Impact of COVID 19

The concept of a going concern assumes that the functions of the Northamptonshire Commissioner Fire and Rescue Authority will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2018/19) in respect of going concern reporting requirements reflect the economic and statutory environment in which fire and rescue services operate. These provisions confirm that, as fire and rescue services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Fire and Rescue services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a fire and rescue authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a

deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a fire and rescue authority and service will continue to operate for the foreseeable future.

As at the end of April 2020, funding of £660K has been awarded to the Authority. The Authority's forecast of costs are reviewed and updated monthly and in April 2020 forecast costs to September 2020 were estimated to be within the sum allocated. Monthly monitoring is underway and will continue to be used to update these forecasts over the coming months. In addition, a further £6million has been ring fenced by the Home Office to support Fire Authorities undertaking services on behalf of other organisations, of which NCFRA is one. Details of the allocations are awaited. Funding awarded covers assumed costs, and the Home Office have facilitated early payments to ensure effective cashflow arrangements, therefore, the Authority does not currently envisage a financial viability concern arising from the Covid-19 pandemic. If costs for the full year of 2019/20 are more than funding available, this is forecast as a worst case to be under £70K. NCFRA increase to reserves is £240K more than forecast in the reserves strategy and as a worst case would be used to meet this shortfall. This position will be kept under close review.

Critical Judgements in Applying Accounting Policies

In applying the accounting policies of the Authority, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement is required for the accounts, the judgement is made using the knowledge and experience of relevant officers.

The Authority has to decide whether the leases it enters into should be treated as operating or finance leases and whether contractual arrangements it enters into have the substance of a lease. These judgements are made on the professional opinion of the Authority's valuers, accountants and procurement officer.

The Authority has to decide whether land and buildings owned by the Authority are investment properties. The Authority's valuers and accountants make judgements in accordance with IAS 40 Investment Property. It has been determined that the Authority does not have any investment property as it does not hold land and/or buildings solely for rental income or capital appreciation.

The Authority has to decide whether there is a group relationship between the Authority and other entities. The accountants assess each relationship that exists between the Authority and other entities that may result in a group accounts relationship.

The Authority has to decide whether the Authority's exposure to possible losses is to be accounted for as a Provision or a Contingent Liability. These decisions are taken by a combination of the Authority's accountants, solicitor and other relevant officers.

Judgement is required to determine whether the Authority can be reasonably assured that the conditions of grant and contribution monies received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this happens. Equally, where conditions specify that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until expenditure is incurred.

Key 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 2019 for which there is a significant risk of material adjustment in the following financial year are as follows:

Pensions Liability and Reserve

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on Pension Fund assets. Hymans Robertson (Actuaries) are contracted to provide an estimate of the net liability relating to the Local Government Pension Scheme. The Government Actuaries Department are contracted to provide an estimate of the net liability relating to the Firefighters' Pension Schemes.

Valuation and Depreciation Charges

Professional opinions of the values of land and buildings are made by Wilkes, Head and Eve who are contracted to provide valuation advice to the Authority. Estimates of the useful lives of property, plant and equipment are made by the relevant officers who have knowledge of such issues based on their professional judgement.

Revenue

Revenue in respect of services provided is recognised when the performance occurs, and is measured at the Fair Value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year the income is deferred. Goods are sold on an incidental basis. Income is recognised at the point the sale transaction occurs.

Accruals of Income and Expenditure

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

- ☑ Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- ☑ Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- ☑ Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.
- ☑ Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- ☑ Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Employee Benefits

Benefits Payable

Accruals of Income and Expenditure

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

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.
- Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. The CIPFA Code of Practice on Local Authority Accounting requires the Authority to recognise the amount of untaken annual leave at the 31st March as a liability which is reflected on the Balance Sheet. To ensure consistency annual leave costs have been reflected in the year in which the annual leave is taken and the value of the Liability has not

been reflected in the financial statements if it is below £100,000. The annual leave Liability that has not been taken during 2018/19 was less than £100,000.

Termination Benefits

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

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

Retirement Benefits

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

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

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

A pensions Asset or Liability is recognised in the Balance Sheet, made up of the net position of retirement Liabilities and pension scheme Assets. Retirement Liabilities are measured on an actuarial basis using the projected unit method, by assessing the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Pension scheme assets (LGPS only) attributable to the Authority are included at their Fair Value. The Authority currently has a net pensions liability and this is matched in the Balance Sheet by a Pensions Reserve. The change in net pensions Liability during the year is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in Liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement
- Past service cost – the increase in Liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of the 'Fire and rescue services' line in the Comprehensive Income and Expenditure Statement
- Net interest on the net defined benefit Liability – the change during the period in the net defined benefit Liability that arises from the passage of time. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit Liability at the end of the period, taking into account any changes in the net defined benefit Liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Remeasurements comprising:

- The return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit Liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions Liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid / benefits paid – cash paid as employer’s contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme Liabilities.

Statutory provisions require that the amount charged to the General Fund Balance is that payable by the Authority to Pensions Funds or directly to pensioners during the year rather than that calculated under accounting standards. This means that an appropriation to or from the Pensions Reserve is done within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Other Expenses

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

Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:

- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £6,000.

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

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

Valuation

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

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

Current Values are determined as follows:

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

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

extent that there is a balance on the Reserve for the Asset, and, thereafter, to expenditure. Gains and losses recognised in the Revaluation Reserve are reported as other comprehensive income in the Comprehensive Income and Expenditure Statement.

Disposals

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

Intangible Assets

Recognition

Intangible assets are non-monetary Assets without physical substance, which are capable of sale separately from the rest of the Authority's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits or service potential will be provided to the Authority; where the cost of the Asset can be measured reliably, and where the cost is at least £6,000.

Intangible Assets recognised by the Authority are purchased IT software systems and are amortised over 5 years.

Intangible Assets acquired separately are initially recognised at Current Value. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an Intangible Asset. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated Assets are recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the Intangible Asset so that it will be available for use.
- The intention to complete the Intangible Asset and use it.
- The ability to sell or use the Intangible Asset.
- How the Intangible Asset will generate probable future economic benefits or service potential.
- The availability of adequate technical, financial and other resources to complete the Intangible Asset and sell or use it.
- The ability to measure reliably the expenditure attributable to the Intangible Asset during its development.

Measurement

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the criteria are initially met. Where no internally-generated Intangible Assets can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, Intangible Assets are carried at Current Value by reference to an active market, or where no active market exists, at Amortised replacement cost (modern equivalent assets basis). Internally-developed software is held at historic cost to reflect the opposing effects of increases and development costs and technological advances.

Depreciation and Impairments

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

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

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

At each reporting period end, the Authority checks whether there is any indication that any of its tangible or intangible non-current Assets have suffered an impairment loss. If there is indication of an Impairment loss, the recoverable amount of the Asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible Assets not yet available for use are tested for Impairment annually.

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

The Authority is not required to raise council tax to cover Depreciation and Impairment, however it is required to make an Annual Provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the Minimum Revenue Provision (MRP). As the authority has not undertaken any borrowing in 2019, the MRP Charge for 2018-19 is zero.

Government Grants

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

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the Asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current Assets held for sale are measured at the lower of their previous carrying amount and Fair Value less costs to sell. Fair Value is open current value including alternative uses.

The profit or loss arising on the disposal of an Asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement. On disposal, the balance for the Asset on the Revaluation Reserve is transferred to the Capital Adjustment Account.

Property, Plant and Equipment that is to be scrapped or demolished does not qualify for recognition as Held for Sale. Instead, it is retained as an operational Asset and its Useful Economic Life is adjusted. The asset is de-recognised when it is scrapped or demolished.

Leases

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

The Authority As A Lessee

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

Inventories

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

Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. The balances on the current account and the business reserve account are cash. The balance in the liquidity manager account is a cash equivalent (as this is held for investment purposes until a sufficient balance is achieved and a short-term investment entered into).

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

Provisions

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

Reserves

The Authority sets aside specific reserves for future policy purposes. The Authority has the following revenue reserve

- General Reserve

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

- Pensions Reserve
- Collection Fund Adjustment Account

Details of these reserves are provided in the relevant note to the Accounts.

Financial Assets

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

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

Loans and Receivables

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

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

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

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

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

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

Financial Liabilities

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

Foreign Currencies

The Authority's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of transactions. At the end of the Reporting Period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses from either of these are recognised in the Authority's surplus/deficit in the period in which they arise.

It is not expected that the implementation of these accounting standards will have a material impact on the NCFRA financial statements

Exceptional Items

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

Events After The Reporting Period

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

VAT

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

ACCOUNTING STATEMENTS
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE THREE MONTHS ENDED 31 March 2019

		2019		
	Note Ref	Gross Expenditure £000	Gross Income £000	Net Expenditure/Income (-) £000
Fire and Rescue Services		10,110	(6,290)	3,820
Cost of Services		10,110	(6,290)	3,820
Other Operating Expenditure		0	(19)	(19)
Financing and Investment Income\Expenditure	28.2	1,797	0	1,797
Surplus(-) or Deficit on Provision of Services				5,598
(Surplus) or deficit on revaluation of non current assets	10			(104)
Remeasurements of the net defined benefit liability (asset)	28.2			2,693
Other Comprehensive Income and Expenditure				2,589
Total Comprehensive Income(-) and Expenditure				8,187

Notes:

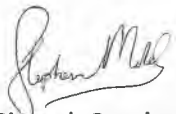
- 1) The Financing and Investment Income\Expenditure of £1.8m relates to the Pension Interest Cost outlined in Note 28.

MOVEMENT IN RESERVES STATEMENT
FOR THE THREE MONTHS ENDED 31 March 2019

	General Fund	Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Usuable Reserves Total	Unusuab le Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 01-Jan-19	(692)	0	(1,020)	0	(1,712)	258,642	256,930
Total comprehensive income and expenditure	5,598	0	0	0	5,598	2,589	8,187
Adjustments between accounting and funding basis under regulations (note 8)	(6,178)	0	0	(19)	(6,197)	6,197	0
Transfer to Earmarked Reserves	773	(773)	0	0	(0)	0	(0)
(Increase)/decrease in 2018-19	193	(773)	0	(19)	(599)	8,786	8,187
Balance at 31-Mar-19	(499)	(773)	(1,020)	(19)	(2,311)	267,428	265,117

BALANCE SHEET
AS AT 31 March 2019

		31-Mar-19
	Notes	£000
Property, Plant and Equipment	10	39,224
Long Term Assets		39,224
Inventories	11	227
Short Term Debtors	12	2,445
Cash and Cash Equivalents	13	2,473
Current Assets		5,145
Short Term Creditors	15	(2,521)
Current Liabilities		(2,521)
Other Long Term Liabilities	17	(306,965)
Long Term Liabilities		(306,965)
Net Assets		(265,117)
Usable Reserves	18	(2,311)
Unusable Reserves	19	267,428
Total Reserves		265,117



Signed: Stephen Mold Police Fire and Crime Commissioner
Date: 1 July 2020



Signed: Helen King, Chief Finance & S151 Officer
Date: 1 July 2020

CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 31 March 2019

	2018/19 £000
Net Surplus on the provision of services	(5,598)
Depreciation and impairment	1,934
Movement in Impairment for Bad Debts	0
Increase(-)/Decrease in Creditors	2,262
Increase/Decrease (-) in Debtors	(543)
Increase/Decrease (-) in Inventories	(4)
Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	4,422
Proceeds from Sale of Assets	19
Net cash flows from operating activities	2,492
Net cash outflows from investing activities	
Proceeds from Sale of Assets	(19)
Net Increase /Decrease (-) in cash and cash equivalents	2,473
Cash and Cash equivalents at the beginning of the reporting period	0
Cash and Cash equivalents at the end of the reporting period	2,473

NOTES TO THE ACCOUNTS

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 31 to 34 and provide further information upon the financial performance of the Authority during 2018/19.

1 Expenditure and Funding Analysis

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

	Net Surplus Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	2018-19 Net Surplus in the Comprehensive Income and Expenditure Statement
	£000	£000	£000
Fire and Rescue Services	(581)	4,401	3,820
Net Cost of Services	(581)	4,401	3,820
Other Income and Expenditure	(19)	1,797	1,778
(Surplus) or Deficit	(600)	6,198	5,598
Opening General Fund Balance at 1st January 2019	(692)		
Closing General Fund Balance at 31 March	(1,292)		

Note 8 outlines the breakdown of the £6.2m Adjustments between Funding and Accounting Basis

2 Significant accounting policies

The Authority's Accounting Policies are set out in the previous section.

3 Accounting standards that have been issued but not adopted

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

- Amendments to IAS 40 *Investment Property: Transfers of Investment Property*
- *Annual Improvements to IFRS Standards 2014 - 2016 Cycle*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Financial Instruments: Prepayment Features with*
- *Negative Compensation*

4 Significant Sources of Income

Significant Sources of Income	2018-19 £'000
Council Tax and Business Rates	(4,872)
Other non-Government Grants	(79)
Total	(4,951)

5 Events after the Balance Sheet date

The statement of accounts was authorised for issue by the Chief Finance Officer on 31 May 2019 and one post balance sheet events had been reported after this date which is outlined below

COVID 19

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia occurring in Wuhan. Following this and a substantial increase in infections, on 11th March 2020 the WHO declared the severe acute respiratory syndrome coronavirus (Covid-19) a pandemic. The number of infections within the UK increased during March 2020 and by late March the Government had declared a shutdown which impacted almost all UK operations in an unprecedented manner.

The financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy.

As the condition did not exist at the year end, this is therefore a non-adjusting event for which we are not able to estimate its financial effect on the reporting entity as at 31 March 2019, particularly with regards asset impairments and pension valuations that could have a financial impact for 2019/20 and future years.. At the point the 2018/19 accounts are authorised for issue, funding of over £660K has been received by the Authority and it is envisaged costs will fall within this envelope and from the additional government funding for Mutual Aid.

6 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Balance Sheet at 31 March 2019 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Asset are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful economic life (UEL) of assets is reduced, depreciation will increase and the carrying value of assets will decrease. It is estimated that the annual depreciation charge for buildings would increase by £6k for every year that useful lives had to be reduced.

Pensions Liability	Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The carrying value of the pension liability as at 31 March 2019 is £306,839k. The effect on the net pensions' liability as a result of changes in individual assumptions is detailed within note 28.
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7 Material items of income and expenditure

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

8 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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.

Adjustments between accounting basis and funding basis under regulations

	Usable Reserves				Movement in Unusable Reserves £000
	General Fund Balance 2018/19 £000	Insurance Earmarked Reserve £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the CIES are different from Revenue for the year calculated in accordance with Statutory Requirements:					
Pension costs (transferred to (or from) the Pensions Reserve)	(4,298)				4,298
Depreciation and Impairment Losses moved to Capital Adj Account	(1,934)				1,934
Accumulated Absence Charge for the period until 31st March 2019	34				(34)
Proceeds from Sale of Assets	19			(19)	0
Total Adjustment to Revenue Resources	(6,179)	0	0	(19)	6,198
Total Adjustments	(6,179)	0	0	(19)	6,198

9 Transfers to/from earmarked reserves

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

	Opening Balance Apr 2018	Transfers to Reserve	Transfers from Reserve	Closing Balance March 2019
	£0	£0	£0	£0
Earmarked Reserves:				
Insurance reserve	0	250		250
Total General Fund and Earmarked Reserves	0	250	0	250

10 Property, plant and equipment

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

Operational Assets			
	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total Assets £'000
Cost or Valuation			
Transferred Value	33,308	7,746	41,054
Additions/Enhancement	0	0	0
Revaluation Increases/(Decreases) to Revaluation Reserve	104	0	104
Depreciation eliminated on Revaluation	(149)	0	(149)
Revaluation Loss Reversal to Comprehensive Income and Expenditure Statement	(1,471)	0	(1,471)
Derecognitions	0	0	0
Reclassifications	0	0	0
At 31st March 2019	31,792	7,746	39,538
Depreciation/Impairment			
Transferred Value	0	0	0
Charge for the three months to 31st March 2019	(149)	(314)	(463)
Depreciation written out to the Revaluation Reserve	0	0	0
Depreciation written out to the CIES	149	0	149
Impairments	0	0	0
Derecognitions	0	0	0
Reclassifications	0	0	0
At 31st March 2019	0	(314)	(314)
Balance as at 01/01/2019	33,308	7,746	41,054
Balance as at 31/03/2019	31,792	7,432	39,224

The freehold and leasehold properties within the Authority's property portfolio are valued, under a five year programme, by the Authority's property advisors (Wilkes, Head and Eve) with impairment reviews made annually. A full valuation was undertaken as at 31 March 2019. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost and other properties are valued at existing use value.

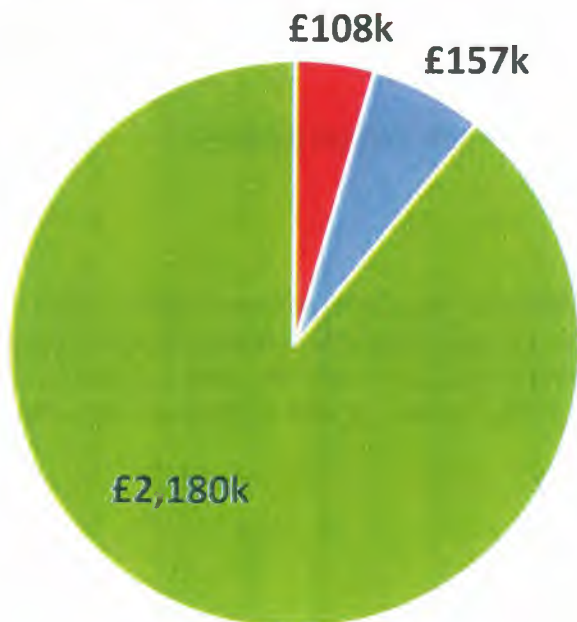
11 Inventories

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

	£000
Stock Brought Forward - 1st January 2019	223
Year End Stock Take Adjustment	4
Stock Carried Forward - 31st March 2019	227

12 Debtors

The analysis of Debtors is shown below:



■ Government Debtors
 ■ Commercial Entities
 ■ Local Government

13 Cash and cash equivalents

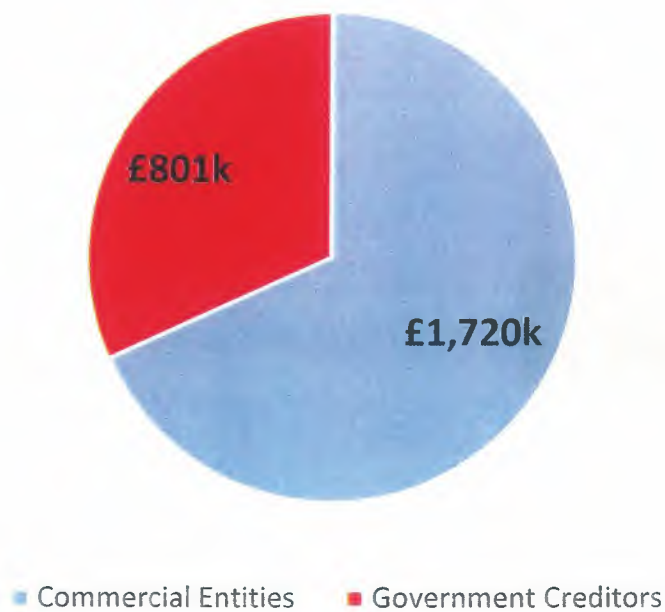
The balance of cash and cash equivalents of £2.5m is made up solely of cash as at the 31st March 2019 the balance included no cash equivalents

14 Assets held for sale

The Authority has no assets held for sale at the 31st March 2019

15 Creditors

The analysis of Creditors is shown below:



16 Grant receipts in advance

The Authority has £301k grant receipts in advance, all of which is for revenue purposes.

17 Long Term Liabilities

The Authority has long term liabilities of £306.9m, which mainly relate to its pension liabilities which are estimated to fall due over the longer term. In addition, there is also a long term liability in relation to a commitment the authority has to replenish the PFCC Initiatives reserve after it was used to fund the start-up costs for the authority. The amount agreed to be repaid (over three years) was £188k, therefore £126k of this is payable after a year and is therefore categorised as a long term liability.

17. Other Long Term Liabilities

	31-Mar-19
	£000
Start up Costs repayable to PFCC	(126)
Pension Liability	(306,839)
Total Long Term Liabilities	(306,965)

18 Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves statement. The nature and purpose of these reserves is set out below:

	01-Jan-19	31-Mar-19
	£000	£000
General Fund	(692)	(499)
Section 106		(523)
Insurance Fund External		(250)
General Fund + Earmarked Reserve	(692)	(1,272)
Capital Receipts Reserve		(19)
Capital Receipts Reserves	0	(19)
Capital Grants Unapplied		
Capital Grants Unapplied	(1,020)	(1,020)
Total Usuable Reserves	(1,712)	(2,312)

18.1 General Fund

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

18.2 Capital grants unapplied

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

19 Unusable reserves

An analysis of the unusable reserves is shown below:

	31-Mar-19
	£000
Revaluation Reserve	(104)
Capital Adjustment Account	(39,343)
Pensions Reserve	306,839
Accumulated Absence Reserve	36
Total Unusuable Reserves	267,428

19.1 Revaluation reserve

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

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

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

19.2 Capital adjustment account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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

	31-Mar-19
	£000
Opening Balance	(41,277)
Depreciation	463
Revaluation Losses	1,471
Capital Adjustment Reserves	(39,343)

19.3 Pension reserve

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

20 Cash flow – Adjustment to surplus or deficit on the provision of services for non cash movements

Included within the financial statements to the value of £0k for interest paid or received.

21 Officers' remuneration

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2018/19 is listed below:

Remuneration Band (Whole Year Equivalent)	Number of Officers
£50,000 - £54,999	23
£55,000 - £59,999	8
£60,000 - £64,999	6
£65,000 - £69,999	1
£70,000 - £74,999	1
£85,000 - £89,999	2
£115,000 - £119,999	1

21.1 2018/19

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 21 (above).

The tables below detail the individual remuneration of senior employee's for 2018/19 respectively.

Post Holder Information	Start Date (with NCFRA)	Leaving Date	Equivalent Salary for 12 months £	Salary for the 3 Months		Expense Allowances £	Other £	Total Excl Pension £	Er's Pension £
				01/01/19 - 31/03/2019 £					
Chief Fire Officer - D Dovey	01/01/2019		118,473	29,618		0	0	29,618	6,309
Assistant Chief Fire Officer (1)	01/01/2019		85,548	18,467		0	2,920	21,387	2,505
Assistant Chief Fire Officer (2)	01/01/2019		85,548	18,467		0	2,920	21,387	2,505

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

Post Holder Information	Start Date (with NCFRA)	Leaving Date
Police, Fire and Crime Commissioner	01/01/2019	
Monitoring Officer	01/01/2019	
Chief Finance Officer	01/01/2019	

22 External Audit costs

The Authority will pay £25k for external audit services carried out by the appointed auditor (EY) in 2018/19

23 Related parties

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

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

In January 2019, the Police Fire and Crime Commissioner (PFCC) took on Governance for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA). The Director of Delivery (and Monitoring Officer) and Chief Finance Officer of the OPFCC undertake these roles in NCFRA. All OPFCC Directors, OPFCC staff and the OPFCC and NCFRA Accountant undertake work for both organisations and this includes two additional roles. In 2019/20, the sum of £0.400m will be charged to NCFRA for this support, but due to the time taken to appoint staff in the OPFCC, no costs were charged to NCFRA in 2018/19

A separate collaboration agreement is being prepared to set out the governance arrangements for existing and future collaborative activities between OPFCC, CC and NCFRA.

NCFRA (and previously NCC) made contributions to Northamptonshire Police to fund shared communications and stores roles. These contributions equated to approximately £0.025m for the three month period.

The OPFCC maintains a register of business interests and key members of staff in the OPFCC and NCFRA Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the OPFCC during the three months in 2018/19.

The Joint Independent Audit Committee (JIAC) has incorporated NCFRA within its terms of reference and JIAC member returns have also been received.

The Director of Early Intervention undertakes the role of Board member for Northamptonshire Emergency Cadets for NCFRA, Police and Ambulance. NCFRA do not make a financial contribution.

NCFRA receive a range of support services from LGSS which cost £603K in a full year.

In the three month period, NCFRA received funding from NCC of £6.147m in line with the funding agreed in the Statutory Instrument. From 2019/20 onwards, NCFRA will be a separate preceptor and will receive funding directly.

24 Capital expenditure and capital financing

In the three months to 31st March 2019, the authority incurred no capital expenditure, and therefore did not undertake any capital financing.

25 Operating Leases

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

Operating Leases

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

Fleet, Fire, Property, Schools & Photocopiers

	2018/19
	£000
Not later than one year (payments)	88
Later than one year and not later than five years	44
Later than five years	0
	<u>132</u>

The expenditure charged to various service lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2018/19
	£000
Minimum lease payments	25

26 Commitments

In April 2018, the Police and Fire Commissioner (PFCC) ring-fenced £250k to implement relevant processes for effective Fire Governance transition. Following the transfer of Fire Governance, actual transition costs have now been finalised at £376,840 and full amount was met from the PFCC Initiatives Reserve in policing.

Recognising that the longer term benefits of the transfer of Fire Governance will be available to both NCFRA and Northamptonshire Police, within the 2019/20 Budget and Precepts, the PFCC determined that the transition costs will be shared equally between NCFRA and PFCC.

The NCFRA contribution will be made to the PFCC Initiatives Reserve in two payments of £62,807 in 2019/20 and 2020/21 and one payment of £62,806 in 2021/22.

At 31 March 2019 the Authority had no capital expenditure commitments.

27 Redundancy and early retirement costs – Exit packages

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

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

In the three months for the end of March 2019, the total cost for these exit packages was zero; reflecting that no early retirement or redundancy payments were made

28 Pensions

28.1 Participation in pension schemes

On 1 April 2015 a new Firefighters' Pension Scheme was introduced, and the following notes include the data for the three schemes combined, 2015, 2006 and 1992. Employees' and employers' contributions into the Firefighters' Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund. Government grant is payable to cover any shortfall on the Pension Fund account.

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

28.2 Transactions relating to retirement benefits

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

	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total
	2018-19	2018-19	2018-19
	£000	£000	£000
Income and Expenditure Account			
Cost of Services			
Current Service Cost	186	1,098	1,284
Past Service Cost (including Settlements and Curtailments)	41	3,215	3,256
Financing and Investment Income and Expenditure			
Net Interest Expense	19	1,778	1,797
Total defined benefit cost recognised in Income and Expenditure Account	246	6,090	6,336
Return on plan assets (excluding the amount included in the net interest expense)	(335)	0	(335)
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	1,190	1,838	3,028
Other	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	855	1,838	2,693
Movement in Reserves Statement			
Reversal of net charges made for retirement benefits in accordance with IAS19	(157)	(6,090)	(6,247)
Actual amount charged against the General Fund Balance for pensions in the year:			
Employers' contribution payable to scheme (LGPS)/Retirement Benefits payable to pensioners (FPS)	(89)	(1,950)	(2,039)

28.3 Assets and liabilities in relation to retirement benefits

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

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

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2016. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

	Local Government Pension Scheme March 2019 £000	Fire Fighters Pension Scheme March 2019 £000	Total March 2019 £000
Opening Defined Benefit Obligation	2,627	297,223	299,850
Current Service Cost	186	1,098	1,284
Interest Cost	19	1,778	1,797
Contribution by Scheme Participants	(89)	300	211
Actuarial Gains and Losses:			
Arising from changes in demographic assumptions	0	0	0
Arising from changes in financial assumptions	855	1,838	2,693
Curtailments, Settlements and past Service Costs	41	2,915	2,956
Benefits paid	0	(1,950)	(1,950)
Closing Defined Benefit Obligation	3,639	303,200	306,839

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

	LGPS Pension Scheme March 2019 £000
Opening Fair Value of Employer Assets	5,342
Return on Plan Assets, excluding the amount included in the net interest costs	335
Interest income on Plan assets	38
Contributions from Employer	89
Contributions by scheme participants	33
Closing Fair Value of Employer Assets	5,837

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

28.4 Scheme history

	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total
	2018-19	2018-19	2018-19
Present value of the defined benefit obligation	(9,476)	(303,200)	(312,676)
Fair value of plan assets	5,837	0	5,837
Net Liability arising from defined benefit obligation	(3,639)	(303,200)	(306,839)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £306.8m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet

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

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

The total contributions expected to be made to the Local government Pension Scheme by the Authority in the year to 31 March 2020 is £0.3m. Expected contributions for the Fire pension Scheme in the year to 31 March 2020 are £1.4m.

28.5 Basis for estimating assets and liabilities

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

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

	Local Government Pension Scheme	Fire Fighters Pension Scheme
	March 2019	March 2019
	%	%
Rate of inflation	2.5	2.35
Rate of increase in salaries	2.8	4.35
Rate of increase in pensions	2.5	2.35
Rate for discounting scheme liabilities	2.4	2.45
Take up of option to convert annual pre April 2008 service Pension into retirement grant	50	N/A
Take up of option to convert annual post April 2008 service pension into retirement grant	75	N/A

	Local Government Pension Scheme 2019 Years	Fire Fighters Pension Scheme 2019 Years
65 year old current pensioner		
Male	22.1	22.0
Female	24.2	22.0
45 year old future pensioner at age 65		
Male	23.9	23.9
Female	26.1	23.9

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

Increase/Decrease in assumption	Impact on Defined Benefit Obligation	
	Local Government Pension scheme	Fire Fighters Pension Scheme
Longevity (increase in 1 year)	3%-5%	2.00%
Rate of increase in salaries (increase by 0.5%)	2%	1%
Rate of increase in pensions (increase 0.5%)	9%	7.50%
Rate for discounting Scheme liabilities (decrease by 0.5%)	12%	9.50%

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

	2019
	£000
Cash and Cash Equivalents	137
Equity Securities	
Consumer	640
Manufacturing	225
Energy and Utilities	333
Financial Institutions	363
Health and Care	229
Information Technology	313
Other	0
Debt Securities Bonds	
Corporate	0
Government	500
Other	0
Property	
UK	462
Overseas	15
Private Equity	
All	105
Investment Funds and Trust Units	
Equities	2,066
Bonds	424
Derivatives	
Other	25.9
Total Assets	5,837

28.6 Pensions Reserve

	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total March 2019
	March 2019	March 2019	2019
	£000	£000	£000
Opening Balance	2,627	297,222	299,849
Current service cost	186	1,098	1,284
Interest cost	19	1,778	1,797
Changes in assumptions	1,190	1,838	3,028
Past service cost, including curtailments	41	2,915	2,956
Contributions by employer/employee	(89)	300	211
Benefits Paid	0	(1,950)	(1,950)
Interest on assets	0	0	0
Return on assets less interest	(335)	0	(335)
Closing Balance	3,639	303,200	306,839

29 Council Tax and Non Domestic Rates

The Council Tax and Non Domestic (Business) Rates (NDR) income included on the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in reserves Statement. In addition, the Authority's Balance Sheet includes the Authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. As at the 31st March 2019, the authority was not a precepting authority, and therefore did not have a collection fund adjustment account. Therefore the values below reflect what the values would be as at the 1st April 2019, when the authority will be a precepting authority.

	Council Tax Arrears	Provision for Doubtful Debts	Prepayments	Creditor	Collection Fund Adj Account
Corby	142,190	(97,437)	(27,406)	(17,346)	(53,906)
Daventry	114,808	(79,903)	(34,905)	0	(52,212)
East Northants	79,430	(16,177)	(20,511)	(42,741)	(39,239)
Kettering	96,503	(47,433)	(26,753)	(22,317)	(85,907)
Northampton	406,422	(285,060)	(121,362)	0	(106,702)
South Northants	78,176	(34,690)	(43,485)	0	(50,367)
Wellingborough	224,077	(95,088)	(24,524)	(104,465)	9,405
Total	1,141,605	(655,787)	(298,948)	(186,869)	(378,927)

FIREFIGHTERS' PENSION FUND ACCOUNT

FOR THE YEAR ENDED 31 March 2019

		March 2019	
		Note	£000
Income To The Fund:-			
Contributions Receivable:-			
From Employer			
Normal	7		340
Early Retirements			0
Ill Health	8		0
From Members	9		289
Transfers in:-			
Individual transfers in from other schemes			0
Benefits payable:-			
Pensions including ill health			(1,621)
Commutations and lump sum retirement benefits			(696)
Net amount payable for the year			(1,688)
Top up grant receivable from Central Government	10		1,380
			-308

Net Assets Statement

		March 2019	
		Note	£000
Net Current Assets and Liabilities:-			
Top up grant receivable from Central Government	10		839
Cash			(839)
			0

NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

Notes to the Firefighters Pension Fund Statement

1. This statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain.
2. Three pension schemes operate within the Fund, the 1992 scheme, the 2006 scheme, and the 2015 scheme
3. The Fund is administered and managed according to the statutory requirements set out in the 1992, 2006, and 2015 scheme legislation.
4. The Firefighters Pension Schemes are unfunded and as such have no investment assets. They are funded through employee and employer contributions and Government grant.
5. All firefighter pension related benefits are charged to the Firefighters Pension Fund Account with the exception of costs relating to non-member retirement on ill health grounds and all costs relating to injury pensions, which are charged to the Fire Service Operating Account (revenue).
6. The Fund Account captures income and liabilities relevant to the period shown and therefore does not take account of liabilities to pay pensions and other benefits after the period end.
7. Normal Employer contributions are made as follows:
 - 1992 scheme 21.3% of pensionable pay.
 - 2006 scheme 11% of pensionable pay
 - 2015 scheme 14.3% of pensionable pay
8. For any retirement on ill health grounds the Fire Service is required to make a payment to the Pension Fund from its revenue account. This is payable over 3 years. There were 0 retirements of scheme members on ill health grounds
9. Members contributions, for both the 1992 scheme and also the 2006 scheme, changed to having banded contributions in 2013-14. The bandings are as follows:

FPS Pensionable pay band	Rates from 01/04/2014 (%)	
	1992 Scheme	2006 Scheme
Up to and including £15,000	11	8.5
More than £15,000 and up to and including £21,000	12.2	9.4
More than £21,000 and up to and including £30,000	14.2	10.4
More than £30,000 and up to and including £40,000	14.7	10.9
More than £40,000 and up to and including £50,000	15.2	11.2
More than £50,000 and up to and including £60,000	15.5	11.3
More than £60,000 and up to and including £100,000	16	11.7
More than £100,000 and up to and including £120,000	16.5	12.1
More than £120,000	17	12.5

10. Grant paid in year is 80% of estimated expenditure, with the top up paid in following year and therefore the debtors raised represent the expected amount to be received in Q1 19/20
11. These accounts have been prepared on an accruals basis.

GLOSSARY OF TERMS

1 Accounting period

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

2 Accruals

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

3 Actuarial gains and losses

For defined benefit schemes, the changes in actuarial deficits or surpluses arise because: events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

4 Asset

An item having value to the authority in monetary terms. Assets are categorised as either current or fixed: A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);

A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community building, or intangible, e.g. computer software licences.

5 Audit of accounts

An independent review of the Authority's financial affairs.

6 Balance sheet

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

7 Budget

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

8 Capital expenditure

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

9 Capital financing

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

10 Capital programme

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

11 Capital receipt

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

12 CIPFA

The Chartered Institute of Public Finance and Accountancy.

13 Collection fund

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

14 Consistency

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

15 Contingent asset

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

16 Contingent liability

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

17 Creditor

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

18 Current service cost (pensions)

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

19 Debtor

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

20 Deferred charges

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

21 Defined benefit pension scheme

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

22 Depreciation

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

23 Discretionary benefits (pensions)

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

24 Equity

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

25 Events after the balance sheet date

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

26 Exceptional items

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

27 Expected return on pension assets

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

28 Extraordinary items

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

29 Fair value

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

30 Government grants

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

31 Impairment

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

32 Income and expenditure account

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

33 Interest cost (pensions)

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

34 Investments (pension fund)

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

35 Liability

A liability is where the Authority owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

36 Liquid resources

Current asset investments that are readily disposable by the Authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount; or traded in an active market.

37 Long term contract

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

38 Materiality

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

39 Minimum Revenue Provision (MRP)

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

40 Net book value

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

41 Net debt

The Authority's borrowings less cash and liquid resources.

42 Non-domestic rates (NDR)

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

43 Non-operational assets

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

44 Operating lease

A lease where the ownership of the fixed asset remains with the lessor. 69

45 Operational assets

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

46 Past service cost (pensions)

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

47 Pension scheme liabilities

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

48 Precept

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

49 Prior year adjustment

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

50 Provision

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

51 Public Works Loan Board (PWLB)

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

52 Rateable value

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

53 Related parties

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

54 Related party transactions

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

55 Remuneration

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

56 Reserves

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

57 Residual value

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

58 Retirement benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

59 Revenue expenditure

The day-to-day expenses of providing services.

60 Revenue support grant

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

61 Stocks

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

62 Temporary borrowing

Money borrowed for a period of less than one year.

63 Useful economic life (UEL)

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