

# NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY 2019/20 DRAFT STATEMENT OF ACCOUNTS



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# NARRATIVE REPORT

BY THE CHIEF FINANCE OFFICER

## Introduction

The Authority's financial performance for the full year ended in 31 March 2020 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 2019/20. 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 755,000 people (source: Office of National Statistics mid 2019 population). It is the southern-most county in the East Midlands region and its most populated towns are Northampton, Kettering, Corby and Wellingborough. There has been a notable increase in population in recent years with some major new housing development projects and more to come.

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 is a very fast growing county and this is evidenced by the Her Majesty's Inspectorate of Constabulary, Fire and Rescue (HMICFRS) Value for Money Indicators that highlighted since 2009, Northamptonshire's population has grown by 10% in the last ten years. This is growing at a rate of 34% quicker than the national population, which grew at 6.71% over the same period.

## **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. Northamptonshire was the first county Fire and Rescue Service to transfer Governance arrangements in this way.

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

The 2018/19 NCFRA Statement of Accounts were produced for a three month period covering 1 January 2019 to 31 March 2020. Therefore, 2019/20 is the first full financial year operating as and producing accounts for Northamptonshire Commissioner Fire and Rescue Authority (NCFRA).

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

The Fire and Rescue Plan was published in 2019/20, following consultation and consideration by the Police, Fire and Crime Panel at their meeting on the 4 April 2019, alongside the Integrated Risk Management Plan (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 (<https://www.northantspfcc.org.uk/our-information/pfcp/reports/reports-2019/>).

### **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

NCFRA was established on 1 January 2019 without any reserves being transferred, therefore, the priority for the Authority was to build a stable financial platform and to ensure an appropriate level of reserves were established within three years.

NCFRA made good progress towards this in the first accounting period in 2018/19 and in 2019/20, they continued with this financial discipline. As at 31 March 2020, general reserves had achieved the recommended level as set out within the strategy, ahead of the three year plan. In addition, a capital programme was established to enable investment in key operational requirements including investment in new Fire tenders, replacement of essential operational equipment and a joint estates strategy with the Police.

Fire have also continued to work closely with Police colleagues to integrate essential support services and arrangements where appropriate, building capacity and resilience and releasing efficiencies over the medium term.

Whilst this collaborative working will drive synergistic benefits, the financial climate for NCFRA remains challenging. Fire funding in 2019/20 has only increased at the same level as pay and inflation, therefore there is no additional funding available to meet pressures, future financial shortfalls identified in the MTFP or investment and transformation in the service.

The PFCC is keen to continue to build stability and resilience in the Fire budget, provide essential equipment and invest in transformation activities to develop NCFRA moving forwards. Therefore, the PFCC has written to the Prime Minister, the Fire Minister and MP's seeking a one-off injection of funding for Northamptonshire Fire and Rescue, or to give the PFCC the flexibility to increase the council tax precept above the suggested level set nationally, so that the Fire Service can carry out a programme of renewal. He has also called on the Home Office to give clarity on the

future role of fire and rescue services nationally, and to acknowledge the challenges faced by the Northamptonshire service. This approach has been supported by the Police, Fire and Crime Panel.

## Covid-19

As at 31 December 2019, China 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 11<sup>th</sup> 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 2020, the UK Government had declared a shutdown which impacted almost all UK operations in an unprecedented manner.

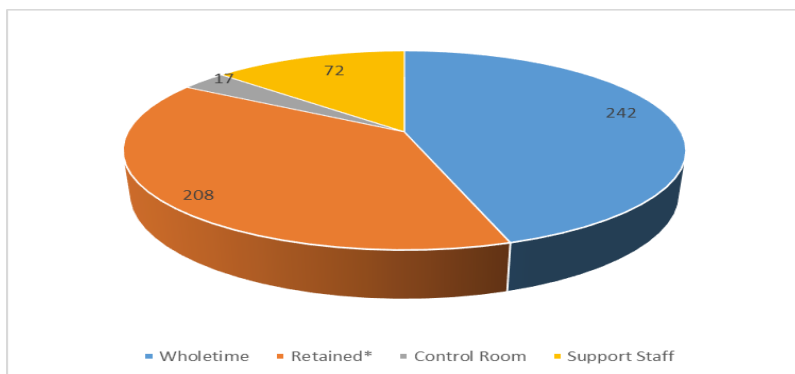
The medium and long term financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will have a significant impact upon the UK and global economy.

As the condition did exist at the year end, some costs have been included and some income received in tranche 1 and 2 funding to offset them. Additionally, the valuations of the pension commitments and land and buildings as at 31 March 2020 have taken account for the Covid-19 impact.

By the end of April 2020, funding of £660K had been awarded to NCFRA. The forecasts are reviewed and updated monthly and latest forecasts submitted in the first quarter of 2020/21 indicate that costs incurred to the end of September 2020 should broadly be covered within this amount. NCFRA continue to provide services on behalf of other organisations and in June 2020, the Home Office announced a further Grant of £6m to support such organisations in doing so, which would provide further assistance. As a result of the national funding available and the better than anticipated NCFRA reserves position as at 31 March 2020, NCFRA do not anticipate a financial viability concern as a result of the Covid-19 pandemic. The position will continue to be monitored closely.

## Our People

At 31<sup>st</sup> March 2020 NCFRA budgeted establishment was as follows:



\*Retained firefighters are based on actual firefighters.

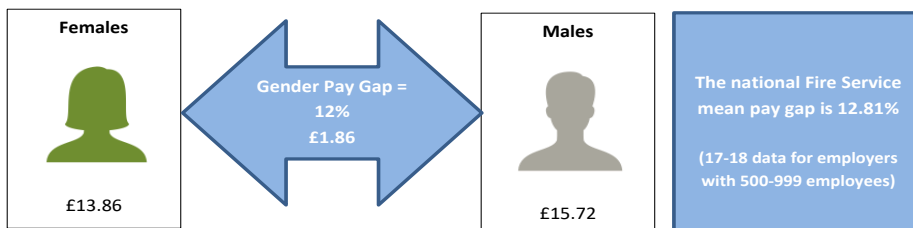
## Gender Pay Gap

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. The pay gap is a snapshot in time, reflecting organisational structure and individuals in post as of 31 March 2019 and the report published as at March 2020 is the first report for the new Authority. The national data is taken as an average of Fire & Rescue Services with 500-999 employees covering 17 authorities. It is taken from the government's gender pay gap website for 2017/18 data as the best available benchmarking group.

The latest available data included in the Gender Pay Gap report, as at 31 March 2019 shows that 16% of the NCFRA workforce were female.

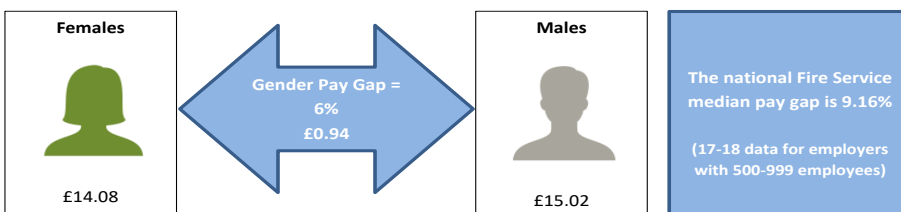
The national mean average gender pay gap is 12.81%. In Northamptonshire it is 12% which is lower than the national average as follows:

**Mean Gender Pay Gap in Hourly Pay**



The national median gender pay gap is 9.16%. In Northamptonshire it is 3% lower than the national average at 6%.

**Median Gender Pay Gap in Hourly Pay**



**Appointments**

Darren Dovey, the Chief Fire Officer continued as Chief Fire Officer and the role of Head of Paid Staff.

Helen King, the Chief Finance Officer for the PFCC continued as Chief Finance Officer.

Paul Bullen, the Director of Delivery, and Nicci Marzec Director of Early Intervention continued to undertake the role of Monitoring Officer and Deputy Monitoring Officer. This role was rotated until 31 March 2020 between Paul Bullen and Nicci Marzec with each holding the role for approximately six months. With effect from that date, Paul Bullen moved to the shared role of Director of Enabling Services with and Nicci Marzec in the role of Monitoring Officer.

**NCFRA 2019/2020 Performance**

The Chief Fire Officer produced an Annual Report as at 31 December 2019 and the Police Fire and Crime Commissioner will produce an Annual Report for Police and Fire which will be considered by the Police, Fire and Crime Panel at their meeting in July 2020. Once published, a full copy will be available on the PFCC website.

In its first calendar year, Northamptonshire Fire and Rescue Service attended a wide and diverse remit of activities and delivered responsibilities as set out below:





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

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

Performance for the year is summarised in the table below and full detail is available in the Police, Fire and Crime Commissioner's Annual Report.

		2019/20					
		Q1	Q2	Q3	Q4	2018/19 EOY(1)	Compared to previous EOY
NI 33 (A)	No. of Deliberate Primary Fires per 10,000 population	0.96	2.38	3.12	3.73	4.07	↓
NI 33 (B)	No. of Deliberate Secondary Fires per 10,000 population	1.56	3.81	4.56	5.81	7.58	↓
NI 49 (1)	No. of Primary Fires per 100,000 population	35.58	75.31	102.99	131.22	132.89	↓
NI 49 (2)	No. of Fatalities in Primary Fires per 100,000 population	0	0.13	0.13	0.13	0.4	↓
NI 49 (3)	No. of Non-fatal Casualties in Primary Fires per 100,000	0.94	1.47	2.41	3.58	3.91	↓
BVPI 143 (i)	The No. of deaths arising from accidental fires in dwellings per 100,000 population	0	0.13	0.13	0.13	0	↑
BVPI 143 (ii)	The No. of injuries (excluding precautionary checks), arising from accidental fires in dwellings per 100,000 population	0.81	1.21	2.14	2.81	2.43	↑
BVPI 142 (iii)	Accidental fires in Dwellings per 10,000 dwellings	2.77	5.04	7.85	10.49	10.25	↓
BVPI 207	Non-Domestic Fires per 1000 Non-Domestic	1.55	3.11	4.82	6.41	6.05	↑
LPI 8ai	LPI 8ai Sickness - Wholtime (days/shift lost per head)	1.75	3.83	6.07	8.04	6.09	↑
BV 12 (ii)	Sickness Absence (All staff, excluding RDS)	2.36	4.25	6.34	8.2	8.68	↑
<a href="#">[1] EOY – End of Year</a>							

## HMICFRS Inspection

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

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

A re-visit by Inspectors in June 2019 showed that NFRS had made significant improvement and between 2nd and 5th March 2020, the Inspectors visited again to check progress against the improvement plan. The Inspectors found that NFRS had prioritised improvement and that there was no longer any cause for concern about their performance. In a letter to the Chief Fire Officer, the Inspectors said that "the tangible improvements we saw have mitigated the risks to public safety that we identified in our original inspection". They identified that:

- Measures introduced to improve fire engine availability are proving effective, with a minimum number achieved on 95%-99% of occasions - "a vast improvement" according to the report
- Staff are now all up to date with their safety-critical training

HMICFRS have recognised that Northamptonshire Fire and Rescue Service have displayed a strong commitment to resolve the issues they were concerned about and have made the necessary improvement activity a high priority. Better co-ordination of staff has improved fire engine availability, safety critical training is now up to date and performance data is being used more effectively to aid decision making. The Inspectors have advised they do not need to revisit the service to monitor these areas of performance.

## Financial Performance

2019/20 was the first full year of the NCFRA budget. It was the first year the organisation received funding directly from the Department of the Ministry of Housing, Communities and Local Government (MCHLG), Local Business Rates and Local Taxpayers



As at year end, NCFRA underspent by £244K. The better than anticipated underspend has given NCFRA the opportunity to build general reserves to a reasonable level ahead of the three year financial stability plan. Next steps are to work together to take forward and embed the internal controls and financial and procurement requirements.

Being a separate organisation does bring with it additional benefits, however, these benefits have on occasion been different to some of the previously established ways of working within the service. In the first full year following governance, NCFRA have made progress in taking on these challenges and will continue to embed these further moving forwards.

Whilst some variances were one off in nature, the first full year of the fire budgets has demonstrated much more volatility than has been experienced in the past. The key focus moving forwards is to establish a firm baseline, ensure strong internal controls are in place and working and minimise this volatility to provide reliable information on which to base strategic and operational decisions. NCFRA outturn for 2019/20 was as follows:

Budget Heading	Budget	Outturn	Variance
<b>Operational Budget</b>			
Response Control	723	735	12
Retained Firefighters	2,122	2,137	15
Wholetime Firefighters	12,942	12,878	(64)
Other Fire Budgets	8,631	8,520	(111)
Transfers to Reserves	200	424	224
Specific Grants	(1,016)	(1,219)	(203)
	<b>23,602</b>	<b>23,475</b>	<b>(127)</b>
<b>Funding</b>			
Council Tax Precept	(14,910)	(14,910)	0
Council Tax Surplus	(379)	(379)	0
Business Rates	(8,313)	(8,430)	(117)
	<b>(23,602)</b>	<b>(23,719)</b>	<b>(117)</b>
<b>Year End Underspend</b>			<b>(244)</b>

### Response Control, Retained Firefighters, Wholetime Firefighters

Wholetime firefighter costs reduced in March, however, these savings were partially offset by additional cost incurred by retained firefighters as a result of additional cost incurred to support other agencies during COVID-19.

### Other Fire Budgets

Overspends on transport and property, some COVID-19 costs and the establishment of provisions were offset by one off additional underspends in corporate services and minor staffing underspends across other budget headings.

### Transfers to Reserves

As part of the Reserves Strategy, the sum of £200K was budgeted in 2019/20 to transfer and this was increased as part of the 2020/21 budget strategy by a further £100K to mitigate the additional cost of 20 wholetime firefighters recruited in February 2020. Additional underspends of £97K identified during the year were transferred to reserves as they related to unexpected budget savings. Furthermore, the sum of £27K was added to reserves from the firefighter pension fund. This reflected a total transfer to reserves of £668K for the year.

### Specific Grants

The additional grants received relate to Pension Grant in excess of that originally budgeted, together with Covid-19 grant to meet expenditure. The balance of Covid-19 grant has been carried forward to offset costs in 2020/21.

### Funding

Additional Business Rates were forecast during the year based on actual receipts.

## **Capital**

Whilst the capital programme was approved based on fixed asset strategies in March 2020, some capital purchases were approved in 2019/20 which were funded from grants brought forward and revenue contributions.

## **Balance Sheet**

The Balance Sheet as at 1 April 2019 is the closing balance for the 2018/19 accounts.

## **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**

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

In 2018/19, NCFRA made positive progress in delivering the plan to build sustainable level of reserves. In 2019/20, this progress continued. The 3% minimum level of general reserves was exceeded (as set out in the PFCC Reserves Strategy reviewed in 2020/21) and the maintenance level of 4% was achieved, together with a move towards establishing specific reserves.

Whilst this is a welcome increase above the plan and provides some assurance by meeting the maintenance level of general reserves much earlier than anticipated, the future financial outlook and context remains uncertain and the Fire budget volatility needs to be minimised. Reserve levels are not excessive and there is limited ability to invest in transformative or other service development activities.

Whilst the 2020/21 budget and MTFP includes continued contributions to reserves, by reaching the recommended level earlier than anticipated, it enables these levels to be considered alongside the next MTFP review.

## **Insurance Reserve**

Professional advisors have considered the last eight years of Fire claims whilst within NCC, together with the first sixteen months of activity and the excess levels for the categories of insurance. They have advised that a reserve of £250K should be maintained until the position becomes clearer.

## **Staffing Reserve**

The sum of £100K was transferred in year to the staffing reserve to be used in 2020/21 and minimise the impact of recruiting 20 firefighters in February 2020.

## **Capital Receipts/Capital Grants Unapplied**

As the Capital Programme was not approved until March 2020, minimal funding has been required to support Capital Expenditure during 2019/20. The reserve is comprised of S106 receipts from developers to support approved investment and unapplied Capital Receipts. The reserve will be utilised in accordance with the requirements of the S106 allocations and applied to finance expenditure with a view to minimising future capital financing costs on the revenue budget.

## **General Reserve**

The underspend arising in 2019/20, together with unforeseen budget underspends has enabled general reserves to be increased to 4% by year end. This is above the 3% minimum level and is the maintenance level as set out in the reserves strategy. Whilst not excessive, this level of reserves does give some level of assurance and a buffer towards meeting costs which may arise due to unforeseen circumstances.

## Events after the Balance Sheet Date

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.

During June and July 2020, some of the lockdown restrictions started to be lifted and it is expected further changes will take place throughout the course of 2020/21.

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 exist at the year end, actual costs, estimates and assumptions to 31 March 2020 were included. At the point of publication of the 2019/20 accounts, 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. Furthermore, additional support in respect of smoothing the impact of the deficit on Council Tax and Business Rates Arrears has been announced to mitigate pressures arising from reduced funding.

As the situation remains constantly changing, It has not been possible to provide full estimates with regards asset impairments and pension valuations that could have a financial impact for 2020/21 and future years.

There were no further events highlighted after the Balance Sheet date.

## The 2019/20 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 second set of Accounts for NCFRA and these accounts relate to the year ended 31 March 2020, whereas the previous year related to three months comparative data. Therefore, whilst comparative information has been provided within the core statements and notes to the accounts, it is within this context.

The Statements of Accounts for 2019/20 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 40 to 43** 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 surplus of £13.2m. This was mainly due to remeasurement of the pension assets of £30.2m less deficit on provision of services of £17.1m.
- **Balance Sheet** - setting out the assets and liabilities recognised by NCFRA at the balance sheet date, the bottom line is effectively the net worth of the organisation The NCFRA holds sufficient current assets to discharge its current liabilities, however the long term Liability which is the pension commitments is not able to be funded by the assets held and will be funded by revenue funding when the liability becomes payable.
- **Movement in Reserves Statement** –shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted

accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

The headline figures and messages from this statement for **NCFRA** are the usable reserves have increased by £0.6m which will help improve the resilience of the organisation going forward.

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

The headline figures and messages from this statement for **NCFRA** are that the increase in cash holdings £2.5m provides additional assurance that the organisation will be able to fulfil its obligations as they fall due.

## Risk Management

The manner in which NCFRA manages its response to various risks is part of a continuum of risk management that takes into account the National Security Strategy, the National Risk Register and the NCFRA risk registers. Risks are regularly considered at the Joint Independent Audit Committee (JIAC) and the last update was considered in March 2020 and is scheduled for regular review.

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

The most significant risks to NCFRA have related to the operational risks required following the HMICFRS inspection and ensuring sufficient level of reserves and funding levels 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 and the ongoing implications of Covid-19 adds to these uncertainties.

## The 2020/21 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 2020/21 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 2020 and considered at the Police, Fire and Crime Panel in February 2020. The 2020/21 budget for NCFRA is a balanced budget in year two of a three year plan to build financial stability for the service. It also included some immediate initiatives for Fire and Rescue to take forwards. Some key features included:

- a. Immediate approval for four fire tenders, one aerial appliance and two water carriers.
- b. Recruitment of 20 firefighters in February 2020
- c. Additional 12 firefighter posts – increasing the establishment from 242 to 254 during the year, to be met by reducing Bank staffing arrangements.

- d. The budget provides for an additional Fire protection post and has enabled other posts to be built into the establishment.

In considering the Fire budget and proposed precept for 2020/21, the PFCC considered the core spending power issued for standalone Fire and Rescue Authorities (FRAs) and as was the case in 2019/20, Northamptonshire is still funded second lowest of the 30 FRAs in England, only just higher than Shropshire.

Whilst Northamptonshire and Shropshire did receive fractionally higher increases in core spending power than other authorities in the settlement, there remains a stark variation in budgets. The third lowest funded FRA still receives £4m more in core spending power than Northamptonshire.

He was also informed by a consultation of 1,250 residents of Northamptonshire, for which Fire received a positive response:

*“Around 8 in every 10 residents (81%) were prepared to pay an increase towards Fire & Rescue Services in Northamptonshire. With 30% prepared to pay an increase of £1 a year (2p a week) and 52% were prepared to pay an increase of £5 a year (10p a week). A fifth (17%) were not prepared to pay any more towards the service and a small percentage did not know (2%).”*

A full copy of the report is available on the PFCC website.

The PFCC increased the Fire precept from £60.76 to £61.97, an increase of 1.99%, £1.21 per Band D property, the maximum increase available.

Given the tight financial climate and the need to invest in a Capital Programme, although the 2020/21 budget is balanced, the impact of investing in a Capital Programme has resulted in a shortfall in the future years. A savings plan will be developed to address these forecast future shortfalls.

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

By the end of March 2020, work on proposals for enabling services is already underway and these, together with interoperability proposals will provide opportunities for efficiencies and greater integration between police and fire and rescue to realise savings to meet financial challenges, increase capacity and resilience and reinvest where possible in frontline services.

Whilst shortfalls have been identified after 2020/21 and work will be undertaken to develop savings plans to meet the shortfall, as a worst case, reserves are sufficient to balance the shortfall until 31/3/25:

Budget Heading	2020/21	2021/22	2022/23	2023/24	2024/25
Fire Projected Expenditure	25.319	25.954	26.999	27.783	28.581
Funding	25.319	25.861	26.467	27.097	27.750
Cumulative Shortfall	0.000	(0.093)	(0.532)	(0.686)	(0.831)
Reserves Strategy (at budget)	2.104	2.084	1.953	2.005	2.030
Reserves Position at Year End	2.911	2.891	2.760	2.812	2.837

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

Deanna Sharratt, Finance Advisor: [Deanna.Sharratt@northants.pnn.police.uk](mailto: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 Ernst and Young, they are the auditors appointed by the PSAA.

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

### **The Police, Fire and Crime Commissioner's responsibilities**

The Police, Fire and Crime Commissioner is required to:

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

I certify that these accounts were considered and approved.

### **S Mold, Police, Fire and Crime Commissioner for Northamptonshire**

**Date:**

### **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 2020 and its income and expenditure for the year ended 31 March 2020.

**Helen King**

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

**Date:**

## GOVERNANCE STATEMENT

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

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

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

The 2019/20 governance statement is the first full year governance statement for NCFRA as 2018/19 related to a three month period.

### The CIPFA/SOLACE Framework of Good Governance

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

Governance as defined in the 2016 framework is:

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

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

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

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

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

This statement explains how 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 12 month period 1 April 2019 to 31 March 2020, 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 PFCC website.

- The PFCC meets regularly with the Chief Fire Officer and specific meetings are held between the Chief Fire Officer and key officers from the OPFCC.
- The terms of reference of the existing Joint Independent Audit Committee (JIAC) include NCFRA post governance transfer and the first meeting incorporating NCFRA took place in March 2019. Four meetings of the Committee took place in 2019/20 and specific workshops were also held. The Committee provides independent assurance to the PFCC and individual reports are produced for NCFRA. This enables the internal controls and assurances for each corporation soles to be independently considered.
- A number of tri-partite meetings between the PFCC, Chief Fire Officer and Chief Constable have taken place during the year to provide strategic direction towards collaboration opportunities between Fire and Policing.
- An Enabling Services Board has been created to provide a structured approach to managing and monitoring collaboration opportunities between Fire and Policing.
- A joint Assistant Chief Officer has been appointed to lead the Enabling Services Programme and to provide strategic leadership of Support services across Fire and Policing.
- A collaboration agreement has been the subject of significant discussion between the three organisations and will be finalised in the near future.
- Fire and Rescue have a number of meetings established at strategic and operational levels. Where appropriate, members of the OPFCC attend these meetings and provide scrutiny, challenge and briefings.

In the full year to 31 March 2020, 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 system of internal control is based on a system of financial, contractual, management and administrative controls and is reviewed by both internal and external audit.

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

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

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

For the financial year 2019/20, 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 were reviewed in 2018/19 and 2019/20 and regular reviews are now built into business as usual.

## **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 which was consulted on during 2018/19 alongside the integrated Risk Management Plan (IRMP) and both documents were published in April 2019.

The OPFCC website is used to publish a wide range of policy and information, making this easily accessible to the public. The website had been updated to reflect NCFRA and the role of the PFCC in Fire Governance and has been further refined following Internal Audit feedback during 2019/20.

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

Papers, reports and decisions made by the PFCC are published on the website, together with consultation and details of future public events. Alongside consultation on the Police precept, the PFCC again undertook public consultation to inform his decision in setting the Northamptonshire Fire precept for 2020/21. This consultation included wider public engagement on Fire and the report is available on the OPFCC website.

During 2019/20 the Chief Fire Officer and PFCC have identified the need to further develop the resource and capacity of Communications and Engagement.

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

For both the 2019/20 and 2020/21 budget and precepts, the Fire and Rescue Plan was used to direct the resources of NCFRA through the Revenue and Capital budgets.

The 2019/20 budget, precept and Medium Term Financial Plan (MTFP), alongside the Reserves, Capital and Treasury Management Strategies set out plans to achieve financial stability within three years as NCFRA transferred on 1 January 2019 without reserves or liabilities. Although good progress in starting to build reserves was made during the three months for 2018/19, as at 31 March 2019, the level of reserves was insufficient and NCFRA set out within the MTFP plans to build reserves to a minimum 3% level of revenue budget by the end 2021/22.

The Chief Fire Officer was fully involved in the preparation of the 2020/21 budgets and a number of targeted meetings developed the detail of the budget and the capital programme, which are aligned to the priorities set out in the IRMP and Fire and Rescue Plan.

Regular budget monitoring throughout 2019/20 identified significant volatility across the Fire budget headings, mainly in respect of non-pay related expenditure. When taken together with the internal audit assessments of limited compliance with policies and procedures, accounts payable and scheme of delegation, this identified the need to build general reserves to a higher level to seek to mitigate this risk. As such, the 2020/21 revenue budget and revised Reserves Strategy increased the recommended maintenance level of general reserves to 4%.

Good progress was made during 2019/20 and as at the 31 March 2020, the 4% level of general reserves was achieved, ahead of the three year plan.

Significant work took place on the retained and wholetime firefighter budgets, developing detailed monitoring across, salaries, overtime and temporary staffing used as "bank" arrangements. Alongside this more detailed overtime monitoring was established by the service and an Establishment Board was implemented to more closely manage and oversee staffing resources to deliver across the HMIC Improvement areas.

However, there is a need to reduce the volatility of variances experienced on non-staffing elements of the revenue budget and to ensure that the impact of all contracts is known, contracts and procurement are

undertaken in a timely manner and that effective spending plans are in place for each of the budget areas. Minimising the volatility will provide confidence in the baseline budget and enable informed decisions to be made on the use of resources during the year.

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

In March 2020, after the fixed asset strategies were approved, a capital programme was agreed and informed the budget and medium term financial plan for NCFRA to meet the operational needs and requirements of the service.

The capital programme and the strategies 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.

Her Majesty's Inspector of Constabulary and Fire and Rescue Services undertook an inspection of Northamptonshire Fire and Rescue Service prior to the governance transfer and a number of recommendations were received. An improvement Plan was developed and monitored regularly through the Fire Executive Group and scrutiny and challenge applied by the PFCC at the Accountability Board and the Police, Fire and Crime Panel.

In the latter weeks of 2019/20, NCFRA have played a key role in Northamptonshire's partnership response to the COVID-19 pandemic. The responsibilities and requirements have been wide ranging and weekly Gold senior management team meetings have been established attended by all key NCFRA staff, together with Deputy S151 and OPFCC representation to lead and direct NCFRA activities. Financial controls and monitoring have been put in place to ensure that related expenditure is captured appropriately and the PFCC monitors and discusses arrangements with the Chief Fire Officer regularly. Based on the current situation, Gold meetings have now moved to fortnightly, but timeliness will be reviewed based on the conditions at that time.

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

Following the transfer of Governance, an Establishment policy and an Establishment Board were implemented which provide structure and governance to assist with the strategic and operational management of staffing resources. Vacancies were filled and an additional 20 firefighters were recruited in February 2020 to bring the service up to establishment. Funding was set aside for 2020/21 to manage the timing differences until firefighter strength returned to establishment levels mid-way through 2020/21.

Additionally, bank staff had been used to provide capacity to meet the additional resource requirements associated with increasing appliance availability identified in the HMICFRS recommendations. The 2020/21 budget provided additional investment of 12 wholetime firefighter posts to build permanent resilience in the wholetime staffing establishment, and reduce reliance on temporary Bank staffing to deliver availability.

Whilst significant strides have been made in managing staffing resources, development of a workforce strategy is required to ensure that future staffing resources are targeted towards meeting future service needs and requirements over the longer term.

A number of support service responsibilities transferred to NCFRA as part of the Governance transfer, without sufficient knowledge and resources to undertake the additional requirements. Work on the Enabling Services Programme is looking at each of these areas to develop capacity and resilience across

both Fire and Policing. This direction commenced with the appointment of the joint Director for Enabling Services and in 2020/21 a joint Finance and Estates teams will be implemented.

NCFRA have training capacity, skills and knowledge based at Chelveston and have there are options to review these to maximise the benefit from these resources of NCFRA. The PFCC has approved the appointment of a temporary role to review the feasibility and opportunities available to and if appropriate to develop a commercial strategy.

Two permanent Assistant Chief Fire Officer roles were appointed in the year, together with the role of Joint Director for Enabling Services for Fire and Policing. These appointments, together with the continuation in role of the Chief Fire Officer provides a stable and knowledgeable Executive Senior Management Team which provides consistent and strong leadership to move the organisation forwards.

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 across Fire and Policing.

### **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 2020 JIAC and an OPFCC Director attends the Fire Risk Management review meetings.

During 2019/20 Internal Audit delivered risk management support, workshops and expertise. This work was scheduled to complete in early 2020/21 but has been postponed due to the need to focus on Covid-19 priorities in the short term. These activities will be fully rolled out in early 2020/21.

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

Local Government Shared Services (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.

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.

Internal audits commenced in 2019/20 and whilst the outcome of some of the follow up audits have been deferred to early 2020/21 due to Covid-19 pressures on the Internal Audit team, a number of Internal Audits were undertaken towards the start of the year, with regular updates to the JIAC. Additionally an Internal Audit Plan has been approved for 2020/21, aligned to areas of risk.

The internal audits, together with the assessment of statutory officers has identified risks in relation to financial monitoring of budget holders and compliance with policies and procedures, the scheme of delegation, accounts payable and procurement. All of which have been highlighted as priority areas to address in the action plan

As part of the year end processes, the Chief Finance Officer (and Statutory S151 Officer) and Joint Head of Finance undertook an in depth financial assessment of financial transactions undertaken during the year and in the provisional outturn report raised concern regarding the robustness of some delegated budget management forecasts and compliance with policies, procedures and delegations.

An audit of ICT controls supported the newly appointed Director of Enabling Services assessment that the controls were not in place and those that were, were not necessarily being complied with.

Two new JIAC members were appointed during the year and received induction training in November 2019 and one retired after their second tenure.

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.

### **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.

The draft 3 month 2018/19 NCFRA statement of accounts were placed on the OPFCC website by the 31 May 2019 and a draft ISA260 produced in March 2020. It was a major concern, however, that due to considerations outside of NCFRA and the PFCC's control the audit was concluded within the 2019/20 year. At the time of the draft 2019/20 Accounts the audit opinion for 2018/19 remained outstanding. The S151 officer continues to work closely with the auditor to conclude the work as soon as possible.

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

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

An Internal Audit Plan was approved by the PFCC and ratified by the JIAC in March 2019 covering the period 1 January 2019 to 31 March 2020. The 2020/21 Internal Audit Plan was approved by the JIAC in March 2020.

Whilst the impact of Covid-19 has led to delays in finalising audits in the last quarter of 2019/20, fieldwork was underway and at the year end a number of reports are in draft.

The results of these audits were discussed with Fire Senior Officer and OPFCC statutory officers and an update considered by the PFCC at the February 2020 Accountability Board. The JIAC received updates in June, September and December 2019 and March 2020.

The full year programme of audits is as follows:



AUDIT TITLE	STATUS	Control Environment Assurance	Compliance Assurance	Organisational Impact of findings
Organisational Governance	Final Report	Good	Good	Minor
Scheme of Delegation	Final Report	Good	Limited	Moderate
Policies and Procedures	Final Report	Good	Satisfactory	Moderate
Accounts Payable	Final Report	Good	Limited	Moderate
Accounts Receivable	Final Report	Satisfactory	Satisfactory	Minor
Payroll	Final Report	Good	Good	Minor
Target Operating Module	Final Report	Good	Good	Minor
ICT –System Controls	Final Report	Limited	Limited	Moderate
Medium Term Financial Planning	Final Report	Good	Good	Minor
Target Operating Model	Final Report	Good	Good	Minor
Organisational Governance				
Scheme of Delegation	Draft Report	Good	Satisfactory	Moderate
Policies and Procedures				
Accounts Payable				
Accounts Receivable	Draft Report	Good	Limited	Moderate
Payroll				
ICT Systems	In progress			
Risk Management	In progress	Various workshops undertaken		

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 eleven out of the twelve audits undertaken that the control environment was good or satisfactory in how it was documented and evidenced, in four areas it was evident that these systems were not being complied with in all areas and three were satisfactory.

In terms of the areas identified, the Scheme of Delegation and Accounts Payable findings related to processes and procedures for procurement and purchasing not being followed in all instances.

The ICT Controls audit identified a number of recommendations to improve both the system and compliance with the system.

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.
- Regular updates are provided to the Fire Executive Group on progress against Internal Audit recommendations.



- The Procurement Lead and Procurement manager held training for all Tactical and Executive Group Leaders on appropriate procurement practices.

However, internal monitoring and follow up internal audits at the year end highlighted that whilst there are still a number of areas where it appears that these policies and procedures are not being followed. These follow up areas related to: Accounts Payable, Accounts Receivable, Payroll, Organisational Governance and Scheme of Delegation. Whilst compliance on the last two audits above had increased from limited to satisfactory, in the follow up audits, Accounts Payable, Accounts Receivable and Payroll remain as limited, with a large proportion of recommendations the same as those identified earlier in the year. The S151 Officer has raised concerns regarding this with the PFCC and the Chief Fire Officer and NCFRA will continue to actively monitor the progress in implementing these recommendations.

These areas will be subject to Internal Audit reviews in 2020/21 and internal reviews will be undertaken to monitor and review progress.

The Chief Internal Auditor has produced his report for NCFRA for Year 2019/20 as follows:

#### **Audit Opinion – 2019/20**

I can confirm that sufficient assurance work has been completed to allow me to form a conclusion on the adequacy and effectiveness of Northamptonshire Commissioner Fire and Rescue Authority's internal control environment. Based on audit work undertaken during the year, in my opinion, NCFRA's framework of governance, risk management and management control is **Satisfactory**

Audit testing has demonstrated that controls were working in practice across key areas but a number of findings, some of which are significant, have been raised

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

Duncan Wilkinson FCMA CGMA  
Chief Internal Auditor

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

*“As a new organisation, the 1<sup>st</sup> year of auditing NCFRA controls can only place reliance on a relatively short period of time. An opinion of Good or Substantial (as below) would require a longer period of evidence demonstrating, specifically that controls operated effectively over a minimum 2 financial years. The opinion of Satisfactory must be viewed as a positive opinion for the 1<sup>st</sup> years operation in that context.*

*Whilst a Satisfactory opinion for 19/20 is positive, it is imperative that those areas of identified need to improve remain a focus and priority. The failure to address those issues and maintain / improve those areas of satisfactory control and compliance, could quickly move the 20/21 opinion to Limited.”*

The JIAC will consider the report of the Chief Internal Auditor at their meeting on the 29 July 2020.

#### **Review of Effectiveness**

The Internal Audit Plan was in place in 2019/20 and good momentum was achieved on the audits in the first three quarters of the year, the results of which have identified a number of areas requiring focus. The PFCC is fully apprised of these through statutory officer updates and the Accountability Board. The Police, Fire and Crime Panel have also been regularly updated on progress.

There have been four JIAC meetings during the year which were supplemented by a workshop in June on the draft 2018/19 Statement of Accounts and the draft Annual Report of the Committee.

The four meetings include Internal Audit updates, an update on the progress of Internal Audit Recommendations, a review of the JIAC annual plan and an external audit update. Additional areas considered were as follows:

<b>JIAC Meeting</b>	<b>Areas Covered</b>
July 2019	<ul style="list-style-type: none"> <li>• Meeting of members and auditors without officers present</li> <li>• Annual Report of the JIAC and Terms of Reference Review</li> <li>• Draft Statement of Accounts 2018/19 update</li> <li>• External Audit Proposed Fee Scales 2018/19</li> </ul>
September 2019	<ul style="list-style-type: none"> <li>• Budget and MTFP Processes, Plan and Timetable</li> <li>• 2018/19 Treasury Management Outturn and 2019/20 Progress</li> <li>• Draft Statement of Accounts 2018/19 update</li> <li>• Key Roles and Responsibilities in Fire, Policing and OPFCC</li> <li>• Business Continuity and Disaster Recovery</li> <li>• Risk Register Review</li> </ul>
December 2019	<ul style="list-style-type: none"> <li>• Draft Statement of Accounts Update</li> <li>• Update on LGSS and MFSS</li> <li>• HMIC Recommendations Update on Progress</li> <li>• Update on Joint Estates Strategy</li> </ul>
March 2020	<ul style="list-style-type: none"> <li>• Draft Statement of Accounts Update and Draft ISA260</li> <li>• Internal Audit Plan 2020/21</li> <li>• External Audit Proposed Fee Levels 2019/20</li> <li>• Performance Framework</li> <li>• Risk Register</li> <li>• Treasury Management Strategy</li> <li>• Update on LGSS and MFSS</li> </ul>

### **Significant Governance Issues**

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

Whilst the financial progress in 2019/20 and the 2020/21 financial settlement has enabled a balanced budget to be achieved and for general reserves to be established at the 4% maintenance level, future savings are required to balance the budget in the medium term and there is little financial resilience within Fire to manage any unforeseen issues or to invest in and optimise opportunities.

Fixed Asset Strategies, Reserves, Treasury Management Strategies and a Capital Programme are in place, however, capacity within the service is insufficient to deliver these investments and requirements. It is essential that opportunities to build resilience and capacity and maximise efficiencies are taken forward with Policing.

It is important that sound internal controls are established and that they are adhered to as identified in the Internal Audits during the year, these are a significant risk for the organisation and it is essential compliance is embedded and that devolved budget forecasting is further developed to minimise in year budget volatility.

## Progress on the 2018/19 Recommendations

Good progress has been made on 2018/19 recommendation identified in the governance statement as follows:

<b>NCFRA Update on 2018/19 Action Plan progress</b>		
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law:</b>	<b>Recommendation 1:</b> Review all policies for NCFRA to ensure consistent and coherent with the newly established governance arrangements.	<b>Completed</b> - A review of all policies was undertaken and are now being reviewed as part of business as usual for policies.
	<b>Recommendation 2:</b> Review meeting arrangements to ensure they appropriately reflect the new governance arrangements.	<b>Completed</b> – Meeting arrangements reviewed by both the OPFCC and the Service and changes made.
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement.</b>	<b>Recommendation 3:</b> Develop and implement a corporate engagement strategy.	<b>Part Completed/Revised Recommendation</b> – Engagement was undertaken as part of the Fire Precept for 2020/21 which included wider aspects. Communications will be an action taken forward into 2020/21.
<b>Principle C: Defining outcomes in terms of sustainable, economic, social and environmental outcomes.</b>	<b>Recommendation 4:</b> 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.	<b>Completed</b> – The mid-year and year-end reviews of strategies were undertaken. A five year MTFP and Reserves Strategy is in place which supports the fixed asset strategies, the Capital Programme and Treasury Management Strategy.
<b>Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes. Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.</b>	<b>Recommendation 5:</b> To ensure detailed strategies are prepared for Estates, ICT, Fleet and Operational Equipment to inform and develop a ten year Capital Programme.	<b>Completed</b> – Provisional Strategies were approved in August 2019 and final strategies approved in March 2020. Work is required to develop an ongoing operational equipment replacement programme.
	<b>Recommendation 6:</b> Develop, implement and Monitor an action plan for improvement to address any areas for improvement identified by the HMICFRS inspection.	<b>Completed</b> – the action plan was developed and has been regularly reviewed at the Accountability Board Internally within NFRS the actions and action plan for this are monitored and tracked via the Service Improvement Board and plan, as well as at Fire Executive Group. A level of independent verification took place in March 2020 with a revisit from HMICFRS in relation to the two areas identified in the integrated inspection process as causes for concern, with the result of this being that these risk areas no longer created a risk to public safety.
<b>Principle E: Developing Capacity and Capability.</b>	<b>Recommendation 7:</b> Develop and implement a workforce strategy.	<b>Ongoing</b> – an establishment Board has been created which considers this area and an establishment policy has been approved. This work will continue and a Workforce Strategy will be developed.

	<p><b>Recommendation 8:</b> Review, realign and implement changes where appropriate to the responsibilities required for a corporation sole.</p>	<p><b>Completed and Incorporated as Business as Usual</b> – changes have been undertaken where required. Other changes as they are identified will be picked up through the Accountability Board and other mechanisms as business as usual.</p>
	<p><b>Recommendation 9:</b> Undertake a review of Fire corporate support functions to ensure that strategic policy development, governance and operational support can be delivered effectively for NCFRA.</p>	<p><b>Completed and Incorporated as Business as Usual</b> – reviews have been undertaken. Ongoing reviews will be incorporated within the Enabling Services programme as Business as usual.</p>

## **Recommendations for 2019/20**

Following the assessment of internal controls, the following areas have been recommended to improve internal controls for 2019/20:

<b>2019/20 Action Plan</b>	
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement.</b>	<b>Recommendation 1:</b> Develop and implement additional capacity, resource and resilience for communications and engagement.
<b>Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.</b>	<b>Recommendation 2:</b> To continue to progress the HMICFRS Improvement Plan and monitor updates regularly through the Accountability Board.
<b>Principle E: Developing Capacity and Capability.</b>	<b>Recommendation 3:</b> Further develop the work of the Establishment Board including the development of a Workforce Strategy.
	<b>Recommendation 4:</b> To continue to inform, develop and implement proposals for Enabling Services together with Policing.
	<b>Recommendation 5:</b> To assess the feasibility of and where appropriate, develop a commercial strategy in conjunction with Policing.
<b>Principle F: Managing Risks and Performance.</b>	<b>Recommendation 6:</b> To ensure the findings and recommendations of the Internal Audit of ICT Controls are implemented and that relevant policies and plans are updated, in place and tested.
	<b>Recommendation 7:</b> To undertake further training and monitoring of Financial Policies and Procurement with budget holders and senior managers in NCFRA to ensure that internal controls and policies are understood and complied with.
<b>Principle G: Implementing good practices in transparency, reporting and accountability.</b>	<b>Recommendation 8:</b> To work closely with Budget managers and the service to understand that the impact of proposals and decisions made can be fully understood to ensure that reliance can be placed on information provided and that unexpected volatility on the budget headings is minimised.

## **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:**

**Signed: Helen King, Chief Finance Officer & S151 Officer**

**Date:**

**INDEPENDENT AUDITOR'S REPORT TO THE POLICE, FIRE AND CRIME COMMISSIONER FOR  
NORTHAMPTONSHIRE**

Opinion











# 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 2019/20. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority Accounts, as determined by HM Treasury, who are advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounting permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Authority for the purpose of presenting fairly the position of the Authority is selected. The particular policies adopted by the Authority are described below and they have been applied consistently in dealing with items considered material in relation to the Accounts.

### Accounting Convention

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

### Acquisitions and Discontinued Operations

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

### Going Concern

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that the functions of the Northamptonshire Commissioner Fire and Rescue Authority will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ) 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 2019/20) 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 first quarter forecasts 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 £6m has been ring fenced by the Home Office to support Fire Authorities undertaking services on behalf of other organisations, of which NCFRA is one. Funding awarded covers assumed costs, and the Home Office have facilitated early payments to ensure effective cashflow arrangements, furthermore, relief for precepting bodies has been announced to smooth the impact of Council Tax and business Rate deficits over three years therefore, the Authority does not currently envisage a financial viability concern arising from the Covid-19 pandemic.

At the time of publication of the accounts, 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.

### **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 31<sup>st</sup> March as a liability which is reflected on the Balance Sheet. To ensure consistency annual leave costs have been reflected in the year in which the annual leave should have been taken.

## Termination Benefits

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

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

## Retirement Benefits

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

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

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

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

Service cost comprising:

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

Remeasurements comprising:

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

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

### **Other Expenses**

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

### **Property, Plant and Equipment**

#### **Recognition**

Property, plant and equipment is capitalised if:

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

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

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

#### **Valuation**

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

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

Current Values are determined as follows:

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

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



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

### **Disposals**

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

### **Depreciation and Impairments**

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

- Buildings 30 – 40 years
- Vehicles – Fire Appliances 15 years
- Vehicles – Lorries and Vans 7 years
- Vehicles – Non FDS Cars and Light Vans 7 years
- Vehicles – FDS Cars 5 years
- Equipment 5 years
- Specialised Equipment (e.g Breathing Apparatus) 10 Years

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

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

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

The Authority is not required to raise council tax to cover Depreciation and Impairment, however it is required to make an annual provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the Minimum Revenue Provision (MRP). As the authority has not yet undertaken any borrowing the MRP charge for 2019-20 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.

### **Leases**

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

### **The Authority As A Lessee**

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

### **Inventories**

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

### **Cash and Cash Equivalents**

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

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

### **Provisions**

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

### **Reserves**

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

- General Reserve
- Insurance
- S106
- Capital Receipt Reserve
- Capital Grants Unapplied Reserve

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

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

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.

### **Exceptional Items**

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

### **Events After The Reporting Period**

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

### **VAT**

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

**ACCOUNTING STATEMENTS**  
**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDING 31 March 2020**

3 Months to 2018/19			12 Months to 2019/20				
Gross Expenditure	Gross Income	Net Expenditure /Income (-)		Note Ref	Gross Expenditure	Gross Income	Net Expenditure /Income (-)
£000	£000	£000			£000	£000	£000
10,110	(6,290)	3,820	Fire and Rescue Services		40,017	(6,967)	33,050
<b>10,110</b>	<b>(6,290)</b>	<b>3,820</b>			<b>40,017</b>	<b>(6,967)</b>	<b>33,050</b>
-	(19)	(19)	Other Operating Expenditure		225	-	225
1,797	-	1,797	Financing and Investment Income\Expenditure		7,534	(23)	7,511
-	-	-	Taxation and Non Specific Grant Income	3	-	(23,699)	(23,699)
		5,598	<b>Surplus(-) or Deficit on Provision of Services</b>				17,087
		(104)	(Surplus) or deficit on revaluation of non current assets	9			(46)
		2,693	Remeasurements of the net defined benefit liability (asset)	26.2			(30,249)
		2,589	<b>Other Comprehensive Income and Expenditure</b>				(30,295)
		8,187	<b>Total Comprehensive Income(-) and Expenditure</b>				(13,208)

**MOVEMENT IN RESERVES STATEMENT**  
FOR THE YEAR ENDING 31 March 2020

	General Fund	Earmarked Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Usuable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 January 2019</b>	<b>(692)</b>	<b>-</b>	<b>(1,020)</b>	<b>-</b>	<b>(1,712)</b>	<b>258,642</b>	<b>256,930</b>
<b>Movement in Reserves for the 3 months to 31 March 2019</b>							
Total comprehensive income and expenditure	5,598	-	-	-	5,598	2,589	8,187
Adjustments between accounting and funding basis under regulations (note 8)	(6,178)	-	-	(19)	(6,197)	6,197	-
Transfer to Earmarked Reserves	773	(773)	-	-	-	-	-
<b>(Increase)/decrease in the 3 months to 31 March 2019</b>	<b>193</b>	<b>(773)</b>	<b>-</b>	<b>(19)</b>	<b>(599)</b>	<b>8,786</b>	<b>8,187</b>
<b>Balance carried forward at 31 March 2019</b>	<b>(499)</b>	<b>(773)</b>	<b>(1,020)</b>	<b>(19)</b>	<b>(2,311)</b>	<b>267,428</b>	<b>265,117</b>
<b>Movement in Reserves during 2019-20</b>							
Total comprehensive income and expenditure	17,087	-	-	-	17,087	(30,295)	(13,208)
Adjustments between accounting and funding basis under regulations (note 8)	(17,755)	-	68	-	(17,687)	17,687	-
Transfer to Earmarked Reserves	-	-	-	-	-	-	-
<b>(Increase)/decrease in 2019-20</b>	<b>(668)</b>	<b>-</b>	<b>68</b>	<b>-</b>	<b>(600)</b>	<b>(12,608)</b>	<b>(13,208)</b>
<b>Balance carried forward at 31 March 2020</b>	<b>(1,167)</b>	<b>(773)</b>	<b>(952)</b>	<b>(19)</b>	<b>(2,911)</b>	<b>254,820</b>	<b>251,909</b>

**BALANCE SHEET**  
AS AT 31 March 2020

31 March 2019 £000		Notes	31 March 2020 £000
39,224	Property, Plant and Equipment	9	37,386
<b>39,224</b>	<b>Long Term Assets</b>		<b>37,386</b>
227	Inventories	10	208
2,445	Short Term Debtors	11	1,949
2,473	Cash and Cash Equivalents	12	5,643
<b>5,145</b>	<b>Current Assets</b>		<b>7,800</b>
(2,521)	Short Term Creditors	14	(4,198)
-	Provisions	14a	(530)
<b>(2,521)</b>	<b>Current Liabilities</b>		<b>(4,728)</b>
(306,965)	Other Long Term Liabilities	16	(292,367)
<b>(306,965)</b>	<b>Long Term Liabilities</b>		<b>(292,367)</b>
<b>(265,117)</b>	<b>Net Liabilities</b>		<b>(251,909)</b>
(2,311)	Usuable Reserves	17	(2,911)
267,428	Unusuable Reserves	18	254,820
<b>265,117</b>	<b>Total Reserves</b>		<b>251,909</b>

## CASH FLOW STATEMENT

FOR THE TWELVE MONTHS ENDED 31 March 2020

3 months to 31 March 2019 £000		12 months to 31 March 2020 £000
<b>(5,598)</b>	<b>Net Surplus/(Deficit) on the provision of services</b>	<b>(17,087)</b>
1,934	Depreciation and impairment	1,727
-	- Movement in Impairment for Bad Debts	-
2,262	Increase/Decrease(-) in Creditors	2,207
(543)	Increase/Decrease (-) in Debtors	496
(4)	Increase/Decrease (-) in Inventories	19
-	- Purchase of PPE Assets	(299)
4,422	Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	15,714
-	- Increase/Decrease (-) in Other Long Term Laibilities	(63)
19	Proceeds from Sale of Assets	-
-	- Other Non Cash Movements	456
<b>2,492</b>	<b>Net cash onflows from operating activities</b>	<b>3,170</b>
	<b>Net cash onflows from investing activities</b>	
(19)	Proceeds from Sale of Assets	-
<b>2,473</b>	<b>Net Increase /Decrease (-) in cash and cash equivalents</b>	<b>3,170</b>
-	Cash and Cash equivalents at the beginning of the reporting period	<b>2,473</b>
<b>2,473</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>5,643</b>



## NOTES TO THE ACCOUNTS

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 40 to 43 and provide further information upon the financial performance of the Authority during 2019/20.

### 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		Net Surplus Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	2019-20 Net Surplus in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(581)	4,401	3,820	Fire and Rescue Services	15,314	17,736	33,050
(581)	4,401	3,820	Net Cost of Services	15,314	17,736	33,050
(19)	1,797	1,778	Other Income and Expenditure	(15,982)	19	(15,963)
(600)	6,198	5,598	(Surplus) or Deficit	(668)	17,755	17,087
(692)			Opening General Fund Balance	(499)		
(1,292)			Closing General Fund Balance at 31 March	(1,167)		

Note 7 outlines the breakdown of the £17.7m Adjustments between Funding and Accounting Basis

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

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The relevant standards being introduced for 2020/21 are:

- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

In addition IFRS 16 (Leases) will require the Authority to recognise assets on balance sheet where a contract gives them the right to use the asset. The implementation of IFRS16 in the public sector has been deferred to 1 April 2021.

### 3 Taxation and Non-Specific Grant Income

3 Months to 31 March 2019	Council Tax and Non Domestic Rates Income	12 Months to 31 March 2020
£'000		£'000
(4,872)	Council Tax Fund	(15,275)
(79)	Non Domestic Rates Fund	(8,424)
<b>(4,951)</b>		<b>(23,699)</b>

### 4 Events after the Balance Sheet date

The statement of accounts was authorised for issue by the Chief Finance Officer on the 20th July 2020 and one post balance sheet event 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.

During June and July 2020, some of the lockdown restrictions started to be lifted and it is expected further changes will take place throughout the course of 2020/21.

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 exist at the year end, actual costs, estimates and assumptions to 31 March 2020 were included. At the point of publication of the 2019/20 accounts, 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. Furthermore, additional support in respect of smoothing the impact of the deficit on Council Tax and Business Rates Arreas has been announced to mitigate pressures arising from reduced funding.

The situation remains constantly changing. Therefore whilst valuations with regards to asset impairments and pension valuations have been included in the accounts, it is recognised that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. Therefore, less certainty, and a higher degree of caution would be attached to such valuations and the financial impact of this uncertainty for 2020/21 and future years. Given the unknown future impact that COVID-19 might have on these valuations, they will be kept under review.

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

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

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

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
<b>Property, Plant and Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful economic life (UEL) of assets is reduced, depreciation will increase and the carrying value of assets will decrease. It is estimated that the annual depreciation charge for buildings would increase by £6k for every year that useful lives had to be reduced.
<b>Pensions Liability</b>	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 2020 is £292,304k. The effect on the net pensions' liability as a result of changes in individual assumptions is detailed within note 28.
<b>Council Tax (CT) and Business Rates (BR)</b>	Two of the seven Local Authorities were unable to complete their returns due to Covid pressures on the authority and as such the result of the CT and BR outturn have been estimated.	The estimation technique is to assume 50% of the income of the last 11 days of the financial year are impaired and unlikely to be received. Therefore if this estimate is incorrect and for every further 25% that this estimate is incorrect the change would be +/- £5.2k. As a result Debtor's/ Creditor's and the CIES, MiR's could also be impacted, the maximum impact would be £36.7k.

## 6 Material items of income and expenditure

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

## 7 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Grants Unapplied £000	Capital Receipts Reserve £000	
<b>3 Months to 31 March 2019</b>				
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the CIES are different from Revenue for the year calculated in accordance with Statutory Requirements:</b>				
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)	-
<b>Total Adjustment to Revenue Resources</b>	<b>(6,179)</b>	<b>-</b>	<b>(19)</b>	<b>6,198</b>
<b>12 Months to 31 March 2020</b>				
<b>Adjustments to the Revenue Resources</b>				
<b>Amounts by which income and expenditure included in the CIES are different from Revenue for the year calculated in accordance with Statutory Requirements:</b>				
Pension costs (transferred to (or from) the Pensions Reserve)	(15,714)			15,714
Depreciation and Impairment Losses moved to Capital Adj Account	(1,924)			1,924
Accumulated Absence Charge for the period until 31st March 2020	(30)			30
Application of Capital Grants	(68)	68		-
Application of Collection Fund Income	(19)	-	-	(19)
<b>Total Adjustment to Revenue Resources</b>	<b>(17,736)</b>	<b>68</b>	<b>-</b>	<b>17,687</b>

## 8 Transfers to/from earmarked reserves

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

	Opening Balance April 2019 £000	Transfers to Reserve £000	Transfers from Reserve £000	Closing Balance March 2020 £000
<b>Earmarked Reserves:</b>				
Section 106 Contributions	523	-	-	523
Insurance reserve	250	-	-	250
<b>Total General Fund and Earmarked Reserves</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>773</b>

## 9 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
<b>Cost or Valuation</b>			
At 31 March 2019	31,792	7,746	39,538
Additions/Enhancement		299	299
Revaluation Increases/(Decreases) to Revaluation Reserve	(708)	-	(708)
Derecognitions	-	(1,378)	(1,378)
Reclassifications	-	69	69
<b>At 31 March 2020</b>	<b>31,083</b>	<b>6,736</b>	<b>37,820</b>
<b>Depreciation/Impairment</b>			
At 31 March 2019	-	(314)	(314)
Charge for the twelve months to 31 March 2020	(522)	(1,205)	(1,727)
Depreciation written out to the Revaluation Reserve	509	-	509
Depreciation written out to the CIES	13	-	13
Derecognitions	-	1,153	1,153
Reclassifications	-	(68)	(68)
<b>At 31 March 2020</b>	<b>-</b>	<b>(434)</b>	<b>(434)</b>
<b>Balance as at 31 March 2020</b>	<b>31,083</b>	<b>6,302</b>	<b>37,386</b>
<b>Balance as at 31 March 2019</b>	<b>31,792</b>	<b>7,432</b>	<b>39,224</b>

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

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 2020. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost and other properties are valued at existing use value.

## 10 Inventories

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

31 March 2019 £'000		31 March 2020 £'000	
223	Opening Balance		227
4	Year End Stock Take Adjustment		(19)
<b>227</b>	<b>Closing Balance</b>		<b>208</b>

## 11 Debtors

The analysis of Debtors is shown below:



## 12 Cash and cash equivalents

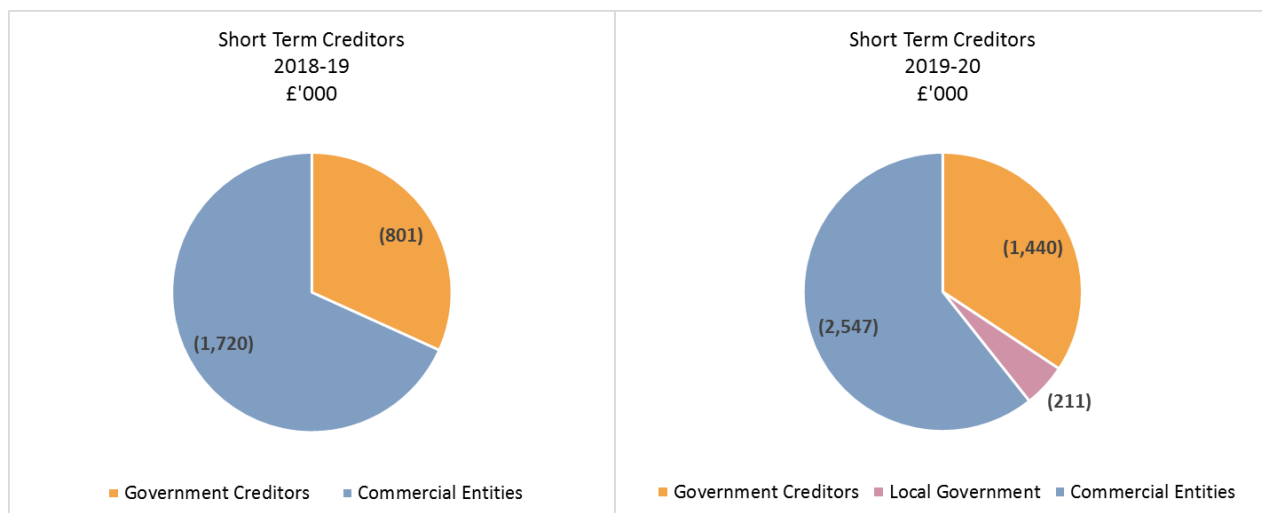
31 March 2019 £000		31 March 2020 £000	
2,473	Cash at Bank	5,643	
<b>2,473</b>		<b>5,643</b>	

## 13 Assets held for sale

The Authority has no assets held for sale at the 31st March 2020

## 14 Creditors

The analysis of Creditors is shown below:



### 14.1 Provisions

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

31 March 2019 £000	31 March 2020 £000
Provision for Business Rates	
- Appeals	(412)
- Other Provisions	(118)
<b>- Total</b>	<b>(530)</b>

### 15 Grant receipts in advance

The Authority has £680k (£301k -2019) grant receipts in advance, all of which is for revenue purposes.

31 March 2019 £000	31 March 2020 £000
(301) Firelink Grant	-
- ESN Grant	(157)
- S.31 Business Rate Relief	(461)
- Covid 19 Grant	(62)
<b>(301)</b>	<b>(680)</b>

## 16 Long Term Liabilities

The Authority has long term liabilities of £292.4m, 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 £63k of this is payable after a year and is therefore categorised as a long term liability.

	31 March 2019 £000	31 March 2020 £000
Start up Costs repayable to PFCC	(126)	(63)
Pension Liabilities	(306,839)	(292,304)
<b>Total Long Term Liabilities</b>	<b>(306,965)</b>	<b>(292,367)</b>

## 17 Usable reserves

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

	31 March 2019 £000	31 March 2020 £000
General Fund	(499)	(1,167)
Section 106 Receipts	(523)	(523)
Insurance Fund External	(250)	(250)
<b>General Fund + Earmarked Reserves</b>	<b>(1,272)</b>	<b>(1,940)</b>
Capital Grants Unapplied Account	(1,020)	(952)
<b>Capital Grants Unapplied Account</b>	<b>(1,020)</b>	<b>(952)</b>
Capital Receipts Reserve	(19)	(19)
<b>Capital Receipts Reserves</b>	<b>(19)</b>	<b>(19)</b>
<b>Total Usable Reserves</b>	<b>(2,312)</b>	<b>(2,911)</b>

### 17.1 General Fund

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

### 17.2 Capital grants unapplied

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



## 18 Unusable reserves

An analysis of the unusable reserves is shown below:

	31 March 2019	31 March 2020
	£000	£000
Revaluation Reserve	(104)	(151)
Capital Adjustment Account	(39,343)	(37,457)
Pensions Reserve	306,839	292,304
Council Tax and NDR Collection Fund Account	-	19
Accumulated Absences Account	36	105
<b>Total Unusable Reserves</b>	<b>267,428</b>	<b>254,820</b>

### 18.1 Revaluation reserve

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

	31 March 2019	31 March 2020
	£000	£000
Opening Balance	(268)	(104)
Revaluation gains in the period	(116)	(107)
Revaluation loss in the period	280	60
<b>Revaluation Reserve</b>	<b>(104)</b>	<b>(151)</b>

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

### 18.2 Capital adjustment account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 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 March 2019	31 March 2020
	£000	£000
Opening Balance	(41,277)	(39,343)
Additions	-	(299)
Depreciation	463	1,727
Revaluation Losses	1,471	234
Derecognition	-	225
<b>Capital Adjustment Reserves</b>	<b>(39,343)</b>	<b>(37,457)</b>

### 18.3 Pension reserve

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

	31 March 2019	31 March 2020
	£000	£000
Opening Balance	281,916	306,839
Actuarial (Gains)/Losses	24,923	(14,535)
<b>Pension Reserve</b>	<b>306,839</b>	<b>292,304</b>

### 18.4 Accumulated Absences Account

	31 March 2019	31 March 2020
	£000	£000
Opening Balance	-	36
Provision for the period	36	69
<b>Accumulated Absences Account</b>	<b>36</b>	<b>105</b>

### 18.5 Collection Fund Adjustment Accounts

	31 March 2019	31 March 2020
	£000	£000
Council Tax Collection Fund Adjustment Account	-	13
NNDR Collection Fund Adjustment Account	-	6
<b>Collection Fund Adjustment Accounts</b>	<b>-</b>	<b>19</b>

## 19. Officers' remuneration

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2019/20 is listed below:

Number of Officers	Remuneration Band (Whole Year Equivalent)	Number of Officers
2018/19		2019/20
23	£50,000 - £54,999	16
8	£55,000 - £59,999	14
6	£60,000 - £64,999	6
1	£65,000 - £69,999	-
1	£70,000 - £74,999	2
2	£85,000 - £89,999	3
1	£115,000 - £119,999	1

### 19.1 Senior Officer Remuneration

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

The tables below detail the individual remuneration of senior employee's for 2019/20 and the three months from January 2019 to March 2019 respectively.

#### ***Employed By NCFRA*** **April 2019- March 2020**

Post Holder Information	Start Date (with NCFRA)	Leaving Date	Salary	Other	Total Excl Pension	Employer's Pension
			£	£	£	£
Chief Fire Officer - D Dovey	01/01/2019		121,435	-	121,435	43,716
Assistant Chief Fire Officer (1)	01/01/2019		86,055	3,913	89,968	23,291
Assistant Chief Fire Officer (2)	01/01/2019		86,055	3,913	89,968	23,291
Area Manager (1)	01/01/2020		13,576	3,801	17,377	5,005
Area Manager (2)	01/01/2019		59,950	16,195	76,145	27,420
Area Manager (3)	01/01/2019		55,512	14,521	70,033	18,517
Head of Support Services	01/01/2019	19/07/2019	16,785	-	16,785	2,559

## January – March 2019

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

All of the above roles remained as at 31 March 2019.

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)
Police, Fire and Crime Commissioner	01/01/2019
Monitoring Officer	01/01/2019
Chief Finance Officer	01/01/2019

All of the above roles remain as at 31 March 2020.

For the 2019/20 financial year, the Authority made a contribution of £335K to OPFCC as a contribution towards these and other officers and governance costs (no contribution was made in the three months for 2018/19).

## 20 External Audit costs

The Public Sector Audit Appointments (PSAA) have set a scale fee of £25K for external audit services carried out by the appointed auditor (EY) in 2019/20 (the sum of £25K was payable for 2018/19). The 2019/20 amount is currently under discussion with EY and it is expected the fee will be set by PSAA.

## 21 Related parties

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

Central Government has effective control over the general operations of 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 and OPFCC staff support the governance of NCFRA. In 2019/20, the sum of £335K was charged to NCFRA for this support. Furthermore, the sum of £17K was returned to NCFRA to reflect their share of transition costs which were lower than anticipated.

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

NCFRA (and previously NCC) made contributions to Northamptonshire Police to fund shared communications and stores roles. These contributions equated to just under £69K for the year.

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

## 22 Capital expenditure and capital financing

In the year ending 31st March 2020, the authority incurred £299k capital expenditure of which £260K was funded by revenue funding and £39K from credits, therefore no borrowing was required to fund this capital expenditure. In 2018/19 the authority did not incur any capital expenditure, and therefore did not undertake any capital financing.

## 23 Operating Leases

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

### Operating Leases

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

### Fleet, Fire, Property, & Photocopiers

	31 March 2019 £'000	31 March 2020 £'000
Less than one year (payments)	88	25
One to five years	44	66
<b>Total</b>	<b>132</b>	<b>91</b>

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

	31 March 2019 £'000	31 March 2020 £'000
Minimum lease payments	25	41

## 24 Commitments

Recognising that the longer term benefits of the transfer of Fire Governance will be available to both NCFRA and Northamptonshire Police, the PFCC determined that the costs would be shared equally between NCFRA and PFCC, payable over three years. As at 31 March 2020, there were two payments remaining, equating to £126K.

NCFRA discloses all Capital Commitments over £20K and following the review, there was one capital commitment for a Hyperconvergence Storage Area Network equating to £175k and a potential further £51k over the remaining contract period.

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

Redundancy and early retirement costs are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these payments. These costs are recognised only when the Authority is demonstrably committed to terminate the employment on the affected employees.

In the 12 months between April 2019 and March 2020 the total cost for these exit packages was zero; reflecting that no early retirement or redundancy payments were made (The three months to the end of March 2019 was also zero)

## **26 Pensions**

### **26.1 Participation in pension schemes**

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

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

## 26.2 Transactions relating to retirement benefits

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

	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total
	March 2019 £000	March 2019 £000	March 2019 £000	March 2020 £000	March 2020 £000	March 2020 £000
<b>Income and Expenditure Account</b>						
<b>Cost of Services</b>						
Current Service Cost	186	1,098	1,284	917	6,390	7,307
Past Service Cost (including Settlements and Curtailments)	41	3,215	3,256	-	2,380	2,380
<b>Financing and Investment Income and Expenditure</b>						
Net Interest Expense	19	1,778	1,797	94	7,440	7,534
<b>Total defined benefit cost recognised in Income and Expenditure Account</b>	<b>246</b>	<b>6,090</b>	<b>6,336</b>	<b>1,011</b>	<b>16,210</b>	<b>17,221</b>
Return on plan assets (excluding the amount included in the net interest expense)	(335)	-	(335)	(498)	-	(498)
Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	391	-	391
Actuarial gains and losses arising on changes in financial assumptions	1,190	1,838	3,028	1,252	22,430	23,682
Other	-	-	-	(16)	-	(16)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>855</b>	<b>1,838</b>	<b>2,693</b>	<b>1,129</b>	<b>22,430</b>	<b>23,559</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made for retirement benefits in accordance with IAS19	(157)	(6,090)	(6,247)	-	8,390	8,390
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>						
Employers' contribution payable to scheme (LGPS)/Retirement Benefits payable to pensioners (FPS)	(89)	(1,950)	(2,039)	-	7,820	7,820

## 26.3 Assets and liabilities in relation to retirement benefits

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

- the Local Government Pension Scheme for civilian employees, administered by 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	Fire Fighters Pension Scheme	Total	Local Government Pension Scheme	Fire Fighters Pension Scheme	Total
	31 March 2019	31 March 2019	31 March 2019	31 March 2020	31 March 2020	31 March 2020
	£000	£000	£000	£000	£000	£000
<b>Opening Defined Benefit Obligation</b>	<b>2,627</b>	<b>297,223</b>	<b>299,850</b>	<b>3,639</b>	<b>303,200</b>	<b>306,839</b>
Current Service Cost	186	1,098	1,284	917	6,390	7,307
Interest Cost	19	1,778	1,797	239	7,440	7,679
Contribution by Scheme Participants	(89)	300	211	(145)	1,130	985
<b>Actuarial Gains and Losses:</b>						
Arising from changes in demographic assumptions	-	-	-	(391)	-	(391)
Arising from changes in financial assumptions	855	1,838	2,693	(1,252)	(22,430)	(23,682)
Return on assets	-	-	-	498	-	498
Other	-	-	-	16	-	16
Curtailments, Settlements and past Service Costs	41	2,915	2,956	-	1,250	1,250
Benefits paid	-	(1,950)	(1,950)	(377)	(7,820)	(8,197)
<b>Closing Defined Benefit Obligation</b>	<b>3,639</b>	<b>303,200</b>	<b>306,839</b>	<b>3,144</b>	<b>289,160</b>	<b>292,304</b>



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

	LGPS Pension Scheme 31 March 2019 £000	LGPS Pension Scheme 31 March 2020 £000
Opening Fair Value of Employer Assets	5,342	5,837
Return on Plan Assets, excluding the amount included in the net interest costs	335	(498)
Interest income on Plan assets	38	145
Benefits Paid		(97)
Contributions from Employer	89	377
Contributions by scheme participants	33	140
<b>Closing Fair Value of Employer Assets</b>	<b>5,837</b>	<b>5,904</b>

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

## 26.4 Scheme history

	Local Government Pension Scheme 31 March 2019 £000	Fire Fighters Pension Scheme 31 March 2019 £000	Total 31 March 2019 £000	Local Government Pension Scheme 31 March 2020 £000	Fire Fighters Pension Scheme 31 March 2020 £000	Total 31 March 2020 £000
Present value of the defined benefit obligation	(9,476)	(303,200)	(312,676)	(9,048)	(289,160)	(298,208)
Fair value of plan assets	5,837	0	5,837	5,904	0	5,904
<b>Net Liability arising from defined benefit obligation</b>	<b>(3,639)</b>	<b>(303,200)</b>	<b>(306,839)</b>	<b>(3,144)</b>	<b>(289,160)</b>	<b>(292,304)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £292.3m 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.

## 26.5 Basis for estimating assets and liabilities

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

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

	Local Government Pension Scheme March 2019 %	Local Government Pension Scheme March 2020 %	Fire Fighters Pension Scheme March 2019 %	Fire Fighters Pension Scheme March 2020 %
Rate of inflation	2.5	1.8	2.35	2.00
Rate of increase in salaries	2.8	2.3	4.35	4.00
Rate of increase in pensions	2.5	1.8	2.35	2.00
Rate for discounting scheme liabilities	2.4	2.3	2.45	2.25
Take up of option to convert annual pre April 2008 service Pension into retirement grant	50	50	N/A	N/A
Take up of option to convert annual post April 2008 service pension into retirement grant	75	75	N/A	N/A

	Local Government Pension Scheme March 2019	Local Government Pension Scheme March 2020	Fire Fighters Pension Scheme March 2019	Fire Fighters Pension Scheme March 2020
<b>65 year old current pensioner</b>				
Male	22.1	21.5	22	21.3
Female	24.2	23.7	22	21.3
<b>45 year old future pensioner at age 65</b>				
Male	23.9	22.3	23.9	23.0
Female	26.1	25.1	23.9	23.0

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.

<b>Impact on Defined Benefit Obligation</b>				
<b>Increase/Decrease in assumption</b>	<b>Local Government Pension scheme</b>	<b>Local Government Pension scheme</b>	<b>Fire Fighters Pension Scheme</b>	<b>Fire Fighters Pension Scheme</b>
	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2020</b>
Longevity (increase in 1 year)	3%-5%	3%-5%	2.0%	3.0%
Rate of increase in salaries (increase by 0.5%)	2.0%	2.0%	1.0%	1.5%
Rate of increase in pensions (increase 0.5%)	9.0%	10.0%	7.5%	7.5%
Rate for discounting Scheme liabilities (decrease by 0.5%)	12.0%	12.0%	9.5%	9.0%

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:

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Cash and Cash Equivalents	137	90
<b>Equity Securities</b>		
Consumer	640	147
Manufacturing	225	64
Energy and Utilities	333	40
Financial Institutions	363	58
Health and Care	229	40
Information Technology	313	44
<b>Debt Securities Bonds</b>		
Government	500	637
<b>Property</b>		
UK	462	444
Overseas	15	31
<b>Private Equity</b>		
All	105	129
<b>Investment Funds and Trust Units</b>		
Equities	2,066	3,389
Bonds	424	436
Commodities		355
<b>Derivatives</b>		
Other	26	-
<b>Total Assets</b>	<b>5,837</b>	<b>5,904</b>

## 26.6 Pensions Reserve

	Local Government Pension Scheme 31 March 2019 £0	Fire Fighters Pension Scheme 31 March 2019 £0	Total 31 March 2019 £0	Local Government Pension Scheme 31 March 2020 £0	Fire Fighters Pension Scheme 31 March 2020 £0	Total 31 March 2020 £0
<b>Opening Balance</b>	<b>2,627</b>	<b>297,222</b>	<b>299,849</b>	<b>3,639</b>	<b>303,200</b>	<b>306,839</b>
Current service cost	186	1,098	1,284	917	6,390	7,307
Interest cost	19	1,778	1,797	94	7,440	7,534
Changes in assumptions	1,190	1,838	3,028	(1,627)	(22,430)	(24,057)
Past service cost, including curtailments	41	2,915	2,956	-	1,250	1,250
Contributions by employer/employee	(89)	300	211	(377)	1,130	753
Benefits Paid	-	(1,950)	(1,950)	-	(7,820)	(7,820)
Return on assets less interest	(335)	-	(335)	498	-	498
<b>Closing Balance</b>	<b>3,639</b>	<b>303,200</b>	<b>306,839</b>	<b>3,144</b>	<b>289,160</b>	<b>292,304</b>

## 27 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 cash, prepayments, arrears, provision for bad and doubtful debts and appeals.

The Council Tax figures for 2019/20 are shown below:

Council Tax Fund 2019-20	Council Tax Cash	Council Tax Prepayments	Council Tax Arrears	Council Tax Bad Debt Provision	Collection Fund Adj Account
	£000	£000	£000	£000	£000
Corby	(12)	(53)	142	(78)	1
Daventry	(12)	(38)	109	(90)	31
East Northants	(2)	(39)	55	(16)	2
Kettering	(36)	(56)	109	(30)	13
Northampton	44	(124)	342	(250)	(12)
South Northants	16	(58)	68	(50)	24
Wellingborough	(83)	(94)	277	(54)	(46)
<b>Total</b>	<b>(85)</b>	<b>(462)</b>	<b>1,102</b>	<b>(568)</b>	<b>13</b>

The Non Domestic Rates figures for 2019/20 are shown below:

Non Domestic Rates Fund 2019-20	NDR Cash	NDR Prepayments	NDR Arrears	NDR Bad Debt Provision	Business Rates Appeals	NDR Fund Adj Account
	£000	£000	£000	£000	£000	£000
Corby	46	(6)	8	(4)	(49)	5
Daventry	65	(6)	6	(4)	(48)	(13)
East Northants	42	(6)	7	(4)	(45)	6
Kettering	52	(3)	3	(1)	(37)	(14)
Northampton	158	(20)	27	(13)	(187)	35
South Northants	32	(8)	6	(4)	(25)	(1)
Wellingborough	29	(3)	10	(4)	(20)	(12)
<b>Total</b>	<b>424</b>	<b>(52)</b>	<b>67</b>	<b>(34)</b>	<b>(411)</b>	<b>6</b>

**FIREFIGHTERS' PENSION FUND ACCOUNT**  
**FOR THE YEAR ENDED 31 March 2020**

March 2019 £000	Note	March 2020 £000
Income To The Fund		
<b>Contributions Receivable:-</b>		
From Employer		
340	7	2,557
-	8	-
-	9	-
289		1,096
<b>Transfers In:-</b>		
-		-
<b>Benefits Payable:-</b>		
(1,621)		(6,836)
(696)		(1,894)
<b>Payments to and on account of leavers:-</b>		
-		-
(1,688)		(5,077)
1,380	10	5,077
(308)		-

## FIREFIGHTERS' PENSION FUND ACCOUNT

### Balance Sheet

As at 31 March 2020

March 2019			March 2020
£000	Net Current Assets and Liabilities	Note	£000
839	Top Up grant receivable from Central Government	10	1,326
-	Amount payable to Central Government		176
-	Amount Owing to Northamptonshire Fire & Rescue		(1,502)
(839)	Cash		-
-	Total		-

# NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

## Notes to the Firefighters Pension Fund Statement

1. This statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain.
2. Three pension schemes operate within the Fund, the 1992 scheme, the 2006 scheme, and the 2015 scheme
3. The Fund is administered and managed according to the statutory requirements set out in the 1992, 2006, and 2015 scheme legislation.
4. The Firefighters Pension Schemes are unfunded and as such have no investment assets. They are funded through employee and employer contributions and Government grant.
5. All firefighter pension related benefits are charged to the Firefighters Pension Fund Account with the exception of costs relating to non-member retirement on ill health grounds and all costs relating to injury pensions, which are charged to the Fire Service Operating Account (revenue).
6. The Fund Account captures income and liabilities relevant to the period shown and therefore does not take account of liabilities to pay pensions and other benefits after the period end.
7. Normal Employer contributions are made as follows:
  - 1992 scheme 37.3% of pensionable pay.
  - 2006 scheme 27.4% of pensionable pay
  - 2015 scheme 28.8% of pensionable pay
8. For any retirement on ill health grounds the Fire Service is required to make a payment to the Pension Fund from its revenue account. This is payable over 3 years. There were 0 retirements of scheme members on ill health grounds
9. Members contributions, for both the 1992 scheme and also the 2006 scheme, changed to having banded contributions in 2013-14. The bandings are as follows:

Pensionable pay band	2019/20 Rates (%)	
	1992 Scheme	2006 Scheme
Up to and including £15,609	11	8.5
More than £15,609 and up to and including £21,852	12.2	129.4
More than £21,852 and up to and including £31,218	14.2	10.4
More than £31,218 and up to and including £41,624	14.7	10.9
More than £41,624 and up to and including £52,030	15.2	11.2
More than £52,030 and up to and including £62,436	15.5	11.3
More than £62,426 and up to and including £104,060	16	11.7
More than £104,060 and up to and including £124,872	16.5	12.1
More than £124,872	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