



# **Shropshire and Wrekin**

## **Fire and Rescue Authority**

# **Statement of Accounts**

2023/24

# Contents

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|  | <b>Page</b> |
|--|-------------|
| Narrative Report                               | 3           |
| Annual Governance Statement                    | 18          |
| Statement of Responsibilities                  | 25          |
| Audit Certificate                              | 26          |
| Statement of Accounting Policies               | 31          |
| Core Financial Statements:                     |             |
| Comprehensive Income and Expenditure Statement | 46          |
| Movement in Reserves Statement                 | 47          |
| Balance Sheet                                  | 49          |
| Cash Flow Statement                            | 50          |
| Notes to the Core Financial Statements         | 51          |
| Pension Fund Accounts                          | 95          |
| Glossary of Terms                              | 97          |

# Narrative Report

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## Introduction

This is the statement of accounts for Shropshire and Wrekin Fire and Rescue Authority, for the financial year ended 31 March 2024. The purpose of the statement is to report how the Authority has performed over the last year, and also to show its financial position at the end of the year.

The Statement has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position of a local authority. Its publication is required under the Accounts and Audit Regulations 2015.

This narrative will provide the reader with an insight about the Fire Authority and its Fire and Rescue Service and will outline its financial performance over the last year and how it is positioned to deal with pressures both now and into the future. There is also guidance about the statements contained within the document.

## The County of Shropshire

Shropshire is England's largest inland county, covering an area of 3,487 square kilometres, and bordering Wales, Cheshire, Staffordshire, Worcestershire, Herefordshire and West Midlands. It contains numerous small towns and villages, but the population and economy are mainly centred around Shrewsbury, Telford, Oswestry, Bridgnorth and Ludlow.

## Governance

The Fire Authority was created through the Shropshire Fire Services (Combination Scheme) Order 1997.

Shropshire and Wrekin Fire Authority is the statutory authority responsible for the fire and rescue functions of protection, prevention and response within Shropshire. Seventeen members are appointed, and their role is to represent the interests of Shropshire Council and Telford & Wrekin Council.

The Authority is responsible for the overall corporate governance of the organisation, its strategic direction, setting its budget and establishing and monitoring management goals. Business must also be conducted in accordance with legislation, regulation and government guidance to ensure that proper standards of conduct, probity and professional competence are set and adhered to.

The Strategy & Resources Committee and the Standards, Audit and Performance Committee support the Authority in carrying out its functions.

## **Shropshire Fire and Rescue Service**

The Service is directly accountable to the Fire Authority for the delivery of fire and rescue services in Shropshire.

The Service employs around 610 staff in full and part time roles. There are 23 strategically located fire stations across the county; Shrewsbury and Wellington have crews working on the wholetime and retained duty systems, whilst Telford Central has a wholetime crew and Tweedale has retained cover which switches to wholetime cover during the night. Headquarters, Workshops, Fire Control and Community Safety and Prevention functions are based in Shrewsbury, with Training and Development facilities located at Telford.

The risks faced by the Service range from those posed by the predominantly rural, sparsely populated community, through to the potential impact of international terrorism. Shropshire is home to approximately 493,000 people, and its communities present many challenges and risks.

The Service also protects over 18,000 commercial premises and the millions of people who visit Shropshire each year for leisure, business or study. The local economy is dependent on a thriving business sector, and to this end the Service's proactive protection and prevention strategy aims to reduce the incidence and impact of fire on local businesses. This strategy extends to hospitals, education establishments and nationally and internationally important heritage sites like Ironbridge Gorge.

The Service attends up to six thousand emergencies every year, but community and business fire safety initiatives prevent a great many more.

## **The Legislative Framework**

National legislation places the statutory responsibility for provision of fire and rescue services upon the Fire Authority. The key responsibilities are set out within:

- Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004
- The Regulatory Reform (Fire Safety) Order 2005

In addition to legal requirements, the Fire Authority must deliver the Government's priorities for fire and rescue services. These priorities are set out in the Fire and Rescue National Framework:

- Identify and assess the full range of foreseeable fire and rescue related risks their areas face, make provision for prevention and protection activities, and respond to incidents appropriately;
- Work in partnership with their communities and a wide range of partners locally and nationally to deliver their service;
- Be accountable to communities for the services they provide.

## Operational Context

The Fire Authority is required to publish a Community Risk Management Plan (CRMP) – this establishes how the Authority intends to meet the challenging needs and risks within the community in the short to medium term.

The CRMP process is a key component in achieving the Authority's strategic priorities. It provides an overview of the ongoing risk assessment process that is conducted to ensure that the correct resources, expertise and knowledge are in place to deliver the Service's aim, Making Shropshire Safer, and provide the safest, most effective process possible.

The process for risk management planning can be broken down into the following stages:

- Identify existing risks – in a fire context, risk is the likelihood of a fire or other emergency happening and the severity of its potential effects
- Evaluate effectiveness of current arrangements
- Identify improvement opportunities and develop policies and standards
- Determine resource requirements
- Consult with stakeholders
- Implement changes.

The CRMP demonstrates how the Service will best use its Prevention, Protection and Response resources to combat these risks:

- **Prevention** is educating people and raising awareness about the risks from fire and other emergencies in an effort to stop risks occurring
- **Protection** is ensuring that buildings have appropriate means of escape and other safety features that improve public and firefighter safety in the event of a fire
- **Response** is dealing with the effects of an incident in an emergency phase.

The main resources available to the Authority in the execution of its CRMP are:

- Main sources of funding – government grant, business rates, and local taxation (council tax) – these are discussed later in the report
- Experienced and competently trained staff; and
- Relationships and partnerships with other agencies and authorities.

Strategies in Prevention, Protection and Response lay out how the Authority will operate to meet the needs of its local community through the provision of key services. These strategies are supported by the Authority's Asset Management Plan and ICT Strategy and will be reviewed and monitored at an operational level by departmental plans.

The consequences that result from the Authority's operational activities are measured by its corporate performance indicators – this is a challenging suite of performance measures which were set up with a view to continuously improve and are reviewed and updated annually. These measures will confirm whether any

# Narrative Report

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changes are required to the Authority's strategies if outputs and outcomes are not as anticipated.

## Our Performance

The Fire Authority approved a new suite of seven corporate indicators which have operated from 2021/22, covering

- Number of all fires
- Number of accidental dwelling fires
- Number of deliberate fires
- Percentage of incidents attended within 15 minutes
- Percentage of fires contained within room of origin
- Number of fire related deaths and injuries (this is a narrative indicator with no tolerance)
- Number of fires in regulated buildings (this was a new indicator which had a tolerance set from 2022/23)

All indicators with a set tolerance level achieved within those set tolerances.

## Financial Performance

The Fire Authority's strategic planning process has successfully combined revenue budget cuts, a long-term precept strategy, and effective use of reserves and surplus funds to avoid borrowing costs for future taxpayers.

Following the approval of Efficiency and the issue of a four year settlement which covered the financial years 2016/17 to 2019/20, the Authority had a degree of financial certainty in its planning process for the years leading to 2020.

Subsequent delays to the Comprehensive Spending Review, in 2020/21 due to the United Kingdom's exit from the European Union, and in 2021/22 as a result of the pandemic, reintroduced degree of uncertainty in the Authority's medium term financial planning.

In order to test the Authority's financial resilience and ability to adapt to changing conditions, a number of scenarios were developed to test the sensitivity to changes in planning assumptions. These scenarios enabled members to assess the impact of the current and possible future financial settlements and to set its precept strategy.

Given the ongoing uncertainty surrounding the mid to late years of the planning period, members have been advised to approve a budget for the coming year only, and task officers to update scenario planning as and when more details on future years became available.

The government reverted to a multi-year spending review from 2022/23, moving away from short term settlements as a result of Brexit and Covid. There was a real terms rise in spending in departments and higher inflationary pressures were expected, with public pay reverting to the usual pay setting process.

The focus for the Authority and the Service for 2023/24 was to continue to progress and facilitate the strategic reviews set out in its four year planning period.

# Narrative Report

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Contributions were made from the General Fund balance to reserves, to make funds available to increase capacity for the reviews.

Growth was also introduced into medium term planning to recognise the ongoing resource requirements from recommendations of the reviews.

During the summer of 2022, prior to the beginning of the budget setting process for 2023/24 and later years, national negotiations had begun for firefighters and non-operational staff pay awards, which were in excess of the contingencies built into the budget for 2022/23 and future years. In order to meet the legal requirement to produce a balanced budget, it was necessary to pause on growth aspirations and delay investment in the recommendations from the On Call Sustainability Review until the outcome of the negotiations were known.

The Spending Review was announced for 2023/24 and future years, and a policy statement followed which set out intentions for 2023/24 and 2024/25.

Confirmations within the document included an increase in revenue support grant of 10.1%, continuation of a number of grants, and, most significantly, greater flexibilities on precept setting for 2023/24 for the Fire sector, allowing an increase of up to £5 before a referendum was required.

The increase in council tax referendum spending limit was in part due to coordinated lobbying by local members of Parliament, National Fire Chiefs Council, the Local Government Association, and the Home Office, as well as members of the Authority. This increase allowed the Service to meet its inflationary pressures, whilst continuing to strive for no degradation to service delivery.

Following protracted negotiations, industrial action by members of the Fire Brigades Union was averted with a final pay offer of 7% for 2022/23 and 5% for 2023/24. In order to fund the pay awards, an additional £290,000 was required in the revenue budget for 2023/24, and to facilitate this, revenue contribution towards the refurbishments at Telford was reduced to £210,000. Potential growth to implement the recommendations of the Service's strategic reviews would have to be re-evaluated in light of the additional pay costs in future years.

After consideration of the options and their medium term consequences, as well as the ongoing pay negotiations, members approved a council tax increase of 4.6%, which equated to £4.89 or 9p per week.

While the finance settlement for 2023/24 was more favourable than anticipated and covered the inflationary pressures faced by authorities, continued single year settlements hamper medium term planning and sustainability. The Authority's strategy has been to assess the consequences of its decisions across the planning period, which enables timely strategic decisions to be implemented.

The Authority continues to monitor and review its strategic planning options and is well placed to react to future funding decisions.

## **Revenue Budget and Expenditure**

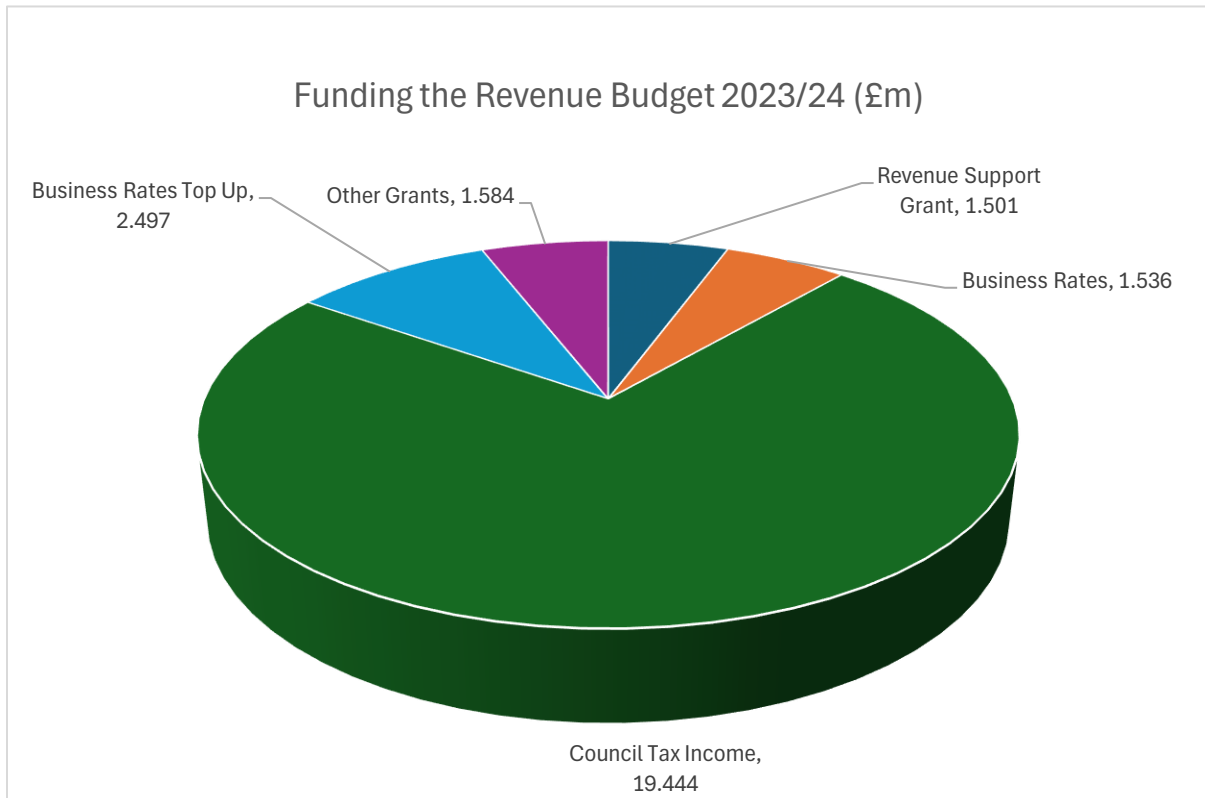
In February 2023, Shropshire and Wrekin Fire Authority approved a revenue budget of £26.562m for 2023/24. This budget quantified the Service's strategic and

# Narrative Report

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operational plans, and the further subdivision into business areas also enabled individual business plans to be quantified, and achievements monitored.

The revenue budget for 2023/24 was funded as follows:

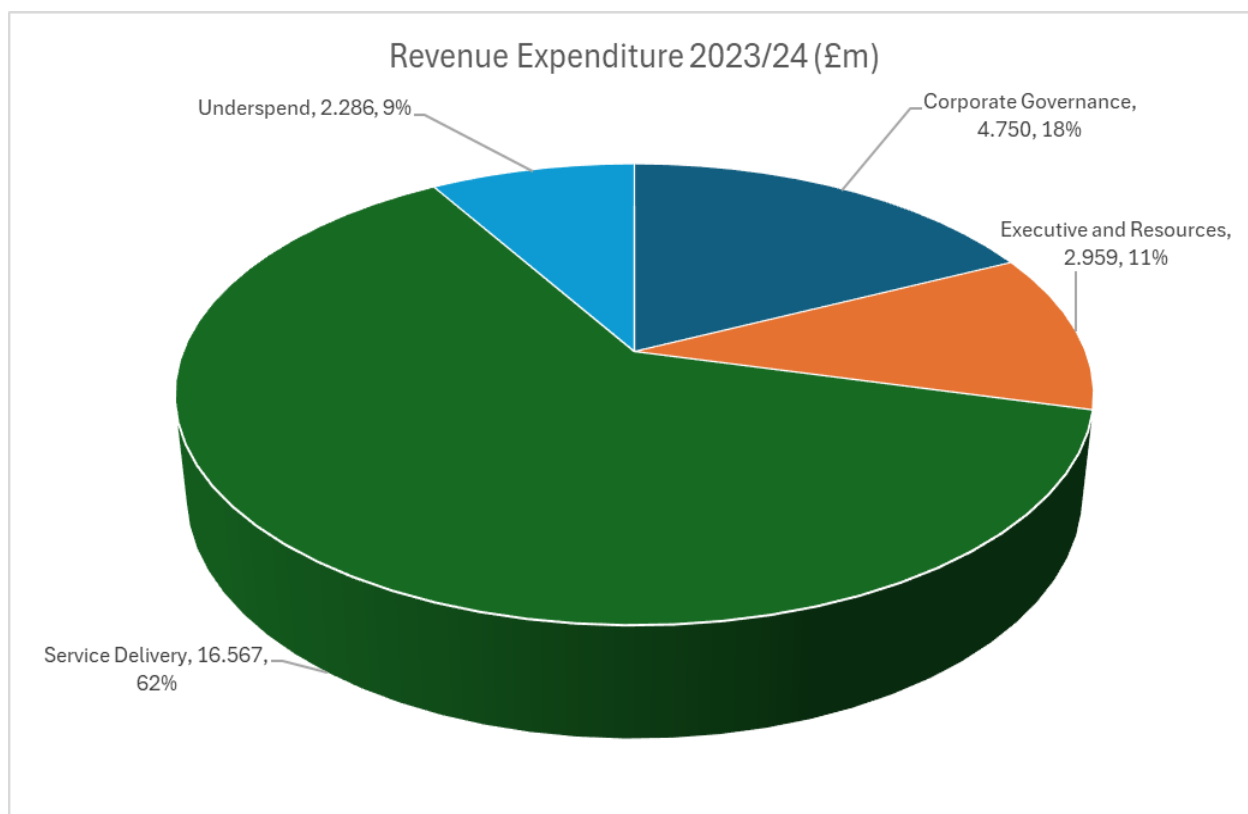


Additional grants were provided by the government to compensate for business rates reductions. These have been shown in the graph above within 'Other Grants'.



# Narrative Report

During 2023/24 the Fire Authority received regular updates on financial performance and approved changes of £2.003m to the revenue budget. Actual out turn on the revenue budget was £24.276; further variances of £283,000 were identified.



| Efficiencies and other variances | £'000      |
|----------------------------------|------------|
| Development pay                  | 36         |
| Control pay                      | 44         |
| Service Transformation pay       | -36        |
| Protection pay                   | 35         |
| Fleet and workshops              | 58         |
| ICT                              | -50        |
| Development and training         | -46        |
| Income                           | -21        |
| Technical Services and hydrants  | -44        |
| Debt charges                     | 36         |
| Pensions                         | 22         |
| Other variances                  | -23        |
| Contingency balance              | 215        |
| <b>Total</b>                     | <b>226</b> |

# Narrative Report

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| <b>Slipped Income and Expenditure</b> | <b>£'000</b> |
|---------------------------------------|--------------|
| Prevention initiatives                | 26           |
| Protection grants and costs           | 31           |
|                                       |              |
| <b>Total</b>                          | <b>57</b>    |

| <b>Income</b>             | <b>£'000</b> |
|---------------------------|--------------|
| Additional grant received | 148          |
|                           | <b>148</b>   |

## Capital Expenditure

In 2023/24 the Fire Authority spent £6.509m on capital projects. These can be summarised as follows:

| <b>Scheme</b>          | <b>£'000</b> |
|------------------------|--------------|
| Building Improvements  | 5,675        |
| Vehicles and equipment | 605          |
| IT Infrastructure      | 229          |
| <b>Total</b>           | <b>6,509</b> |

Expenditure on capital projects has been funded from:

| <b>Source of Funding</b> | <b>£'000</b> |
|--------------------------|--------------|
| Major Projects Reserve   | 603          |
| ICT Reserve              | 228          |
| Capital receipts         | 129          |
| Revenue                  | 254          |
| Borrowing                | 5,295        |
| <b>Total</b>             | <b>6,509</b> |

# Narrative Report

## Reserves - Overview of the Reserves Strategy

The Fire Authority has set out its financial strategy to 2023/24 in its Medium Term Financial Plan, and its reserves policy is an integral part of this Plan. The level of reserves that the Authority holds has been driven by the following principles:

**To fund major projects, thereby avoiding debt charges into the long term** - the Authority has used reserves successfully in recent years to fund its capital programme, most notably the fire station, workshop and headquarters in Shrewsbury. The Capital reserves and the ICT reserve will continue to be used to fund the capital programme into the medium term, most notably the major refurbishment works at Telford's fire station and training centre. Any one-off savings identified in future can be used to replace funds.

**To fund unexpected and undetermined expenditure that cannot be met by a reducing revenue budget** - an example of this is the contributions that have been made to the Service Transformation Programme Staff Reserve, to provide staffing capacity for projects.

**To support revenue expenditure and smooth out fluctuations in the revenue budget** - the Fire Authority is focussed on the challenges that it will face into the medium term, and officers will review all aspects of the revenue budget in order to meet these deficits. A number of reserves have been created to address and support some areas of the revenue budget, and reviews are currently being carried out to identify smarter use of the Authority's resources. These reserves will act as enablers to reduce the revenue budget, and safeguard the service delivered to the people of Shropshire.

A summary of the position on each reserve is shown below.

|  | <b>31 March<br/>2023<br/>£'000</b> | <b>31 March<br/>2024<br/>£'000</b> |
|--|------------------------------------|------------------------------------|
| General Reserve                                | 577                                | 456                                |
| Pensions and Other Staff Issues Reserve        | 687                                | 677                                |
| Extreme Weather Reserve                        | 219                                | 219                                |
| Earmarked Capital Reserve                      | 0                                  | 0                                  |
| Major Projects Capital Reserve                 | 6,634                              | 6,813                              |
| ICT Reserve                                    | 834                                | 547                                |
| Usable Capital Receipts Reserve                | 41                                 | 58                                 |
| Income Volatility Reserve                      | 687                                | 687                                |
| Service Transformation Programme Staff Reserve | 869                                | 809                                |
| Service Delivery Reserve                       | 118                                | 9                                  |
| Training Reserve                               | 13                                 | 127                                |
| Operational Equipment Reserve                  | 116                                | 275                                |
| Buildings Maintenance Reserve                  | 300                                | 450                                |
| General Fund Balance                           | 1,723                              | 2,433                              |
| <b>Total</b>                                   | <b>12,818</b>                      | <b>13,560</b>                      |

Each of the Fire Authority's reserves are explained in the Statement of Accounting Policies.

## The Year Ahead

### Potential transfer of governance - West Mercia Police and Crime Commissioner

In June 2020, a decision was made by the Home Secretary, that the original business case put forward in 2017 for the West Mercia Police and Crime Commissioner (WMPCC), to take on governance of Shropshire Fire and Rescue Service, should be reviewed in light of events that have taken place since the original decision was made to grant a transfer of governance in 2018. The Home Secretary stated that any new or revised business case should not be put forward for consideration until after the PCC elections in May 2021. In 2020 the Home Office commissioned a review of the role and function of PCCs, including the potential for them to assume a fire governance role, and a white paper was published in Spring 2022. The Fire Authority reviewed the white paper and issued a formal response in the summer of 2022.

The Government's response to the White Paper consultation in December 2023.

*"The White Paper outlined the value of single point accountability in fire and the Home Office is committed to supporting moves towards this. We will not, however, take forward the mandatory transfer of FRA functions to Police and Crime Commissioners (PCCs), Mayors or single elected individuals at this stage.*

*The Home Office will encourage PCCs and Mayors who want to take on fire governance functions, where the areas are coterminous, to step forward, in order to enable the Home Office to assess readiness and support change. The Home Office will also work proactively with PCCs and the Association of Police & Crime Commissioners to explore ways to simplify processes and incentivise voluntary transfers. This could be done by radically streamlining the business case process or exploring legislative means to remove them altogether. The Home Office will also, as part of the Government's Levelling Up agenda, continue to support locally led devolution deals and any fire governance transfers that result from these deals."*

### Fire Alliance – Hereford and Worcester Fire and Rescue Authority

The Fire Authority has an established Fire Alliance with Hereford and Worcester Fire and Rescue Authority. This enables the two services to collaborate in ways that create capacity and resilience for both. The initial four areas of focus were ICT, Fire Control, Community Risk Management Planning (CRMP) and procurement. These areas were believed to be of value in themselves but would also serve as the bedrock for any more expansive or deeper collaboration. The expectation is that this arrangement will support both services in achieving their aim of continuing to meet community needs within a challenging financial climate.

Both Services have now developed and delivered their Community Risk Management Plans using a single methodology and working to a common set of performance measures. Several IT systems have been harmonised and jointly procured and progress has also been made in bringing together areas such as procurement, training provision and fire investigation.

Operational collaborations, such as those mentioned above, will continue to be undertaken as business as usual activity, but the primary focus of both services has continued to be to align their control room functions through the procurement of a new Command and Control system.

The Integrated Fire Control Collaboration (IFCC) project, which brings together the fire controls of Shropshire, Hereford & Worcester, Cleveland, and Durham and Darlington, is progressing well. Contracts were signed in December 2023, with a go live target of June 2025.

The unified system aims to enhance resilience and mutual support across all control rooms when required in conditions such as a major incident or spate, while providing each service with an independent fire control to maintain business as usual. Configuration of the system begins in July 2024 which is being completed by a dedicated project team, and current efforts are focused on establishing the necessary infrastructure.

A focussed project team is facilitating strong and continuous collaboration among the four services, ensuring the project's steady advancement.

### **IRMP3 – major improvements at Telford**

Following a feasibility study, the Fire Authority agreed a £12m project for the refurbishment of Telford Central Fire Station to provide accommodation for continued operational response and training activities, together with improved incident command and management, and accommodation with our partners to provide an enhanced command facility to support the operations of the Local Resilience Forum. This will result in significant improvement in the ability of all partners to deal with major incidents in Shropshire.

A technical project manager and an architect were appointed to design and manage the works. Planning permission was received, and a contractor appointed. Works started on site in June 2021, for completion by March 2023. Significant technical issues have been identified with the existing structure which will result in additional time being taken and cost incurred, with a likely final cost of £16m, and estimated completion date of August 2024. Additional costs are likely to be covered by further reserve contributions and uplifted debt charge budgets. No decision has yet been made about the possible recovery of additional costs to the Authority.

### **McCloud Sargeant – Age Discrimination case**

Employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race

discrimination. The Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination.

In February 2021, the Government confirmed their approach to remedying age discrimination. In the case of the Fire Schemes, the key feature of the proposed remedy was to extend the final salary protection to 31 March 2022 and to give protected members a one off choice, in relation to the protected period of 1 April 2015 to 31 March 2022, to either retain their legacy final salary benefits or the reformed career average benefits. This applied to members who were active on or before 31 March 2012 and either remain in active service or left service before 1 April 2015 (including to those members who no longer have a benefit entitlement from the Schemes). It has now been announced that members will make this choice at retirement ('deferred choice' approach). It is assumed that during the protected period members will accrue service in their legacy scheme. All active members in service as at 31 March 2022 would then accrue benefits in the reformed career average scheme.

The legislation around retrospective remedy was laid in October 2023. Since then, prospective cases have been processed in line with the new legislation and provided retirees with their option of either legacy or reformed benefits for the remedy period 01/04/2015 - 31/03/2022.

Data has been shared with West Yorkshire Pension Fund (WYPF) for those cases facing immediate detriment because of the changes made in 2015. WYPF are now in a position, pending their own workloads, to process cases and provide these members with their Remedial Service Statement. However, ongoing tax issues have resulted in a nationwide pause on processing cases. A change in legislation has been agreed and in the interim a ministerial note from Government is expected. Guidance around potential tax issues has been issued by His Majesty's Revenue & Customs (HMRC) and the administrators are working on its application.

The Fire Authority will decide whether WYPF should use this guidance prior to legislation being laid; cases will then be unpaused and ready for processing. Payment of backdated arrears and lump sums will then commence, however the timescales are unclear given the number of cases involved and the resources available to WYPF.

Compensation guidance has been provided by the Local Government Association and a process for compensation claims will be developed in due course.

## **Matthews – Modified 2006 Pension Scheme**

Following the Matthews vs Kent and Medway Towns Fire Authority & others court ruling, retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

# Narrative Report

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More work has taken place on the pensions aspect of the case, and the judgment held that remedy could extend back before the Part-time Workers Directive was required to be implemented on 7 April 2000.

Retained firefighters in scope will be able to purchase pension entitlement as a special member for some of all of their service between 7 April 2000 and 5 April 2006, and /or continuous service from 5 April 2006.

A second options exercise is underway and 181 members have expressed an interest in buying back service in the modified 2006 scheme. To date, 128 have now been provided with a statement listing estimated benefits and costs. The figures provided vary considerably between members, based on personal circumstances. However, there are 37 members who are due large immediate payouts. It has been confirmed by WYPF that these payments are unlikely to be made in the next three months.

The Authority have engaged a tracing company to find contact details for members where contact has been lost. Once updated contact details have been obtained and members written to, there is likely to be a second wave of interest in the buy back exercise.

There are potential obligations upon the Fire Authority. Although some members have received statements, the total obligation has not been estimated with certainty.

## Strategic Improvement Reviews

The Service Plan for 2022/23 launched seven strategic improvement reviews, covering the sustainability of the Service's on call service, the productivity and efficiency of the Service and how its resources are used, and how these are identified, measured and reported. The reviews are planned to run concurrently over the remaining 3 years of the Community Risk Management Plan (CRMP).

In January 2022, the Service's senior management team held a strategic planning day and 3 of these reviews were prioritised in terms of capacity and funding, for the coming year:

**On call sustainability project** – The service appointed and funded a dedicated project manager role until April 2024. A key area identified is banded contracts with a decision during 2023/24 to increase on call retaining fee payments progressing to consultation and implementation in January 2025. This aligns with the national pay offer and will see an increase in service expenditure in the region of £450,000 per year.

The remaining elements of the project have been allocated within Service management posts to focus expenditure on improvement areas. Capital expenditure for alerting is complete and revenue expenditure is costed against existing expenditure levels.

**Resource review** - This review is considering the Service's specialist capability including managing the threat from lithium batteries, working & rescues from height and climate change. The review focusses particularly on flooding, water availability, and the increase in frequency of wildfire.

The purpose of the review is to ensure the most effective, efficient, and economical capabilities to meet the risks identified in the Community Risk Management Plan. As well as identifying investment, the review will also assess where reductions in operational capability might be made, should budgetary restrictions require them, and which might have the least detrimental effect on risk.

**Alliance command, control and mobilisation** - The Service is now 2 years into a collaborative project with Hereford & Worcester Fire and Rescue Service to design a command and control function that allows both Services to operate autonomously but be able to combine in periods of crisis or spate to rapidly increase capacity and resilience. The project is currently specifying a joint command and control system with phased implementation timetable to coincide with the Telford refurbishment project.

**Efficiency and Productivity** - Following the submission of the Authority's Efficiency and Productivity Plan to the Home Office, officer resources have been focussed on the identification of efficiency savings, which resulted in a reduction in the revenue budget, and achievement of the 2% savings target required by the Home Office. The focus in 2024/25 will be the confirmation of productivity baselines within the Service, and identification of productivity savings to support an improvement of 3%.

## The Financial Statements

The core financial statements are set out on pages 46 to 50 and are supported by a Statement of Accounting Policies. Explanatory notes follow the accounting statements.

The purpose of these core financial statements is given below.

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

**Movement in Reserves Statement** - This statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, which are those that can be applied to fund expenditure or reduce local taxation, and other reserves.

- The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.
- The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

**Balance Sheet** - This shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets



# Narrative Report

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less liabilities) are matched by the reserves held. Reserves are held in two categories:

- Usable reserves – those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use;
- Unusable reserves – those that the Authority is not able to use to provide services. These reserves hold unrealised gains and losses until assets are sold (ie Revaluation Reserve) or contain timing differences (shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations').

**Cash Flow Statement** - This statement shows the changes in cash and cash equivalents of the Authority during the accounting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

- The amount of net cash flows generating from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Authority.

# Annual Governance Statement

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## Scope of Responsibility

Shropshire and Wrekin Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

The Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Fire Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016'.

This Statement explains how the Fire Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

The Accounts and Audit (Amendment) Regulation 2021 was passed to amend the dates by which the Statement of Accounts must be approved and published.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Fire Authority is directed and controlled, and the activities through which it accounts to, engages with, and leads the community. It enables the Fire Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective 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 Shropshire and Wrekin Fire and Rescue Authority'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.

# Annual Governance Statement

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The governance framework has been in place at Shropshire and Wrekin Fire and Rescue Authority for the period of the 2023/24 accounts and up to the date of approval of the Annual Report and Statement of Accounts.

## The Governance Framework

The Fire Authority's governance framework comprises many systems, policies, procedures and operations in place to:

- identify and communicate the Authority's vision of its purpose and intended outcomes for citizens and service users;
- review the Authority's vision and its implications for the Authority's governance arrangements;
- define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Authority and partnership arrangements;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for members and staff;
- review and update standing orders, standing financial instructions, the scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- ensure the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and, where they do not, explain why and how they deliver the same impact;
- ensure effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014)
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities (2018);
- ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- ensure the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019) and, where they do not explain why and how they deliver the same impact;
- enable whistleblowing and the receiving and investigating of complaints from the public;
- identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- ensure good governance arrangements in respect of partnerships and other joint working and reflecting these in the Authority's overall governance arrangements.

## Review of Effectiveness

The Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority, who have overall responsibility for the development and maintenance of the governance environment, as well as:

- the Treasurer;
- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Managers within the Fire Authority, who have day-to-day responsibility for ensuring the governance framework is functioning correctly.

Comments made by the External Auditors and other review agencies and inspectorates in their Auditor's Annual Report and other reports also contribute to this review.

Throughout 2023/24 the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

- a. The Authority continues to monitor expenditure for all capital schemes;
- b. Ongoing review of the Authority's employment policies is undertaken and, where necessary, policies are modified or created to ensure compliance with all applicable legislation;
- c. The Service Transformation Programme, which includes Community Risk Management Planning (CRMP) Projects and activities that Service Managers believe will deliver a sustainable service to the community into the future. Central to the Programme will be the continued investment in technology and systems to improve back-office efficiency and provide operations with technology to improve service delivery. The Programme, which dovetails into the Service's Financial and Service planning processes, will ensure that the appropriate level of control and visibility of all projects, reviews and activities are maintained throughout the lifecycle of the Programme.
- d. The Service has continued to invest significantly in its Information and Communications Technology and command and control infrastructure.
- e. The Fire Authority has received and/or adopted:
  - Statement of Accounts 2022/23
  - Annual Plan 2023/24
  - Annual Audit Letter 2022/23
  - Budget Monitoring reports
  - Service Measures Performance reports
  - The Service Plan 2021/25, strategy and budget.
- f. The Fire Authority's Service Management Team of officers carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress made towards last year's Improvement Plan.
- g. Internal audits have been undertaken with several planned reviews of systems and internal control procedures across a range of functions in the Fire Authority. Each review contains an opinion on the internal controls in place and any weaknesses result in recommendations for improvement,

# Annual Governance Statement

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which are agreed and implemented by management. Progress against these recommendations is monitored by the Risk Management Group, with regular reports to the Service Management Team and to the Standards, Audit and Performance Committee.

h. Audits completed by Internal Audit during 2023/24 related to:

- Finance - Creditors
- Finance - Main Ledger
- Payroll and Pensions
- Business Continuity
- Community Engagement and Safety
- Procurement & Projects
- Fleet Maintenance
- Stores – Asset Disposal
- Leave Arrangements.

Based on the work undertaken and management responses received, the Head of Internal Audit has offered reasonable assurance for the 2023/24 year that the Authority's framework for governance, risk management and internal control processes is sound and working effectively.

Generally, risks are well managed and 2023/24 has continued to see progress in the embedding of key business system changes.

Whilst there are no known concerns around the IT environment, this aspect has not been reviewed in the current year.

Internal Audit will be conducting audits in the following areas during 2024/25:

- Debtors;
- Data Quality;
- Corporate Health and Safety;
- Procurement and Contract Management;
- IT Security, Network Resilience and Cyber Security;
- HR – Starters, Leavers and Movers;
- Absence Management;
- Workforce Development.

## **The Role of the Chief Financial Officer**

The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

A Service Level Agreement has been put in place between Shropshire Council and Shropshire and Wrekin Fire and Rescue Authority, for the provision of financial advice and representation.

Shropshire Council's Executive Director of Resources acts as Treasurer to Shropshire and Wrekin Fire and Rescue Authority to ensure the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with section 151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015.

# Annual Governance Statement

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The Chief Financial Officer's role is discharged through:

- Provision of advice and support on application of accounting policies and procedures and adherence to International Financial Reporting Standards.
- Attendance by the Treasurer or nominated representative at the following statutory meetings held with Fire Authority Members:
  - Meetings of the Fire and Rescue Authority;
  - Meetings of the Strategy and Resources Committee; and
  - Meetings of the Standards, Audit and Performance Committee.
- Regular Chair's briefings and internal meetings, as well as regular liaison with the internal Head of Finance (Deputy Section 151 Officer), and the internal Fire Authority Finance Team.

In addition to the provision of section 151 duties, Shropshire Council provides access to a number of services, for example the Fire Authority's Finance Team will have direct access to the Council's Financial Forward Planning Team and can provide resilience and development through staff rotation and secondments.

The Council endeavours to consult with the Fire Authority on any key or principal decisions, outside the formal services agreed within the service level agreement.

## CIPFA Financial Management Code

The CIPFA Financial Management Code (the FM Code) is designed to support good practice in financial management and assist in demonstrating the Fire Authority's financial sustainability. Compliance with the FM Code is the collective responsibility of elected members, the Chief Finance Officer and the senior leadership of the organisation.

The way compliance with the FM Code is demonstrated should be proportionate to the circumstances of each local authority.

The six principles of good financial management have been developed to focus on an approach which will determine whether, in applying the standards of financial management, a local authority is financially sustainable. The principles are:

**Organisational Leadership** – demonstrating clear strategic direction based on a vision where financial management is embedded into organisational culture

**Accountability** – medium term financial planning that drives the annual budget process and is supported by effective risk management, quality supporting data and whole life costs

**Transparency** – financial management is undertaken with transparency, using consistent meaning and understandable data, reported frequently with evidence of officer action and elected member decision making

**Standards** – adherence to professional standards is promoted by the leadership team and evidenced

**Assurance** – sources of assurance are recognised as an effective tool for financial management, including political scrutiny and the results of internal and external audit and inspection

**Sustainability** – long term sustainability of services is at the centre of all financial management processes and is evidenced by prudent use of public resources.

# Annual Governance Statement

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The Authority has demonstrated a sound system of financial management which is evidenced by a number of internal and external inspections, including Grant Thornton and His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). Officers will continue to work with members and partners to identify and improve performance against the principles detailed within the FM Code.

## Significant Internal Control Issues

No significant issues were raised in the External Auditor's Annual Audit Letter 2022/23.

Following the Auditors Annual Report for 2021/22 and 2022/23 it was agreed that Standards Audit & Performance Committee would receive the Corporate Risk Register showing both current static risks and dynamic risks.

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, between January and March 2024. An Annual Governance Statement (AGS) Improvement Plan 2024/25 has been produced, based on the findings from this process.

A summary of the areas for further development, contained in the AGS Improvement Plan 2024/25, is given below.

## People

Implement the actions identified in the On-Call Sustainability Review through the delivery of the OCS Project.

Implementation of fitness support facilities via the refurbishment programme.

Feasibility Study (station fitness provision) to be reviewed following the introduction of stand-alone facility at Baschurch.

## Processes

Through the Service Programme Board continue to replace paper-based processes with streamlined electronic workflows.

## Systems/IT Infrastructure

Continual improvement of network security to a standard for adopting the implementation of the Emergency Service Network that guards against cyber threats and minimises disruption to daily operations.

Enhance the workflows in Fire Service Rota (FSR) to incorporate as many pay elements as possible so that manual processes are removed.

## Building Facilities

Deliver the property capital schemes including the Telford Central Fire Station redevelopment project.

# Annual Governance Statement

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Introduce improvements to station access and security at all SFRS sites.

Review training facilities across the estate and consider feasibility study outcomes.

## **Appliances and Equipment**

Deliver the fleet and equipment strategy to include the introduction of new pumping and specialist appliances.

## **Collaboration**

Oversee the replacement of the new Command and Control system.

## **Operations**

Undertake an operations resource and capability review to support the next Community Risk Management Plan (CRMP) which will come into effect in 2025.

Progress made against the Plan will be monitored by the Risk Management Group, with regular progress reports to the Fire Authority's Standards, Audit and Performance Committee and the Service's Service Management Team.

|   |                    |              |
|---|--------------------|--------------|
| Signed:   |                    |              |
| Cllr Kevin Pardy                                    | Simon Hardiman     | James Walton |
| Chair of Standards, Audit and Performance Committee | Chief Fire Officer | Treasurer    |



# Statement of Responsibilities

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## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2024).

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice and current regulations.

The Treasurer has also:

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

## Certificate of the Treasurer

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31 March 2024.

**TREASURER**      **James Walton**

**Dated: 14 June 2024**

## The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Treasurer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

## Approved by the Authority

The Statement of Accounts was approved at a meeting of the Standards Audit and Performance Committee on xxxxxx.

**Chair of the Standards Audit and Performance Committee**

**Dated:**

\*A signed copy of the statement is held at Brigade Headquarters

# Audit Certificate

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# Audit Certificate

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# Audit Certificate

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# Audit Certificate

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# Statement of Accounting Policies

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## 1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Fire Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the statement to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Accounting Standards (IFRS).

The draft Statement of Accounts for 2023/24 must be available for approval by 31 May 2024, and the audited accounts must be approved and published by 30 September 2024.

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

The Statement of Accounts have been produced on a going concern basis; this assumes that the Fire Authority's functions and services will continue in operational existence for the foreseeable future.

## 2 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Fire Authority's cash management.

## 3 Provisions

Provisions are made when an event has taken place that gives the Fire Authority an obligation that probably requires payment, but where the timing of the payment is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Fire Authority becomes aware of the obligation, based on the best estimate of the likely payment. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, and where it is likely that payment does not need to be made, the provision is reversed and credited back to the relevant service.

## 4 Council Tax and Non Domestic Rates (NDR)

The council tax and NDR income included in 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 authority's General Fund. Therefore, the difference between the income included in the Comprehensive

# Statement of Accounting Policies

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Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Council Tax Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## 5 **Contingent Liabilities**

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

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

## **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed as a note to the financial statements where it is probable that there will be an inflow of economic benefits or service potential.

## 6 **Reserves**

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

The Authority holds the following reserves:

- **General Fund** – this is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. Any balance of funds at the end of the year is held as a General Fund balance.



## Statement of Accounting Policies

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- **General Reserve** – A risk assessment of the pressures likely to face the Authority is undertaken, and the current balance on this reserve represents those identified risks, in proportion to the probability of their occurrence.
- **Pensions and Other Staff Issues Reserve** – set up as a result of the introduction of the new Firefighters Pension Scheme on 1 April 2006, the original reserve was required to pay for unexpected sickness retirements and other payments, which remain the responsibility of the Authority's revenue account. In 2008/09, the reserve was expanded to cover other staff matters, including the costs following the Retained Firefighters & Part Time Regulations Tribunal.
- **Extreme Weather Reserve** – costs for incidents attended by retained firefighters have now been budgeted for at average levels in the revenue account; this reserve will cover the costs of increased activity incurred as a result of adverse weather conditions.
- **Major Projects Capital Reserve** – this reserve is made up of budgeted contributions and unspent balances from previous years. It was used to part fund the Authority's refurbishment of the headquarters, workshop and fire station at Shrewsbury, with the balance remaining to be used against future major building projects, notably the Stafford Park site in Telford.
- **Earmarked Capital Reserve** – this reserve is used to fund smaller capital projects, therefore reducing the need to borrow. It is currently depleted.
- **ICT Reserve** - this reserve was established using unspent balances from 2010/11 and approved budgets for ICT projects. It is intended that this reserve will be used to manage information technology and communications issues as they arise, and ensure a consistent and managed approach to ICT investment.
- **Capital Grants Unapplied Reserve** – this reserve holds grants and contributions paid to the Fire Authority, for which conditions for use have not been met, or expenditure has not been incurred
- **Service Transformation Programme (STP) Staff Reserve** – the STP is a high level programme of activities, which will be completed to ensure that the Service is best placed to meet the challenges it is likely to face over the coming years. Funding for projects identified as part of

## Statement of Accounting Policies

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the programme have been taken into account in the revenue budget and the capital programme. This reserve was set up to cover the staff elements of the projects.

- **Income Volatility Reserve** – A number of changes were introduced in 2013/14 which affected the way in which the Fire Authority is funded, and the levels of funding that will be achieved. This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Service Plan.
- **Service Delivery Reserve** – this reserve was set up to fund initiatives in service delivery and prevention.
- **Training Reserve** - there have been, and will continue to be, movements and changes in the structure of the Service, which will inevitably require additional training and development of staff. This reserve was created to enable this training and development to be carried out, without adding additional pressure to the revenue budget.
- **Operational Equipment Reserve** - this reserve was established to help provide some stability in this area of the revenue budget. Where a need for new equipment is identified, contributions can be made from the reserve, and any ongoing requirements for the equipment can be established.
- **Building Maintenance Reserve** - The revenue budget in this area is used to fund preventative or controlled maintenance in line with the Authority's Asset Management Plan, and also covers unexpected reactive maintenance. This reserve was created to deal with exceptional, unexpected repairs that do not require a regular revenue budget.

Certain reserves are kept to manage the accounting processes for Property Plant and Equipment and other adjustments and do not represent usable resources for the Authority:

- **Revaluation Reserve** – this replaced the Fixed Asset Replacement Account (FARA), and represents net gains on assets that have been revalued after 1 April 2007.
- **Capital Adjustment Account** – the opening balance on this account was created from the balances on the FARA and the Capital Financing Account. It reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

# Statement of Accounting Policies

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- **Collection Fund Adjustment Account** – This account manages the differences arising from the recognition of income in the Comprehensive Income and Expenditure Statement as it falls due from the council tax payers and business rates payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Funds.
- **Accumulated Absences Account** – This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not yet taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to and from the account.

## 7 Employee Benefits

### Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non monetary benefits such as cars, and are recognised as an expense for services in the year in which employees render service to the Fire Authority.

An accrual is made for the cost of the holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movements in Reserves Statement so that holiday benefits are charged to revenue in the year in which the holiday absence occurs.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

### Termination Benefits

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

### Post Employment Benefits

Employees of the Fire Authority are members of five separate pension schemes:

### Firefighters Pension Schemes

## Statement of Accounting Policies

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**Firefighters Pension Scheme 1992** - this is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6 April 2006.

**New Firefighters' Pension Scheme 2006** – this is also a statutory un-funded defined benefit final salary scheme.

On 1 April 2006, new financial arrangements were introduced for both the 1992 and the 2006 Pension Firefighter Pension Schemes.

Both schemes are regulated by the Home Office. Contributions to the schemes are made by firefighters and employers, which are paid into a separate Pension Fund Account, from which most commutations and pension payments are made. Any deficit on this account will be met by the Home Office, and any surplus at the end of the year must be paid back to the Home Office.

The introduction of the 2006 scheme enabled firefighters on the Retained Duty System to contribute to a pension scheme, although those who choose not to join will still be eligible to receive a payment following an injury whilst on duty.

**Retained Modified Scheme** - the exclusion of retained firefighters from the Firefighters Pension Scheme 1992 was challenged under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. As a result a settlement was reached allowing retained firefighters, with service between 1 July 2000 and 6 April 2006, to have "special" membership of Firefighters Pension Scheme 2006 based on their employment during this time period.

To implement this settlement the Modified Scheme was created providing retrospective benefits for those eligible to join who elect for special membership, and who pay the appropriate contributions.

**Firefighters Pension Scheme 2015** – this is a career average scheme, and is available to operational firefighters appointed on or after 1 April 2015. Serving firefighters will also have been transferred into the scheme, unless they have protected status under one of the existing schemes. The scheme is regulated by the Home Office.

From 1 April 2022, all remaining members of the 1992 scheme and the 2006 scheme were transferred to the 2015 career average scheme.

**Local Government Pension Scheme** – non operational staff are eligible for membership of the Shropshire County Pension Fund, which is administered by Shropshire Council. The pension costs charged to the Authority's accounts in respect of support staff are equal to the contributions paid to the funded scheme for those employees. The amount of these contributions is determined by regular actuarial valuations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

## Statement of Accounting Policies

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- The liabilities of the Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate detailed in a note to the accounts (based on the indicative rate of return on high quality corporate bonds).
- The assets of Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

### Accounting for Pensions

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

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs.
- **Net Interest on the defined liability (asset)** – ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements** comprising:

## Statement of Accounting Policies

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- The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- **Contributions paid to the pension funds** – cash paid as employer's contributions to the pension schemes.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension schemes in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserves Statement, this means there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension schemes and any amounts payable to schemes but unpaid at the year end. The negative balances that arise on the Pension Reserves thereby measure 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 earned by employees.

### 8 **Property Plant and Equipment**

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

#### **Recognition**

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

The de minimis level for Property Plant and Equipment is £10,000.

#### **Measurement**

Property Plant and Equipment is valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Operational properties and other operational assets are carried in the Balance Sheet using the following measurement bases:

## Statement of Accounting Policies

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- Depreciated Replacement Cost (DRC) for specialised properties
- Open Market Value (OMV) for non specialised properties.

There are no holdings of non operational assets or community assets, with all fire stations and Service Headquarters and workshops being classified as operational assets.

### Valuation

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. All land and buildings are currently valued every year. Items within a class of Property Plant and Equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

Where buildings are being revalued following a renovation to modern standards, it may be appropriate to increase the useful economic life to longer than 30 years.

The current value of land and buildings is determined by appraisal of appropriate evidence, that is normally undertaken by professionally qualified valuers, who:

- Hold a recognised and relevant professional qualification
- Have sufficient current local and national knowledge of the market, and
- Have the skills and understanding to undertake the valuations competently.

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

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

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

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

# Statement of Accounting Policies

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

## **Impairment**

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

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

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

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

## **Depreciation**

Depreciation is provided for on all Property Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

An exception is made for assets without a determinable finite useful life (ie freehold land) and assets that are not yet available for use (ie assets under construction).

Depreciation is provided on the following bases:

- Fire stations and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer.

Where an item of Property Plant and Equipment has major components whose value makes up more than 25% of the total asset value, the components are depreciated separately.

Currently there are no components of any asset that are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical



## Statement of Accounting Policies

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cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposal**

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts must be credited to the Capital Receipts Reserve and can only be used for new capital investment. Receipts are appropriated to the Reserve from the General Funds Balance in the Movement in Reserves Statement.

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

### **Charges to Revenue for Non Current Assets**

Services are debited with the following amounts to record the cost of holding non current assets during the year:

- Depreciation attributable to the assets used by each service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off
- Amortisation of intangible fixed assets attributable to the service.

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

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into effect on 31 March 2008.

# Statement of Accounting Policies

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These regulations updated the requirement to make provision for the repayment of debt (MRP).

From 2008/09, the following policy has been adopted:

- For all borrowing incurred during or before 2006/07, the MRP applied is calculated on the basis of 4% of the Capital Financing Requirement (CFR). A further voluntary provision of 4% is made for all assets other than land and buildings.
- For all borrowing incurred during and after 2007/08, the MRP applied from 2008/09 is calculated on the basis of the Asset Life Method. This method has been selected because it charges the financing costs of assets over the lives of those assets in equal instalments each year, and follows the same principles made by the Authority from 2006/07.

## 9 Financial Assets

The Authority has financial assets which are classified in the Code as loans and receivables, which are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost in the Balance Sheet. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the Authority's loans, this means the amount presented in the Balance Sheet is the outstanding principal receivable and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

## 10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings the Fire Authority has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### Fair Value Measurement

The Authority measures some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to transfer the liability takes place either:

# Statement of Accounting Policies

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- a) In the principal market for the liability, or
- b) In the absence of a principal market, in the most advantageous market for the liability.

The Authority measures the fair value of the liability using the assumptions that market participants would use when pricing the liability, assuming that the market participants act in their economic best interest.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable outputs.

Inputs to the valuation techniques in respect of liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical liabilities that the Authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly
- Level 3 – unobservable inputs for the liability.

## **11 Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, on a first in first out basis. Obsolescent inventory is written off during the year.

## **12 Investments**

The CIPFA Code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted. The Authority's surplus cash is invested with other local authorities, approved banks and building societies, as authorised in the Authority's Treasury Policy Statement.

Investments that mature in no more than three months from the date of acquisition, and that are readily convertible to known amounts with insignificant risk of a change in value, are categorised as cash equivalents in the financial statements.

## **13 Government Grants**

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

## Statement of Accounting Policies

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- The Fire Authority will comply with the conditions attached to the payments, and
- The grant will be received.

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

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

Where revenue grants and contributions have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant recognised as income is transferred to an earmarked reserve. This transfer is recognised in the Movement in Reserves Statement.

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

### **14 Events after the Reporting Period**

Events may occur between the financial year end and the date that the Statement of Accounts is authorised for issue. Any such events that existed on the balance sheet date that have a financial impact on the financial statements would be adjusted. Those that did not exist at the balance sheet date may require disclosure in the financial statements.

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

| 2022/23           |              |                 |  | 2023/24           |              |                 |
|-------------------|--------------|-----------------|--|-------------------|--------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure |  | Gross Expenditure | Gross Income | Net Expenditure |
| £'000             | £'000        | £'000           |  | £'000             | £'000        | £'000           |
| 9,904             | -5           | 9,899           | Executive and Resources  | 11,240            | -124         | 11,116          |
| 4,188             | -44          | 4,144           | Corporate Governance   | 4,245             | -47          | 4,198           |
| 16,716            | -374         | 16,342          | Service Delivery   | 14,863            | -165         | 14,698          |
| <b>30,808</b>     | <b>-423</b>  | <b>30,385</b>   | <b>Cost of Services – continuing operations</b>                    | <b>30,348</b>     | <b>-336</b>  | <b>30,012</b>   |
|                   |              |                 |  |                   |              |                 |
|                   |              | -54             | Profit on disposal of non current assets                           |                   |              | -42             |
|                   |              | <b>-54</b>      | <b>Other Operating Expenditure</b>                                 |                   |              | <b>-42</b>      |
|                   |              | 238             | Interest payable and similar charges                               |                   |              | 234             |
|                   |              | -272            | Interest and investment income                                     |                   |              | -543            |
|                   |              | 8,013           | Net interest on the net defined liability (note 5)                 |                   |              | 8,749           |
|                   |              | <b>7,979</b>    | <b>Financing and Investment Income and Expenditure (note 5)</b>    |                   |              | <b>8,440</b>    |
|                   |              | -22,017         | Precepts and Non Domestic Rates (note 6)                           |                   |              | -23,368         |
|                   |              | -4,333          | Government Grants (notes 6 and 10)                                 |                   |              | -4,361          |
|                   |              | <b>-26,350</b>  | <b>Taxation and Non Specific Grant Income (note 6)</b>             |                   |              | <b>-27,729</b>  |
|                   |              |                 |  |                   |              |                 |
|                   |              | <b>11,960</b>   | <b>Deficit on Provision of Services</b>                            |                   |              | <b>10,681</b>   |
|                   |              | -2,272          | Surplus arising on the revaluation of property plant and equipment |                   |              | -931            |
|                   |              | -112,028        | Remeasurement of the net defined benefit liability (note 12/22)    |                   |              | -7,735          |
|                   |              | <b>-114,300</b> | <b>Other Comprehensive Income and Expenditure</b>                  |                   |              | <b>-8,666</b>   |
|                   |              |                 |  |                   |              |                 |
|                   |              | <b>-102,340</b> | <b>Total Comprehensive Income and Expenditure</b>                  |                   |              | <b>2,015</b>    |

# Core Financial Statements

## Movement in Reserves Statement

|   | Non Earmarked General Fund Balance £'000 | Ear-marked General Fund Balance £'000 | Total General Fund Balance £'000 | Capital Grants Unapplied Account £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Authority Reserves £'000 |
|---|--|---------------------------------------|----------------------------------|--|-----------------------------|-------------------------|--------------------------------|
| <b>Balance at 31 March 2023</b>   | <b>1,723</b>                             | <b>11,095</b>                         | <b>12,818</b>                    | <b>0</b>                               | <b>12,818</b>               | <b>-157,808</b>         | <b>-144,990</b>                |
| <b>Movement in reserves during 2023/24</b>                                      |  |                                       |                                  |  |                             |                         |                                |
| Total Comprehensive Income and Expenditure                                      | -10,681                                  | 0                                     | -10,681                          | 0                                      | -10,681                     | 8,665                   | -2,016                         |
| Adjustments between accounting basis & funding basis under regulations (note 4) | 11,423                                   | 0                                     | 11,423                           | 0                                      | 11,423                      | -11,423                 | 0                              |
| <b>Increase/-Decrease in 2023/24</b>  | <b>742</b>                               | <b>0</b>                              | <b>742</b>                       | <b>0</b>                               | <b>742</b>                  | <b>-2,758</b>           | <b>-2,016</b>                  |
| <b>Balance as at 31 March 2024 cfwd</b>   | <b>2,465</b>                             | <b>11,095</b>                         | <b>13,560</b>                    | <b>0</b>                               | <b>13,560</b>               | <b>-160,566</b>         | <b>-147,006</b>                |
| Transfers to/from Earmarked Reserves  | -32                                      | 32                                    | 0                                | 0                                      | 0                           | 0                       | 0                              |
| <b>Balance as at 31 March 2024 cfwd</b>   | <b>2,433</b>                             | <b>11,127</b>                         | <b>13,560</b>                    | <b>0</b>                               | <b>13,560</b>               | <b>-160,566</b>         | <b>-147,006</b>                |

Note 23

Note 22

# Core Financial Statements

## Movement in Reserves Statement

|   | Non Earmarked General Fund Balance £'000 | Ear-marked General Fund Balance £'000 | Total General Fund Balance £'000 | Capital Grants Unapplied Account £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Authority Reserves £'000 |
|---|--|---------------------------------------|----------------------------------|--|-----------------------------|-------------------------|--------------------------------|
| <b>Balance at 31 March 2022</b>   | <b>1,153</b>                             | <b>13,149</b>                         | <b>14,302</b>                    | <b>0</b>                               | <b>14,302</b>               | <b>-261,632</b>         | <b>-247,330</b>                |
| <b>Movement in reserves during 2022/23</b>                                      |  |                                       |                                  |  |                             |                         |                                |
| Total Comprehensive Income and Expenditure                                      | -11,960                                  |                                       | -11,960                          | 0                                      | -11,960                     | 114,300                 | 102,340                        |
| Adjustments between accounting basis & funding basis under regulations (note 4) | 10,476                                   |                                       | 10,476                           | 0                                      | 10,476                      | -10,476                 | 0                              |
| <b>Increase/-Decrease in 2022/23</b>  | <b>-1,484</b>                            |                                       | <b>-1,484</b>                    | <b>0</b>                               | <b>-1,484</b>               | <b>103,824</b>          | <b>102,340</b>                 |
| <b>Balance as at 31 March 2023 cfwd</b>   | <b>-331</b>                              | <b>13,149</b>                         | <b>12,818</b>                    | <b>0</b>                               | <b>12,818</b>               | <b>-157,808</b>         | <b>-144,990</b>                |
| Transfers to/from Earmarked Reserves  | 2,054                                    | -2,054                                | 0                                | 0                                      | 0                           | 0                       | 0                              |
| <b>Balance as at 31 March 2023 cfwd</b>   | <b>1,723</b>                             | <b>11,095</b>                         | <b>12,818</b>                    | <b>0</b>                               | <b>12,818</b>               | <b>-157,808</b>         | <b>-144,990</b>                |

Note 23

Note 22

# Core Financial Statements

## Balance Sheet

| 31 March<br>2022<br>Restated<br>£'000 | 31 March<br>2023<br>Restated<br>£'000 |   | Note  | 31 March<br>2024<br>£'000 |
|---------------------------------------|---------------------------------------|---|-------|---------------------------|
|                                       |                                       | <b>Property Plant and Equipment</b>     |       |                           |
| 25,679                                | 27,570                                | Land and Buildings                      | 15    | 27,610                    |
| 6,391                                 | 7,388                                 | Vehicles Plant Furniture and Equipment  | 15    | 6,852                     |
| <b>32,070</b>                         | <b>34,958</b>                         | <b>Total Long Term Assets</b>           |       | <b>34,462</b>             |
|                                       |                                       |   |       |                           |
| 538                                   | 342                                   | Inventories                             | 17    | 322                       |
| 2,087                                 | 2,474                                 | Short Term Debtors                      | 18    | 2,377                     |
| 9,000                                 | 6,000                                 | Investments                             | 16    | 1,000                     |
| 7,293                                 | 4,762                                 | Cash and Cash Equivalent                | 19    | 6,012                     |
| <b>18,918</b>                         | <b>13,578</b>                         | <b>Total Current Assets</b>             |       | <b>9,711</b>              |
|                                       |                                       |   |       |                           |
| -3,424                                | -2,127                                | Short Term Creditors                    | 20    | -2,652                    |
| -880                                  | -834                                  | Grants Receipts in Advance - Revenue    | 21    | -932                      |
| -163                                  | 0                                     | Short Term Borrowing                    | 16    | -210                      |
| <b>-4,467</b>                         | <b>-2,961</b>                         | <b>Current Liabilities</b>              |       | <b>-3,794</b>             |
|                                       |                                       |   |       |                           |
| -43                                   | -149                                  | Provisions                              | 22    | -83                       |
| -5,255                                | -5,255                                | Long Term Borrowing                     | 16    | -5,045                    |
| -288,553                              | -185,161                              | Pension Liability                       | 22    | -182,257                  |
| <b>-293,851</b>                       | <b>-190,565</b>                       | <b>Long Term Liabilities</b>            |       | <b>-187,385</b>           |
|                                       |                                       |   |       |                           |
| <b>-247,330</b>                       | <b>-144,990</b>                       | <b>Net Liabilities</b>                  |       | <b>-147,006</b>           |
|                                       |                                       |   |       |                           |
|                                       |                                       | <b>Usable Reserves</b>                  |       |                           |
| -1,153                                | -1,723                                | General Fund                            | 23    | -2,433                    |
| -577                                  | -577                                  | General Reserve                         | 23    | -456                      |
| -9,147                                | -6,634                                | Major Projects Capital Reserve          | 23    | -6,813                    |
| -219                                  | -219                                  | Extreme Weather Reserve                 | 23    | -219                      |
| -687                                  | -687                                  | Pensions and Other Staff Issues Reserve | 23    | -677                      |
| -1,104                                | -834                                  | ICT Reserve                             | 23    | -547                      |
| -27                                   | -869                                  | STP Staff Reserve                       | 23    | -809                      |
| -687                                  | -687                                  | Income Volatility Reserve               | 23    | -687                      |
| -125                                  | -118                                  | Service Delivery Reserve                | 23    | -9                        |
| -51                                   | -13                                   | Training Reserve                        | 23    | -127                      |
| -312                                  | -300                                  | Building Maintenance Reserve            | 23    | -450                      |
| -213                                  | -116                                  | Operational Equipment Reserve           | 23    | -275                      |
| 0                                     | -41                                   | Usable Capital Receipts Reserve         | 23    | -58                       |
|                                       |                                       | <b>Unusable Reserves</b>                |       |                           |
| -13,124                               | -14,648                               | Revaluation Reserve                     | 22    | -14,750                   |
| -13,854                               | -12,705                               | Capital Adjustment Account              | 22    | -7,072                    |
| 278,733                               | 183,335                               | Fire Pensions Reserve                   | 12/22 | 182,587                   |
| 9,820                                 | 1,826                                 | LGPS Pensions Reserve                   | 12/22 | -330                      |
| -85                                   | -170                                  | Collection Fund Adjustment Account      | 22    | -61                       |
| 142                                   | 170                                   | Accumulated Absences Account            | 22    | 192                       |
| <b>247,330</b>                        | <b>144,990</b>                        | <b>Total Reserves</b>                   |       | <b>147,006</b>            |

Signed by the Treasurer



## Core Financial Statements

### Cash Flow Statement

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| <b>2022/23</b><br><b>£'000</b> |   | <b>2023/24</b><br><b>£'000</b> |
|--------------------------------|---|--------------------------------|
| -11,960                        | Net surplus on the provision of services  | -10,681                        |
| 12,133                         | Adjustments to net surplus or deficit on the provision of services for non cash movements (see Note 25)   | 13,440                         |
| -34                            | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (see Note 26) | -309                           |
| 139                            | Net cash flows from operating activities  | 2,450                          |
| -2,540                         | Investing Activities (see Note 27)  | -1,509                         |
| -129                           | Financing Activities (see Note 28)  | 309                            |
| -2,530                         | Net increase or decrease in cash and cash equivalents   | 1,250                          |
| 7,292                          | Cash and cash equivalents at the beginning of the period  | 4,762                          |
| <b>4,762</b>                   | <b>Cash and cash equivalents at the end of the reporting period</b>   | <b>6,012</b>                   |

# Notes to the Core Financial Statements

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## 1. ACCOUNTING POLICIES

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

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Authority.

There are no standards issued that will have a material effect on the financial statements.

### IFRS16 Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous standards IAS17 *Leases* and related IFRIC and SIC interpretations.

The Authority does not hold any leases and therefore the introduction of this standard will not have a material effect on the financial statements.

## 2. ASSUMPTIONS MADE ABOUT THE FUTURE, OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The Statement of Accounts contains estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Estimates are made taking into account historical experience, current trends and other relevant factors:

### Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.

A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. They provide an assessment of changes in the assumptions used in estimating the pension and assets included in the accounts according to the requirements of IAS19.

# Notes to the Core Financial Statements

## Property Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, although the Authority does not feel that this poses any immediate quantifiable risk.

Property is valued at depreciated replacement cost, and this is based on an estimate of the gross replacement cost of the building. The Authority engages a qualified valuer to offer expert advice about the assumptions to be applied.

In applying the accounting policies set out in the Statement of Accounting Policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

## 3. PRIOR YEAR ADJUSTMENT

The Fire Authority has identified a misstatement in the way in which receipts in advance were disclosed in 2022/23. This adjustment is low risk in nature.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom states that receipts in advance should be disclosed on the face of the balance sheet.

In the balance sheet as at 31 March 2023, receipts in advance were within the disclosure for creditors.

In order to correct this misstatement, the Authority has restated the prior year information for 2022/23. A balance sheet for 2021/22 is also shown as it affects the opening balances for 2022/23.

|                                      | <i>Originally Stated</i><br>£'000 | <i>Restated</i><br>£'000 | <i>Amount of Restatement</i><br>£'000 |
|--------------------------------------|-----------------------------------|--------------------------|---------------------------------------|
| <b>2022/23</b>                       |                                   |                          |                                       |
| <b>Current liabilities:</b>          |                                   |                          |                                       |
| Creditors                            | -2,961                            | -2,127                   | 834                                   |
| Grants receipts in advance - revenue | 0                                 | -834                     | -834                                  |
| <b>1 April 2022</b>                  |                                   |                          |                                       |
| <b>Current liabilities:</b>          |                                   |                          |                                       |
| Creditors                            | -4,304                            | -3,424                   | 880                                   |
| Grants receipts in advance - revenue | 0                                 | -880                     | -880                                  |

## 4. EXPENDITURE AND FUNDING ANALYSIS

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

# Notes to the Core Financial Statements

2023/24

|   | As reported<br>for resource<br>management | Adjustment to<br>arrive at the<br>net amount<br>chargeable to<br>the General<br>Fund balance<br>(Note 3a) | Net<br>expenditure<br>chargeable to<br>the General<br>Fund balance | Adjustments<br>between<br>funding and<br>accounting<br>basis (Note<br>4) | Net<br>expenditure<br>in the<br>Comprehen-<br>sive Income<br>and<br>Expenditure<br>Statement |
|---|---|---|--|--|--|
|   | £'000                                     | £'000   | £'000  | £'000  | £'000  |
| Executive & Resources                                 | 3,094                                     | 3,128   | 6,222  | 4,894  | 11,116   |
| Corporate Governance                                  | 4,752                                     | 0   | 4,752  | -554   | 4,198  |
| Service Delivery                                      | 16,566                                    | 0   | 16,566   | -1,868   | 14,698   |
| <b>Net Cost of Services</b>                           | <b>24,412</b>                             | <b>3,128</b>  | <b>27,540</b>  | <b>2,472</b>   | <b>30,012</b>  |
| Profit on disposal of non current assets              | 0   | -135  | -135   | 93   | -42  |
| Financing and Investment Income                       | 0   | -309  | -309   | 8,749  | 8,440  |
| Precepts and Grants                                   | 0   | -27,838   | -27,838  | 109  | -27,729  |
| <b>Surplus (-) or Deficit</b>                         | <b>24,412</b>                             | <b>-25,154</b>  | <b>-742</b>  | <b>11,423</b>  | <b>10,681</b>  |
| Opening General Fund balance                          |   |   | 12,818   |  |  |
| Surplus / deficit on General Fund balance during year |   |   | 742  |  |  |
| Closing General Fund balance                          |   |   | <b>13,560</b>  |  |  |

# Notes to the Core Financial Statements

2022/23

|   | As reported<br>for resource<br>management | Adjustment to<br>arrive at the<br>net amount<br>chargeable to<br>the General<br>Fund balance<br>(Note 3a) | Net<br>expenditure<br>chargeable to<br>the General<br>Fund balance | Adjustments<br>between<br>funding and<br>accounting<br>basis (Note<br>4) | Net<br>expenditure<br>in the<br>Comprehen-<br>sive Income<br>and<br>Expenditure<br>Statement |
|---|---|---|--|--|--|
|   | £'000                                     | £'000   | £'000  | £'000  | £'000  |
| Executive<br>and<br>Resources                                     | 3,397                                     | 4,524   | 7,921  | 1,978  | 9,899  |
| Corporate<br>Governance   | 4,078                                     | 0   | 4,078  | 66   | 4,144  |
| Service<br>Delivery   | 15,914                                    | 0   | 15,914   | 428  | 16,341   |
| <b>Net Cost of<br/>Services</b>                                   | <b>23,389</b>                             | <b>4,524</b>  | <b>27,913</b>  | <b>2,472</b>   | <b>30,384</b>  |
| Profit on<br>disposal of<br>non current<br>assets                 |   | -130  | -130   | 76   | -54  |
| Financing<br>and<br>Investment<br>Income                          |   | -34   | -34  | 8,013  | 7,979  |
| Precepts and<br>Grants  |   | -26,265   | -26,265  | -85  | -26,350  |
| <b>Surplus (-)<br/>or Deficit</b>                                 | <b>23,389</b>                             | <b>-21,905</b>  | <b>1,484</b>   | <b>10,476</b>  | <b>11,960</b>  |
| Opening<br>General Fund<br>balance                                |   |   | 14,302   |  |  |
| Surplus /<br>deficit on<br>General Fund<br>balance<br>during year |   |   | -1,484   |  |  |
| Closing<br>General Fund<br>balance                                |   |   | <b>12,818</b>  |  |  |

# Notes to the Core Financial Statements

## 3a Note to the Expenditure and Funding Analysis

2023/24

|   | Adjustments<br>to arrive at<br>amount<br>chargeable to<br>General Fund | Adjust-<br>ment for<br>capital<br>purposes | Net change<br>for the<br>Pensions<br>Account | Other differ-<br>ences | Total<br>adjustment<br>between<br>funding and<br>accounting<br>basis |
|---|--|--|--|------------------------|--|
|   | £'000  | £'000                                      | £'000  | £'000                  | £'000  |
| Conts to reserves                           | 1,691  |  |  |                        |  |
| External interest                           | -234   |  |  |                        |  |
| Invest income                               | 543  |  |  |                        |  |
| Government grant                            | 1,128  |  |  |                        |  |
| Capital grant                               | 0  |  |  |                        |  |
| <b>Total</b>                                | <b>3,128</b>   |  |  |                        |  |
| External interest                           | 234  |  |  |                        |  |
| Investment income                           | -543   |  |  |                        |  |
| Precept and grants                          | -27,729  |  |  |                        |  |
|   |  |  |  |                        |  |
| MRP   |  | -260                                       |  |                        | -260   |
| Depreciation                                |  | 2,677                                      |  |                        | 2,677  |
| Impairment                                  |  | 5,165                                      |  |                        | 5,165  |
| Profit on disposal of<br>non current assets |  | 93   |  |                        | 93   |
| Capital grant                               |  | 0  |  |                        | 0  |
| Capital from revenue                        |  | -1,214                                     |  |                        | -1,214   |
| Pensions                                    |  |  | 4,831  |                        | 4,831  |
| Collection fund                             |  |  |  | 109                    | 109  |
| Accumulated<br>Absences                     |  |  |  | 22                     | 22   |
| <b>Total</b>                                | <b>-24,910</b>   | <b>6,461</b>                               | <b>4,831</b>                                 | <b>131</b>             | <b>11,423</b>  |

# Notes to the Core Financial Statements

2022/23

|   | Adjustments<br>to arrive at<br>amount<br>chargeable to<br>General Fund | Adjust-<br>ment for<br>capital<br>purposes | Net change<br>for the<br>Pensions<br>Account | Other differ-<br>ences | Total<br>adjustment<br>between<br>funding and<br>accounting<br>basis |
|---|--|--|--|------------------------|--|
|   | £'000  | £'000                                      | £'000  | £'000                  | £'000  |
| Conts to reserves                           | 3,207  |  |  |                        |  |
| External interest                           | -238   |  |  |                        |  |
| Invest income                               | 272  |  |  |                        |  |
| Government grant                            | 1,283  |  |  |                        |  |
| Capital grant                               | 0  |  |  |                        |  |
| <b>Total</b>                                | <b>4,524</b>   |  |  |                        |  |
| External interest                           | 238  |  |  |                        |  |
| Investment income                           | -272   |  |  |                        |  |
| Precept and grants                          | -24,983  |  |  |                        |  |
|   |  |  |  |                        |  |
| MRP   |  | -198                                       |  |                        | -198   |
| Depreciation                                |  | 2,413                                      |  |                        | 2,413  |
| Impairment                                  |  | 2,436                                      |  |                        | 2,436  |
| Profit on disposal of<br>non current assets |  | 76   |  |                        | 76   |
| Capital grant                               |  | 0  |  |                        | 0  |
| Capital from revenue                        |  | -2,830                                     |  |                        | -2,830   |
| Pensions                                    |  |  | 8,636  |                        | 8,636  |
| Collection fund                             |  |  |  | -85                    | -85  |
| Accumulated<br>Absences                     |  |  |  | 28                     | 28   |
| <b>Total</b>                                | <b>-20,493</b>   | <b>1,897</b>                               | <b>8,636</b>                                 | <b>-57</b>             | <b>10,476</b>  |



## Notes to the Core Financial Statements

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### 3b Expenditure and Income Analysed by Nature

| 2022/23<br>£'000 |  | 2023/24<br>£'000 |
|------------------|--|------------------|
|                  | <b>Expenditure</b>                         |                  |
| 27,472           | Employee benefit expenses                  | 24,661           |
| 6,446            | Other service expenses                     | 6,552            |
| 4,849            | Depreciation and impairment                | 7,842            |
| 238              | Interest payments                          | 234              |
| <b>39,005</b>    | <b>Total Expenditure</b>                   | <b>39,289</b>    |
|                  | <b>Income</b>                              |                  |
| -423             | Fees and charges and other service income  | -336             |
| -25,067          | Income from council tax and business rates | -26,601          |
| -1,283           | Government grant and contributions         | -1,128           |
| -272             | Interest and investment income             | -543             |
| <b>-27,045</b>   | <b>Total Income</b>                        | <b>-28,608</b>   |
| <b>11,960</b>    | <b>Total Net Expenditure</b>               | <b>10,681</b>    |

# Notes to the Core Financial Statements

## 5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

| 2023/24   | General Fund Balance | Movement in Unusable Reserves |
|---|----------------------|-------------------------------|
|   | £'000                | £'000                         |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                      |                               |
| <b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>   |                      |                               |
| Charges for depreciation of non current assets  | -2,677               | 2,677                         |
| Revaluation losses on Property Plant and Equipment  | -5,165               | 5,165                         |
| Non-current assets written off on disposal  | -93                  | 93                            |
| <b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>  |                      |                               |
| Statutory provision for the financing of capital investment   | 260                  | -260                          |
| Capital expenditure charged against the General Fund Balance  | 1,214                | -1,214                        |
| <b>Adjustments primarily involving the Pensions Reserves:</b>   |                      |                               |
| Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement   | -11,821              | 11,821                        |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | 6,990                | -6,990                        |
| <b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>   |                      |                               |
| Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements                       | -109                 | 109                           |
| <b>Adjustment primarily involving the Accumulated Absences Account:</b>   |                      |                               |
| Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -22                  | 22                            |
| <b>Total Adjustments</b>  | <b>-11,423</b>       | <b>11,423</b>                 |

## Notes to the Core Financial Statements

| <b>2022/23</b>  | <b>General Fund Balance</b> | <b>Movement in Unusable Reserves</b> |
|---|-----------------------------|--------------------------------------|
|   | <b>£'000</b>                | <b>£'000</b>                         |
| <b>Adjustments primarily involving the Capital Adjustment Account:</b>  |                             |                                      |
| <b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>   |                             |                                      |
| Charges for depreciation of non current assets  | -2,413                      | 2,413                                |
| Revaluation losses on Property Plant and Equipment  | -2,436                      | 2,436                                |
| Non-current assets written off on disposal  | -76                         | 76                                   |
| <b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>  |                             |                                      |
| Statutory provision for the financing of capital investment   | 198                         | -198                                 |
| Capital expenditure charged against the General Fund Balance  | 2,830                       | -2,830                               |
| <b>Adjustments primarily involving the Pensions Reserves:</b>   |                             |                                      |
| Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement   | -15,307                     | 15,307                               |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | 6,671                       | -6,671                               |
| <b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>   |                             |                                      |
| Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements                       | 85                          | -85                                  |
| <b>Adjustment primarily involving the Accumulated Absences Account:</b>   |                             |                                      |
| Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -28                         | 28                                   |
| <b>Total Adjustments</b>  | <b>-10,476</b>              | <b>10,476</b>                        |

# Notes to the Core Financial Statements

## 6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

|   | 2023/24<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| Interest payable and similar charges                          | 234              | 238              |
| Pensions interest cost and expected return on pensions assets | 8,749            | 8,013            |
| Interest receivable and similar income                        | -543             | -272             |
| <b>Total</b>  | <b>8,440</b>     | <b>7,979</b>     |

## 7. TAXATION AND NON SPECIFIC GRANT INCOME

|                                   | 2023/24<br>£'000 | 2022/23<br>£'000 |
|-----------------------------------|------------------|------------------|
| Precept income                    | -19,313          | -18,295          |
| Non domestic rates                | -4,055           | -3,722           |
| <b>Sub total</b>                  | <b>-23,368</b>   | <b>-22,017</b>   |
| *Non ringfenced government grants | -4,361           | -4,333           |
| <b>Total</b>                      | <b>-27,729</b>   | <b>-26,350</b>   |

\*see also note 10

## 8. MEMBERS' ALLOWANCES

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

|              | 2023/24<br>£'000 | 2022/23<br>£'000 |
|--------------|------------------|------------------|
| Allowances   | 89               | 86               |
| Expenses     | 0                | 0                |
| <b>Total</b> | <b>89</b>        | <b>86</b>        |

# Notes to the Core Financial Statements

## 9. OFFICERS REMUNERATION

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

| Remuneration band   | Number of Employees |         |
|---------------------|---------------------|---------|
|                     | 2023/24             | 2022/23 |
| £50,000 - £54,999   | 29                  | 16      |
| £55,000 - £59,999   | 11                  | 15      |
| £60,000 - £64,999   | 14                  | 7       |
| £65,000 - £69,999   | 7                   | 4       |
| £70,000 - £74,999   | 4                   | 1       |
| £75,000 - £79,999   | 1                   | 2       |
| £80,000 - £84,999   | 2                   | 1       |
| £85,000 - £89,999   | 0                   | 0       |
| £90,000 - £94,999   | 0                   | 0       |
| £95,000 - £99,999   | 1                   | 0       |
| £100,000 - £104,999 | 0                   | 2       |
| £105,000 - £109,999 | 0                   | 1       |
| £110,000 - £114,999 | 1                   | 0       |
| £115,000 - £119,999 | 0                   | 0       |
| £120,000 - £124,999 | 0                   | 0       |
| £125,000 - £129,999 | 0                   | 0       |
| £130,000 - £134,999 | 0                   | 0       |
| £135,000 - £139,999 | 0                   | 0       |
| £140,000 - £144,999 | 0                   | 0       |
| £145,000 - £149,999 | 1                   | 0       |

Where applicable, these bandings include officers whose salaries are shown in the table below.

### 2023/24

Senior officers' emoluments – salary is between £50,000 and £150,000 per year:

|  | Salary & allowances | Benefits in kind | Total   | Pension Conts. |         |
|--|---------------------|------------------|---------|----------------|---------|
| Post   | £                   | £                | £       | £              | Total   |
| Chief Fire Officer   | 149,345             |                  | 149,345 | 43,011         | 192,356 |
| Assistant Chief Fire Officer – Corporate Services                    | 110,526             |                  | 110,526 | 23,616         | 134,142 |
| Assistant Chief Fire Officer – Service Delivery (April 23 to Dec 23) | 69,292              |                  | 69,292  | 19,956         | 89,249  |

## Notes to the Core Financial Statements

|   |        |     |        |        |         |
|---|--------|-----|--------|--------|---------|
| Assistant Chief Fire Officer – Service Delivery (Oct 23 to March 24)      | 54,320 |     | 54,320 | 15,638 | 69,958  |
| Head of Transformation and Collaboration                                  | 82,953 |     | 82,953 | 23,891 | 106,844 |
| Head of Transformation and Collaboration (Dec 23 to March 24)             | 23,909 |     | 23,909 | 6,761  | 30,671  |
| Head of Operations and Risk Management (April 23 to Sept 23)              | 42,750 |     | 42,750 | 11,801 | 54,551  |
| Head of Operations and Risk Management (Dec 23 to March 24)               | 23,477 |     | 23,477 | 6,445  | 29,922  |
| Group Manager- Transformation and Collaboration (April 23 to Dec 23)      | 50,821 |     | 50,821 | 14,370 | 65,191  |
| Group Manager – Shropshire Rural  | 64,743 |     | 64,743 | 18,646 | 83,389  |
| Group Manager – Projects  | 64,662 |     | 64,662 | 9,814  | 74,477  |
| Group Manager - Prevention  | 64,662 |     | 64,662 | 17,975 | 82,637  |
| Group Manager – NFCC Secondment   | 71,522 |     | 71,522 | 20,598 | 92,120  |
| Group Manager – Shrewsbury, Telford and Wrekin                            | 66,924 |     | 66,924 | 18,284 | 85,207  |
| Group Manager – Operations (April 23 to Dec 23)                           | 51,703 |     | 51,703 | 14,789 | 66,493  |
| Group Manager – Operations (Jan 24 to Mar 24)                             | 16,061 |     | 16,061 | 4,954  | 21,015  |
| Group Manager – Operational Training and Development (April 23 to Dec 23) | 54,918 |     | 54,918 | 15,387 | 70,304  |
| Group Manager – Operational Training and Development (Oct 23 to Mar 24)   | 30,315 |     | 30,315 | 8,390  | 38,706  |
| Head of Service Delivery  | 80,810 |     | 80,810 | 22,252 | 103,062 |
| Head of Resources   | 67,160 | 887 | 68,047 | 11,417 | 79,464  |
| Head of Human Resources and Administration                                | 67,160 |     | 67,160 | 11,417 | 78,577  |
| Head of Finance (pro rata)  | 60,881 |     | 60,881 | 10,343 | 71,224  |
| Planning and Performance Manager (April 23 to Aug 23)                     | 22,926 |     | 22,926 | 3,897  | 26,823  |
| Service Project Manager (Sept 23 to Mar 24)                               | 36,490 |     | 36,490 | 6,203  | 42,694  |
| Station Manager - Training (April 23 to Oct 23)                           | 32,765 |     | 32,765 | 9,436  | 42,201  |
| ICT Manager   | 52,302 |     | 52,302 | 8,891  | 61,193  |

## Notes to the Core Financial Statements

|   |        |  |        |        |        |
|---|--------|--|--------|--------|--------|
| Station Manager - Workplace Development | 62,308 |  | 62,308 | 17,843 | 80,151 |
| Station Manager - Rural North           | 62,872 |  | 62,872 | 13,716 | 76,588 |
| Station Manager - Operational Response  | 64,357 |  | 64,357 | 17,826 | 82,184 |
| Station Manager - Rural West            | 61,897 |  | 61,897 | 17,826 | 79,723 |
| Station Manager - Operational Response  | 64,522 |  | 64,522 | 17,826 | 82,348 |
| Station Manager - Rural South           | 62,702 |  | 62,702 | 17,865 | 80,566 |
| Station Manager - Wellington            | 62,357 |  | 62,357 | 17,826 | 80,184 |
| Station Manager - Telford               | 62,123 |  | 62,123 | 17,891 | 80,015 |
| Station Manager - Shrewsbury            | 63,791 |  | 63,791 | 17,826 | 81,617 |
| Group Manager Control - Alliance        | 51,711 |  | 51,711 | 8,791  | 60,502 |

### 2022/23

Senior officers' emoluments – salary is between £50,000 and £150,000 per year:

| Post   | Salary & allowances<br>£ | Benefits in kind<br>£ | Total<br>£ | Pension Conts.<br>£ | Total<br>£ |
|--|--------------------------|-----------------------|------------|---------------------|------------|
| Chief Fire Officer (April 22 to Dec 22)                                | 100,178                  | 0                     | 100,178    | 28,851              | 129,029    |
| Chief Fire Officer (Jan 23 to Mar 23)                                  | 32,810                   | 0                     | 32,810     | 9,449               | 42,259     |
| Assistant Chief Fire Officer – Corporate Services (April 22 to Dec 22) | 76,184                   | 0                     | 76,184     | 21,941              | 98,125     |
| Assistant Chief Fire Officer – Corporate Services (Jan 23 to Mar 23)   | 24,951                   | 0                     | 24,951     | 4,700               | 29,651     |
| Assistant Chief Fire Officer – Service Delivery                        | 101,136                  | 0                     | 101,136    | 29,127              | 130,263    |
| Head of Transformation and Collaboration                               | 79,189                   | 0                     | 79,189     | 22,806              | 101,995    |
| Head of Operations and Risk Management                                 | 78,004                   | 0                     | 78,004     | 20,927              | 98,931     |
| Group Manager – Shropshire Rural                                       | 61,519                   | 0                     | 61,519     | 17,224              | 78,743     |
| Area Manager – Resources Review (April 22 to Aug 22)                   | 30,828                   | 178                   | 31,006     | 8,793               | 39,799     |
| Group Manager - Prevention   | 68,738                   | 0                     | 68,738     | 19,712              | 88,450     |
| Group Manager – LFC Secondment   | 67,809                   | 0                     | 67,809     | 19,529              | 87,338     |
| Group Manager – Operations   | 70,451                   | 0                     | 70,451     | 20,259              | 90,710     |

## Notes to the Core Financial Statements

|   |        |       |        |        |        |
|---|--------|-------|--------|--------|--------|
| Group Manager – Operational Training and Development              | 68,012 | 0     | 68,012 | 19,499 | 87,511 |
| Head of Service Delivery (April 22 to Dec 22)                     | 59,169 | 5,798 | 64,967 | 16,955 | 81,922 |
| Head of Service Delivery (Jan 23 to Mar 23)                       | 18,044 | 0     | 18,044 | 4,958  | 23,002 |
| Group Manager – Shrewsbury, Telford and Wrekin (Apr 22 to Dec 22) | 50,760 | 0     | 50,760 | 13,966 | 64,726 |
| Group Manager – Shrewsbury, Telford and Wrekin (Jan 23 to Mar 23) | 15,398 | 0     | 15,398 | 4,280  | 19,678 |
| Head of Resources   | 64,652 | 714   | 65,366 | 10,991 | 76,357 |
| Head of Human Resources and Administration                        | 64,652 | 0     | 64,652 | 10,991 | 75,643 |
| Head of Finance (pro rata)  | 52,595 | 0     | 52,595 | 8,941  | 61,536 |
| Planning and Performance Manager                                  | 52,967 | 0     | 52,967 | 9,004  | 61,971 |

### 10. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections to non audit services provided by the Authority's external auditors:

|  | <b>2023/24<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|--|--------------------------|--------------------------|
| Fees paid with regard to external audit services carried out by the appointed auditor for the year | 87                       | 27                       |
| Uplift of fees on previous year charges*   | 14                       | 15                       |
| <b>Total Audit Fees</b>  | <b>101</b>               | <b>42</b>                |

\*This relates to additional fees charged in relation to the 2021/22



# Notes to the Core Financial Statements

## 11. GRANT INCOME

The Authority credited the following grants to the Comprehensive Income and Expenditure Statement in 2023/24:

|   | 2023/24<br>£'000 | 2022/23<br>£'000 |
|---|------------------|------------------|
| <b>MHCLG Revenue Grants:</b>                  |                  |                  |
| Revenue Support Grant                         | -1,501           | -1,363           |
| Pensions Grant                                | -1,101           | -1,101           |
| Rural Service Delivery Grant                  | -375             | -336             |
| Business Rates Uplift Grants                  | -1,097           | -753             |
| New Dimension Grant                           | -7               | -7               |
| Business Rates Reconciliation Grant           | -64              | -317             |
| Transparency Code Grant                       | -8               | -8               |
| Emergency Services Mobile Comms Project Grant | 0                | -54              |
| Flood Relief                                  | 0                | -1               |
| Services Grant                                | -159             | -270             |
| Protection Uplift Grant                       | 0                | -97              |
| Levy Surplus Grant                            | -33              | -33              |
| Smoke Alarms Grant                            | 0                | -4               |
| Redmond Review – Audit Fees Grant             | -12              | -12              |
| TIG   | 0                | 23               |
| Green Grant                                   | -4               | 0                |
| <b>Total</b>                                  | <b>-4,361</b>    | <b>-4,333</b>    |

## 12. RELATED PARTIES

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

### Central Government

The UK Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (ie council tax bills). Grants received from government departments are set out in note 10.

# Notes to the Core Financial Statements

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## Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in note 7.

There are no instances of transactions involving these related parties which require disclosure.

## Officers

There are no instances of transactions involving these related parties which require disclosure.

## Other Public Bodies (subject to common control by the UK Government)

The Associate Director: Policy & Governance at Telford & Wrekin Council is also the Clerk of Shropshire and Wrekin Fire Authority.

The Executive Director of Resources at Shropshire Council is also the Treasurer of Shropshire and Wrekin Fire Authority.

Shropshire Council and Telford & Wrekin Council provide a number of support services for Shropshire and Wrekin Fire Authority. The gross payments made to these authorities were £407,173 to Shropshire Council and £281,392 to Telford & Wrekin Council.

# Notes to the Core Financial Statements

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## 13. PARTICIPATION IN PENSION SCHEMES

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

The Fire Authority participates in four pension schemes:

**Local Government Pension Scheme:** non operational staff are eligible for membership of the Shropshire County Pension Fund administered by Shropshire Council. This is a funded defined benefit average salary scheme, meaning that the Fire Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Shropshire County Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Shropshire Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee.

**Firefighters Pension Schemes (three of the four schemes):** on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes.

The Firefighters' Pension Scheme 2015 was introduced at the beginning of the financial year 2015/16. This is a career average scheme and is available to operational firefighters appointed on or after 1 April 2015. At that time, serving firefighters were transferred into the scheme, unless they had protected status under one of the existing schemes. The scheme is regulated by the Home Office. All schemes are unfunded, defined benefit schemes, and are regulated by the Home Office. Contributions to the schemes are made by the Fire Authority and employees, and are paid into a separate Pensions Fund Account, from which most commutations and regular payments will be made. Any deficit on this account will be met by the Home Office, and any surplus at the end of the year will be paid back to the Home Office.

The **principal risks** to the Authority of the schemes are the longevity assumptions, statutory changes to the schemes (ie large scale withdrawals from the schemes), changes to inflation, and in the case of the Local Government Pension Scheme, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policies.

### **Impact of McCloud / Sargeant ruling on pension accounts disclosure**

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes

## Notes to the Core Financial Statements

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after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to Firefighters' Pension Schemes and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the Treasury published the response to their consultation on 4 February 2021, confirming their approach to remedying age discrimination, in line with their proposals.

In the case of the Fire Schemes, the key feature of the proposed remedy was to extend the final salary protection to 31 March 2022 and to give protected members a one off choice, in relation to the protected period of 1 April 2015 to 31 March 2022, to either retain their legacy final salary benefits or the reformed career average benefits. This applied to members who were active on or before 31 March 2012 and either remain in active service or left service before 1 April 2015 (including to those members who no longer have a benefit entitlement from the Schemes). It has now been announced that members will make this choice at retirement ('deferred choice' approach). It is assumed that during the protected period members will accrue service in their legacy scheme. All active members in service as at 31 March 2022 would then accrue benefits in the reformed career average scheme.

The accounting figures prepared in 2021 included an allowance for McCloud that was substantially in line with the above eligibility criteria and assumes protected members currently accrue benefits in their legacy scheme. As the fire schemes have been fully recalculated, this assumption has been included within the figures.

### **Impact of Matthews ruling on pension accounts disclosure**

Following the Matthews vs Kent and Medway Towns Fire Authority & others court ruling, retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

More work has taken place on the pensions aspect of the case, and the judgment held that remedy could extend back before the Part-time Workers Directive was required to be implemented on 7 April 2000.

## Notes to the Core Financial Statements

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Retained firefighters in scope will be able to purchase pension entitlement as a special member for some of all of their service between 7 April 2000 and 5 April 2006, and /or continuous service from 5 April 2006.

A second options exercise is underway but any obligation has not been calculated with certainty.

### **Transactions Relating to Retirement Benefits**

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However the required charge against council tax is based on the cash payable in the year, so the real cost of post employment and retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

## Notes to the Core Financial Statements

|   | Shropshire County Pension Fund |                  | Fire Pension Schemes       |                            |                            |                           |                           |
|---|--------------------------------|------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
|   | 2023/24<br>£'000               | 2022/23<br>£'000 | '1992'<br>2023/24<br>£'000 | '2006'<br>2023/24<br>£'000 | '2015'<br>2023/24<br>£'000 | Total<br>2023/24<br>£'000 | Total<br>2022/23<br>£'000 |
| <b>Comprehensive I&amp;E Statement</b>  |                                |                  |                            |                            |                            |                           |                           |
| <b>Cost of Services:</b>  |                                |                  |                            |                            |                            |                           |                           |
| Service cost comprising:  |                                |                  |                            |                            |                            |                           |                           |
| Current service cost  | 585                            | 1,224            | 334                        | 0                          | 2,088                      | 2,422                     | 5,930                     |
| Past service cost   | 0                              | 0                | 0                          | 65                         | 0                          | 65                        | 140                       |
| <b>Financing and Investment Income and Expenditure:</b>   |                                |                  |                            |                            |                            |                           |                           |
| Net Interest Expense  | 74                             | 267              | 7,299                      | 957                        | 392                        | 8,648                     | 7,721                     |
| Administration Cost   | 27                             | 25               | 0                          | 0                          | 0                          | 0                         | 0                         |
| <b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>   | 686                            | 1,516            | 7,633                      | 1,022                      | 2,480                      | 11,135                    | 13,791                    |
| Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:  |                                |                  |                            |                            |                            |                           |                           |
| Remeasurements (assets)   | -1,394                         | -2               |                            |                            |                            |                           | 0                         |
| Remeasurements (liabilities)  | -847                           | -8,907           | -4,168                     | -869                       | -457                       | -5,494                    | -103,119                  |
| <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>  | -2,241                         | -8,909           | -4,168                     | -869                       | -457                       | -5,494                    | -103,119                  |
| <b>Movement in Reserves Statement</b>   |                                |                  |                            |                            |                            |                           |                           |
| Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | -686                           | -1,516           | 7,633                      | 1,022                      | 2,480                      | 11,135                    | -13,791                   |

## Notes to the Core Financial Statements

|   |      |      |            |          |                  |                  |        |
|---|------|------|------------|----------|------------------|------------------|--------|
| <b>Actual amount charged against the General Fund Balance for pensions in the year:</b> |      |      |            |          |                  |                  |        |
| Employers contributions payable to the scheme   | -600 | -601 | 0<br>6,995 | 0<br>395 | -2,811<br>-4,157 | -2,811<br>-3,233 | -2,689 |
| Top up Grant  |      |      |            |          |                  |                  | -3,067 |
| Retirement benefits payable to pensioners   | 0    | 0    | -346       | 0        | 0                | -346             | -314   |

### Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

|  | Shropshire County Pension Fund |                  | Fire Pension Schemes       |                            |                            |                           |                           |
|--|--------------------------------|------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
|  | 2023/24<br>£'000               | 2022/23<br>£'000 | '1992'<br>2023/24<br>£'000 | '2006'<br>2023/24<br>£'000 | '2015'<br>2023/24<br>£'000 | Total<br>2023/24<br>£'000 | Total<br>2022/23<br>£'000 |
| Present value of the defined benefit obligation              | 21,670                         | 21,249           | 151,853                    | 19,885                     | 10,848                     | 182,586                   | 183,335                   |
| Fair value of plan assets                                    | -22,000                        | -19,424          | 0                          | 0                          | 0                          | 0                         | 0                         |
| <b>Net liability arising from defined benefit obligation</b> | <b>-330</b>                    | <b>1,825</b>     | <b>151,853</b>             | <b>19,885</b>              | <b>10,848</b>              | <b>182,586</b>            | <b>183,335</b>            |

# Notes to the Core Financial Statements

## Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of the movements in the fair value of scheme liabilities:

| Funded Liabilities                           | Shropshire County Pension Fund |                  | Fire Pension Schemes       |                            |                            |                           |                           |
|--|--------------------------------|------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
|  | 2023/24<br>£'000               | 2022/23<br>£'000 | '1992'<br>2023/24<br>£'000 | '2006'<br>2023/24<br>£'000 | '2015'<br>2023/24<br>£'000 | Total<br>2023/24<br>£'000 | Total<br>2022/23<br>£'000 |
| Opening balance 1 April                      | 21,249                         | 28,716           | 155,729                    | 20,127                     | 7,479                      | 183,335                   | 278,733                   |
| Current service cost                         | 585                            | 1,224            | 334                        | 0                          | 2,088                      | 2,422                     | 5,930                     |
| Interest cost                                | 1,013                          | 796              | 7,299                      | 957                        | 392                        | 8,648                     | 7,721                     |
| Contributions by scheme participants         | 219                            | 200              | 0                          | 23                         | 1,261                      | 1,284                     | 1,222                     |
| Benefits paid                                | -549                           | -780             | -7,341                     | -418                       | 85                         | -7,674                    | -7,292                    |
| Remeasurements (actuarial gains and losses): |                                |                  |                            |                            |                            |                           |                           |
| Experience loss                              | 142                            | 4,154            | 884                        | 47                         | 104                        | 1,035                     | 14,116                    |
| Gain in financial assumptions                | -739                           | -12,693          | -2,210                     | -483                       | -334                       | -3,027                    | -115,698                  |
| Gain in demographic assumptions              | -250                           | -368             | -2,842                     | -433                       | -227                       | -3,502                    | -1,537                    |
| Past service costs                           | 0                              | 0                | 0                          | 65                         | 0                          | 65                        | 140                       |
| Closing balance 31 March                     | <b>21,670</b>                  | <b>21,249</b>    | <b>151,853</b>             | <b>19,885</b>              | <b>10,848</b>              | <b>182,586</b>            | <b>183,335</b>            |

Reconciliation of present value of the scheme assets (defined benefit obligation):

|                                      | Shropshire County Pension Fund |                  |
|--------------------------------------|--------------------------------|------------------|
|                                      | 2023/24<br>£'000               | 2022/23<br>£'000 |
| Opening balance 1 April              | 19,424                         | 18,897           |
| Interest income                      | 939                            | 529              |
| Administration cost                  | -27                            | -25              |
| Remeasurements (assets)              | 1,394                          | 2                |
| Employer contributions               | 600                            | 601              |
| Contributions by scheme participants | 219                            | 200              |
| Benefits paid                        | -549                           | -780             |
| Closing balance 31 March             | <b>22,000</b>                  | <b>19,424</b>    |

The firefighter schemes are unfunded with no assets held, and so are not included in the reconciliation of assets.



## Notes to the Core Financial Statements

**Top up grant** - these are grants payable by government, to those fire authorities whose Pension Fund Accounts are in a deficit position. The grant assists employers with management of benefit payments under the Fire pension schemes.

Top up grant has been included within employer contributions as income into the schemes. Disclosures in the statement reflect top up grant of £3.233m in 2023/24, and £3.067m in 2022/23.

### 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. Both the Fire Schemes and the Shropshire County Pension Fund liabilities have been assessed by Mercers, an independent firm of actuaries, with estimates for the Shropshire County Pension Fund incorporating the outcomes of the 2016 actuarial valuation.

The principal assumptions used by the actuary have been:

|  | Shropshire County Pension Fund |                    | Fire - All Pension Schemes |                    |
|--|--------------------------------|--------------------|----------------------------|--------------------|
|  | 2023/24                        | 2022/23            | 2023/24                    | 2022/23            |
| <b>Mortality Assumptions:</b><br>Longevity at 60 (65 County) for future pensioners: Men<br>Women | 23.1yrs<br>26.0yrs             | 23.5yrs<br>26.3yrs | 27.3yrs<br>27.3yrs         | 27.9yrs<br>30.1yrs |
| Rate of inflation CPI  | 2.6%                           | 2.7%               | 2.7%                       | 2.7%               |
| Rate of increase in salaries - 2015  | -                              | -                  | 3.95%                      | 3.95%              |
| Rate of increase in salaries - other   | 3.85%                          | 3.95%              | 4.2%                       | 4.2%               |
| Rate of increase in pensions   | 2.7%                           | 2.8%               | 2.8%                       | 2.8%               |
| Rate for discounting scheme liabilities  | 4.9%                           | 4.8%               | 4.9%                       | 4.8%               |

*\*Increase for 2015 scheme is the rate of revaluation of CARE pensions*

The estimation of the defined benefit obligation 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 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 or all of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, 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 for the previous period.

# Notes to the Core Financial Statements

## Impact on the Defined Benefit Obligation in the Schemes

|  | Shropshire County Pension Fund  |                                 | Fire Pension Schemes            |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | Increase in assumption<br>£'000 | Decrease in assumption<br>£'000 | Increase in assumption<br>£'000 | Decrease in assumption<br>£'000 |
| Longevity (increase or decrease in one year)                           | 475                             | -475                            | 4,063                           | -4,063                          |
| Rate of inflation (increase or decrease by 0.1%)                       | 902                             | -902                            | 8,032                           | -8,032                          |
| Rate of increase in salaries (increase or decrease by 0.1%)            | 206                             | -206                            | 1,762                           | -1,762                          |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | -1,698                          | 1,698                           | -14,362                         | 14,362                          |

The Fire Pension Schemes have no assets to cover their liabilities. The Shropshire County Pension Fund's assets consist of the following categories, by proportion of the total assets held.

|                    | 31 March<br>2024<br>£'000 | 31 March<br>2024<br>% | 31 March<br>2023<br>£'000 | 31 March<br>2023<br>% |
|--------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| Equity Investments | 12,439                    | 56.5                  | 9,947                     | 51.2                  |
| Bonds              | 3,210                     | 14.6                  | 3,640                     | 18.7                  |
| Property           | 774                       | 3.5                   | 645                       | 3.3                   |
| Other Assets       | 5,577                     | 25.4                  | 5,192                     | 26.8                  |
|                    | 22,000                    | 100.0                 | 19,424                    | 100.0                 |

## Impact on the Authority's Cash Flows – Local Government Pension Scheme

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The administering authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over approximately 22 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed in 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipated to pay £593,000 expected contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 19 years in 2023/24 (19 years in 2022/23).

# Notes to the Core Financial Statements

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**Injury Awards** – the level of injury awards payable to eligible members is dependent on the salary, service and also degree of disablement of the member at the time the injury is incurred. Therefore, in line with IFRS Code of Practice, the assumption that such awards are “not usually subject to the same degree of uncertainty as the measurement of post-employment benefits” can be rebutted and injury awards are therefore accounted for, under IAS19, in the same manner as for the main pension scheme benefits.

The majority of injury awards have been made to members of the 1992 pension scheme and are therefore reported as part of this scheme.

## 14. CONTINGENT LIABILITIES AND ASSETS

### Pensions

**McCloud Sargeant** - On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to Firefighters’ Pension Schemes and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the Treasury published the response to their consultation on 4 February 2021, confirming their approach to remedying age discrimination, in line with their proposals.

The legislation around retrospective remedy was laid in October 2023. Since then, prospective cases have been processed in line with the new legislation and provided retirees with their option of either legacy or reformed benefits for the remedy period 01/04/2015 - 31/03/2022.

Data has been shared with West Yorkshire Pension Fund (WYPF) for those cases facing immediate detriment because of the changes made in 2015. WYPF are now in a position, pending their own workloads, to process cases and provide these members with their Remedial Service Statement. However, ongoing tax issues have resulted in a nationwide pause on processing cases. A change in legislation has been agreed and in the interim a ministerial note from Government is expected. Guidance around potential tax issues has been issued by His Majesty’s Revenue & Customs (HMRC) and the administrators are working on its application.

The Fire Authority will decide whether WYPF should use this guidance prior to legislation being laid; cases will then be unpaused and ready for processing. Payment of backdated arrears and lump sums will then commence, however the timescales are unclear given the number of cases involved and the resources available to WYPF.

Compensation guidance has been provided by the Local Government Association and a process for compensation claims will be developed in due course.

Financial and contribution data was provided to WYPF for all active and deferred members to allow them to provide an annual benefit statements by the agreed timescale of 31<sup>st</sup> August 2024. However, WYPF have advised that this statutory

# Notes to the Core Financial Statements

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deadline has not been met and this breach has been reported to The Pensions Regulator.

**Matthews** – In 2014 /2015, it was ruled that retained firefighters employed between 1 July 2000 and 5 April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.

A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS. While the benefits awarded to special members largely mirrored the FPS1992, the FPS2006 was amended as the FPS1992 was closed.

Retained firefighters in scope will be able to purchase pension entitlement as a special member for some of all of their service between 7 April 2000 and 5 April 2006, and /or continuous service from 5 April 2006.

A second options exercise is underway and 181 members have expressed an interest in buying back service in the modified 2006 scheme. To date, 128 have now been provided with a statement listing estimated benefits and costs. The figures provided vary considerably between members, based on personal circumstances. However, there are 37 members who are due large immediate payouts. It has been confirmed by WYPF that these payments are unlikely to be made in the next three months.

The Authority have engaged a tracing company to find contact details for members where contact has been lost. Once updated contact details have been obtained and members written to, there is likely to be a second wave of interest in the buy back exercise.

There are potential obligations upon the Fire Authority. Although some members have received statements, the total obligation has not been estimated with certainty.

Further information can be found on page 13.

## Staff Issues

A number of senior officers left or resigned from the Service during 2023/24. In April 2024, a number of allegations were made against the Fire Authority and members of its leadership team; this led to senior members of staff being absent from the Service.

The Authority has made a contribution to the Pensions and Other Staff Issues Reserve to mitigate the impact of future employment liabilities.

There are no exit packages that are demonstrably committed to and no present obligation resulting from past events. It is not probable that there will be an outflow of resources that represent economic benefits.

## CONTINGENT ASSET

**Airwave** - the Competition Appeal Tribunal (the Tribunal) took the decision in December 2023 to uphold the Competition and Markets Authority (CMA)'s decision to impose a charge control mechanism on Motorola in respect of the revenue

## Notes to the Core Financial Statements

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Airwave can earn from its charges.

Motorola has lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal (CoA), but in the meantime has commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities including all Fire and Rescue Authorities (FRA) in England.

Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied.

As a result, and on the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice FRAs in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire who have kindly agreed to hold the total credit that relates to Fire England until a final court decision is reached. Any monies remaining with Buckinghamshire Fire after the conclusion of the legal process will be shared between all FRAs in England based on their percentage share of the credit, if ultimately Motorola are unsuccessful in their court application. As at 31 March 2024 the Authority's share of the credit is estimated to be £0.906m.

# Notes to the Core Financial Statements

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## **15. EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was signed off by the Treasurer on 13 June 2024.

Events may occur between the financial year end and the date that the Statement of Accounts is authorised for issue. Any such events that existed on the balance sheet date that have a financial impact on the financial statements would be adjusted. Those that did not exist at the balance sheet date may require disclosure in the financial statements.

No such events have taken place since the Statement of Accounts was authorised for issue.

## Notes to the Core Financial Statements

### 16. PROPERTY PLANT AND EQUIPMENT

| <b>Movements in 2023/24</b>   | <b>Land &amp; Buildings<br/>£'000</b> | <b>Vehicles, Plant, Furniture &amp; Equipment<br/>£'000</b> | <b>Property Plant &amp; Equipment<br/>£'000</b> |
|---|---------------------------------------|---|---|
| <b>Cost or Valuation</b>  |                                       |   |   |
| <b>At 1 April 2023</b>  | 27,605                                | 22,861  | 50,466  |
| Additions   | 5,675                                 | 834   | 6,509   |
| Revaluation increases / -decreases recognised in the Revaluation Reserve                          | -470                                  | 0   | -470  |
| Revaluation increases / -decreases recognised in the Surplus/Deficit on the Provision of Services | -5,165                                | 0   | -5,165  |
| Disposals   | 0                                     | -253  | -253  |
| <b>At 31 March 2024</b>   | <b>27,645</b>                         | <b>23,442</b>   | <b>51,087</b>                                   |
| <b>Accumulated Depreciation and Impairment</b>  |                                       |   |   |
| <b>As at 1 April 2023</b>   | -35                                   | -15,473   | -15,508   |
| Depreciation charge   | -1,400                                | -1,277  | -2,677  |
| Revaluation   | 1,400                                 | 0   | 1,400   |
| Disposals   | 0                                     | 160   | 160   |
| <b>At 31 March 2024</b>   | <b>-35</b>                            | <b>-16,590</b>  | <b>-16,625</b>                                  |
| <b>Net Book Value at 31 March 2024</b>  | <b>27,610</b>                         | <b>6,852</b>  | <b>34,462</b>                                   |
| <b>At 31 March 2023</b>   | <b>27,570</b>                         | <b>7,388</b>  | <b>34,958</b>                                   |

## Notes to the Core Financial Statements

| <b>Movements in 2022/23</b>   | <b>Land &amp; Buildings<br/>£'000</b> | <b>Vehicles, Plant, Furniture &amp; Equipment<br/>£'000</b> | <b>Property Plant &amp; Equipment<br/>£'000</b> |
|---|---------------------------------------|---|---|
| <b>Cost or Valuation</b>  |                                       |   |   |
| <b>At 1 April 2022</b>  | 25,714                                | 20,615  | 46,329  |
| Additions   | 3,152                                 | 2,388   | 5,540   |
| Revaluation increases / -decreases recognised in the Revaluation Reserve                          | 1,175                                 | 0   | 1,175   |
| Revaluation increases / -decreases recognised in the Surplus/Deficit on the Provision of Services | -2,436                                | 0   | -2,436  |
| Disposals   |                                       | -142  | -142  |
| <b>At 31 March 2023</b>   | <b>27,605</b>                         | <b>22,861</b>   | <b>50,466</b>                                   |
| <b>Accumulated Depreciation and Impairment</b>  |                                       |   |   |
| <b>As at 1 April 2022</b>   | -35                                   | -14,224   | -14,259   |
| Depreciation charge   | -1,097                                | -1,316  | -2,413  |
| Revaluation   | 1,097                                 | 0   | 1,097   |
|   | 0                                     | 67  | 67  |
| <b>At 31 March 2023</b>   | <b>-35</b>                            | <b>-15,473</b>  | <b>-15,508</b>                                  |
| <b>Net Book Value at 31 March 2023</b>  | <b>27,570</b>                         | <b>7,388</b>  | <b>34,958</b>                                   |
| <b>At 31 March 2022</b>   | <b>25,679</b>                         | <b>6,391</b>  | <b>32,070</b>                                   |

### Depreciation

Depreciation is provided on the following bases:

- Fire stations and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer.-547



# Notes to the Core Financial Statements

## Capital Commitments

At 31 March 2024, the Authority had entered into a number of contracts in 2023/24.

The commitments were:

|                                      | £'000        |
|--------------------------------------|--------------|
| Major improvements at Telford        | 66           |
| Aerial ladder platform refurbishment | 118          |
| Replacement of appliances            | 2,809        |
| BA upgrade                           | 125          |
| Command & control system replacement | 125          |
| Emergency response vehicles          | 74           |
| Light vehicle replacement            | 126          |
| <b>Total</b>                         | <b>3,443</b> |

Similar commitments at 31 March 2023 were £10.334m.

## Revaluations

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Valuations of land and buildings have been carried out at 31 March 2024, by Chris Wilkinson from Capita, under instruction from the Authority. The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The valuations have been undertaken on the following assumptions:-

- The properties are free from any undisclosed onerous burdens, outgoing or restrictions and good title can be shown.
- The land and properties are not contaminated (including Radon Gas)
- The properties and their values are unaffected by any matters which could be revealed by Local Search or inspection of any register and the use and occupation of the asset is lawful.
- In valuing the property, plant and machinery has been excluded unless forming part of the structure and normally valued with the buildings.
- The report does not take account of any liability for taxation which may arise on disposal whether actual or notional.
- Details of title have been taken from previous records supplied by Shropshire Fire and Rescue Service.
- Where there are user rights these have not been considered as having a value because of the inability to transfer such rights.
- Where the property in the ownership of Shropshire Fire and Rescue Service is subject to user rights, the value of the affected parts of the property have been excluded, except where the occupation has approximately twelve months or less to run to the expiry date.

Items within a class of property plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial

## Notes to the Core Financial Statements

statements that are a mixture of costs and values as at different dates. As the Authority only holds one class of asset, all land and buildings are revalued each year.

In addition to the programme of full valuation, an impairment review of the Authority's land and buildings is undertaken at the end of each financial year. The review for 2023/24 was undertaken by Chris Wilkinson from Capita, following instruction from the Authority.

### Valuation of Non Current Assets carried at Current Value

|  | Land and Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Total<br>£'000 |
|--|-----------------------------|---|----------------|
| Carried at historical cost                   | 0                           | 6,852   | 6,852          |
| Carried at current value as at 31 March 2024 | 27,610                      | 0   | 27,610         |
| <b>Total</b>                                 | <b>27,610</b>               | <b>6,852</b>                                      | <b>34,462</b>  |

## 17. FINANCIAL INSTRUMENTS

### Categories of Financial Instrument

The following categories of financial instrument are carried in the Balance Sheet:

|  | Long Term              |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | 31 March 2024<br>£'000 | 31 March 2023<br>£'000 | 31 March 2024<br>£'000 | 31 March 2023<br>£'000 |
| <b>Cash and cash equivalents</b>             |                        |                        |                        |                        |
| Cash and bank accounts                       | 0                      | 0                      | 12                     | -38                    |
| Short term deposits with bank                | 0                      | 0                      | 6,000                  | 4,800                  |
| Short term deposits with local authorities   | 0                      | 0                      |                        | 0                      |
| <b>Total cash and cash equivalents</b>       | <b>0</b>               | <b>0</b>               | <b>6,012</b>           | <b>4,762</b>           |
| <b>Investments</b>                           |                        |                        |                        |                        |
| Investments with bank                        | 0                      | 0                      | 1,000                  | 3,000                  |
| Investments with local authorities           | 0                      | 0                      | 0                      | 3,000                  |
| Investments with DMO                         | 0                      | 0                      | 0                      |                        |
| <b>Total investments</b>                     | <b>0</b>               | <b>0</b>               | <b>1,000</b>           | <b>6,000</b>           |
| <b>Debtors</b>                               |                        |                        |                        |                        |
| Financial assets carried at contract amounts | 0                      | 0                      | 995                    | 1,211                  |
| <b>Total debtors</b>                         | <b>0</b>               | <b>0</b>               | <b>995</b>             | <b>1,211</b>           |

|  | Long Term              |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | 31 March 2024<br>£'000 | 31 March 2023<br>£'000 | 31 March 2024<br>£'000 | 31 March 2023<br>£'000 |

## Notes to the Core Financial Statements

|   |              |              |              |            |
|---|--------------|--------------|--------------|------------|
| <b>Borrowings</b>                                 |              |              |              |            |
| Financial liabilities at amortised cost           | 5,045        | 5,255        | 210          | 0          |
| <b>Total borrowings</b>                           | <b>5,045</b> | <b>5,255</b> | <b>210</b>   | <b>0</b>   |
| <b>Creditors</b>                                  |              |              |              |            |
| *Financial liabilities carried at contract amount | 0            | 0            | 1,392        | 983        |
| <b>Total creditors</b>                            | <b>0</b>     | <b>0</b>     | <b>1,392</b> | <b>983</b> |

### Financial Instrument Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

|   | 2023/24                                |   | 2022/23                                |   |
|---|--|---|--|---|
|   | Liabilities at amortised cost<br>£'000 | Assets – loans and receivables<br>£'000 | Liabilities at amortised cost<br>£'000 | Assets – loans and receivables<br>£'000 |
| Interest expense  | 234                                    | 0                                       | 238                                    | 0                                       |
| <b>Total expense in Surplus or Deficit on the Provision of Services</b> | <b>234</b>                             | <b>0</b>                                | <b>238</b>                             | <b>0</b>                                |
| Interest income   | 0                                      | 543                                     | 0                                      | 272                                     |
| <b>Total income in Surplus or Deficit on the Provision of Services</b>  | <b>0</b>                               | <b>543</b>                              | <b>0</b>                               | <b>272</b>                              |
| <b>Net gain for the year</b>  | <b>234</b>                             | <b>543</b>                              | <b>238</b>                             | <b>272</b>                              |

**Nature and extent of risk arising from financial instruments:** The Authority's activities expose it to a variety of financial risks:

**Credit Risk** –this is the possibility other parties may fail to pay amounts due to the Authority. This arises from the lending of surplus funds to banks, building societies and other local authorities, as well as credit risks to the Authority's customers. The Authority, with support and guidance from Treasury Services at Shropshire Council, work to minimise the exposure to the unpredictability of financial markets and to protect the financial resources available to fund services.

The Authority has adopted CIPFA's Code of Treasury Management Practices, and an Annual Treasury Management Strategy has also been approved by the Authority.

**Liquidity Risk** – this is the possibility the Authority may not have funds available to meet its commitments to make payments. As the Authority has ready access to borrowings, there is no significant risk it will be unable to raise finance to meet its commitments.

## Notes to the Core Financial Statements

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**Market Risk** – this is the possibility financial loss might arise for the Authority as a result of changes in such measures as interest rates. Changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and will therefore directly affect the General Fund Balance.

### Fair Values of Assets and Liabilities

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

- Estimated ranges of interest rates at 31 March 2024 of 4.05% to 4.80% for loans from the PWLB
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as followed:

|                       | 31 March 2024            |                     | 31 March 2023            |                                  |
|-----------------------|--------------------------|---------------------|--------------------------|----------------------------------|
|                       | Carrying amount<br>£'000 | Fair Value<br>£'000 | Carrying amount<br>£'000 | Fair Value<br>(Level 2)<br>£'000 |
| Financial liabilities | 5,255                    | 5,470               | 5,255                    | 5,766                            |

## Notes to the Core Financial Statements

Additional information in respect of the Authority's borrowing is given below

|                             | <b>31 March<br/>2024<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|-----------------------------|------------------------------------|------------------------------------|
| <b>Loan Source</b>          |                                    |                                    |
| Public Works Loan Board     | 5,255                              | 5,255                              |
|                             |                                    |                                    |
| <b>Analysis by Maturity</b> |                                    |                                    |
| Less than 1 year            | 210                                | 0                                  |
| Between 1 and 2 years       | 194                                | 210                                |
| Between 2 and 5 years       | 395                                | 389                                |
| Between 5 and 10 years      | 1,448                              | 1,107                              |
| Between 10 and 20 years     | 1,348                              | 1,889                              |
| Between 20 and 30 years     | 1,130                              | 800                                |
| Between 30 and 40 years     | 530                                | 860                                |
| Between 40 and 50 years     | 0                                  | 0                                  |

### 18. INVENTORIES

| <b>2023/24</b>   | <b>Vehicle<br/>Parts<br/>£'000</b> | <b>Oil<br/>£'000</b> | <b>Diesel<br/>£'000</b> | <b>Uniform<br/>£'000</b> | <b>Operational<br/>Equipment<br/>£'000</b> | <b>Fire<br/>Ground<br/>Feeding<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|------------------------------------|----------------------|-------------------------|--------------------------|--|--|------------------------|
| <b>Balance<br/>outstanding at<br/>start of year</b>                                    | 115                                | 3                    | 9                       | 129                      | 84   | 2  | 342                    |
| Purchases  | 179                                | 5                    | 83                      | 177                      | 125  | 8  | 577                    |
| Recognised as<br>an expense<br>within<br>Executive and<br>Resources<br>during the year | -167                               | -2                   | -89                     | -206                     | -125                                       | -8   | -597                   |
| <b>Balance<br/>outstanding at<br/>year end</b>   | 127                                | 6                    | 3                       | 100                      | 84   | 2  | 322                    |

## Notes to the Core Financial Statements

| 2022/23   | Vehicle Parts<br>£'000 | Oil<br>£'000 | Diesel<br>£'000 | Uniforms<br>£'000 | Operational Equipment<br>£'000 | Fire Ground Feeding<br>£'000 | Total<br>£'000 |
|---|------------------------|--------------|-----------------|-------------------|--------------------------------|------------------------------|----------------|
| <b>Balance outstanding at start of year</b>                             | 119                    | 5            | 26              | 266               | 120                            | 2                            | 538            |
| Purchases   | 71                     | 5            | 76              | 143               | 136                            | 7                            | 438            |
| Recognised as an expense within Executive and Resources during the year | -75                    | -7           | -93             | -280              | -172                           | -7                           | -634           |
| <b>Balance outstanding at year end</b>                                  | 115                    | 3            | 9               | 129               | 84                             | 2                            | 342            |

### 19. DEBTORS

Debtors represent sums owed to the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

|  | 31 March<br>2024<br>£'000 | 31 March<br>2023<br>£'000 |
|--|---------------------------|---------------------------|
| Central government bodies                | 1,000                     | 1,248                     |
| Other local authorities                  | 944                       | 875                       |
| Other entities and individuals           | 444                       | 360                       |
| Less Provision for Bad or Doubtful Debts | -11                       | -9                        |
| <b>Total</b>                             | <b>2,377</b>              | <b>2,474</b>              |

### 20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

|  | 31 March<br>2024<br>£'000 | 31 March<br>2023<br>£'000 |
|--|---------------------------|---------------------------|
| Cash held by the Authority                 | 0                         | 0                         |
| Bank current accounts                      | 12                        | -38                       |
| Short term deposits with bank              | 6,000                     | 4,800                     |
| Short term deposits with local authorities |                           | 0                         |
| <b>Total</b>                               | <b>6,012</b>              | <b>4,762</b>              |

# Notes to the Core Financial Statements

## 21. CREDITORS

These represent sums owed by the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

|                                | <b>31 March<br/>2024<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|--------------------------------|------------------------------------|------------------------------------|
| Central government bodies      | 504                                | 598                                |
| Other local authorities        | 798                                | 565                                |
| Other entities and individuals | 1,350                              | 964                                |
| <b>Total</b>                   | <b>2,652</b>                       | <b>2,127</b>                       |

## 22. GRANTS RECEIPTS IN ADVANCE - REVENUE

These represent grants that has yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end re as follows:

|                               | <b>31 March<br/>2024<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|-------------------------------|------------------------------------|------------------------------------|
| Balance at 1 April            | 834                                | 880                                |
| Movement during year          | 98                                 | -46                                |
| <b>Balance as at 31 March</b> | <b>932</b>                         | <b>834</b>                         |

## 23. PROVISION – NNDR APPEALS

This reflects the Authority's share of appeals made by NNDR payers at billing authorities

|                               | <b>31 March<br/>2024<br/>£'000</b> | <b>31 March<br/>2023<br/>£'000</b> |
|-------------------------------|------------------------------------|------------------------------------|
| Balance at 1 April            | 149                                | 43                                 |
| Movement during year          | -66                                | 106                                |
| <b>Balance as at 31 March</b> | <b>83</b>                          | <b>149</b>                         |

## 24. UNUSABLE RESERVES

| <b>31 March<br/>2023<br/>£'000</b> |                            | <b>31 March<br/>2024<br/>£'000</b> |
|------------------------------------|----------------------------|------------------------------------|
| 14,648                             | Revaluation Reserve        | 14,750                             |
| 12,705                             | Capital Adjustment Account | 7,072                              |
| -1,826                             | LGPS Pensions Reserve      | 330                                |
| -183,335                           | Fire Pensions Reserve      | -182,587                           |

## Notes to the Core Financial Statements

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|                 |                                    |                 |
|-----------------|------------------------------------|-----------------|
| 170             | Collection Fund Adjustment Account | 61              |
| -170            | Accumulated Absences Account       | -192            |
| <b>-157,808</b> | <b>Total Unusable Reserves</b>     | <b>-160,566</b> |



# Notes to the Core Financial Statements

## Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| <b>2022/23<br/>£'000</b> |  | <b>2023/24<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 13,124                   | Balance at 1 April   | 14,648                   |
| 0                        | Downward revaluation of assets and impairment losses not charged to the Surplus on the Provision of Services | 0                        |
| 2,272                    | Surplus on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services  | 930                      |
| -748                     | Difference between fair value depreciation and historical costs depreciation<br>Upward revaluation of Assets | -828                     |
| <b>14,648</b>            | <b>Balance as at 31 March</b>  | <b>14,750</b>            |

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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, impairments 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 revaluation gains accumulated on Property Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 3 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## Notes to the Core Financial Statements

| <b>2022/23<br/>£'000</b> |  | <b>2023/24<br/>£'000</b> |
|--------------------------|--|--------------------------|
| 13,854                   | <b>Balance at 1 April</b>  | 12,705                   |
|                          | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: |                          |
| -2,413                   | Charges for depreciation and impairment of non current assets  | -2,677                   |
| -76                      | Loss on sale of Property Plant and Equipment   | -93                      |
| -2,436                   | Revaluation losses on Property Plant and Equipment   | -5,165                   |
| <b>8,929</b>             | <b>Total</b>   | <b>4,770</b>             |
| 748                      | Adjusting amounts written out of the Revaluation Reserve   | 828                      |
|                          | <b>Net written out amount of the cost of non current assets consumed in the year</b>   |                          |
|                          | Capital financing applied in the year:   |                          |
| 0                        | Application of grants to capital financing from the Capital Grants Unapplied Account   | 0                        |
| 198                      | Statutory provision for the financing of capital investment charged against the General Fund balance                         | 260                      |
| 2,830                    | Capital expenditure charged against the General Fund balance   | 1,214                    |
| <b>12,705</b>            | <b>Balance as at 31 March</b>  | <b>7,072</b>             |

### Pensions Reserves

The Pensions Reserves absorb the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserves therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has to set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

## Notes to the Core Financial Statements

| 2022/23<br>£'000 |              |                |  | 2023/24<br>£'000 |             |                |
|------------------|--------------|----------------|--|------------------|-------------|----------------|
| Fire             | LGPS         | Total          |  | Fire             | LGPS        | Total          |
| 278,733          | 9,820        | 288,553        | <b>Balance at 1 April</b>  | 183,335          | 1,826       | 185,161        |
| -103,119         | -8,909       | -112,028       | Actuarial gains or losses on pensions assets and liabilities   | -5,494           | -2,241      | -7,735         |
| 13,791           | 1,516        | 15,307         | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 11,136           | 685         | 11,821         |
| -6,070           | -601         | -6,671         | Employer's pension contributions and direct payments to pensioners payable in the year   | -6,390           | -600        | -6,990         |
| <b>183,335</b>   | <b>1,826</b> | <b>185,161</b> | <b>Balance at 31 March</b>   | <b>182,587</b>   | <b>-330</b> | <b>182,257</b> |

## Notes to the Core Financial Statements

### Collection Fund Adjustment Account

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

| <b>2022/23<br/>£'000</b> |   | <b>2023/24<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 85                       | <b>Balance at 1 April</b>   | 170                      |
| 85                       | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements | -109                     |
| <b>170</b>               | <b>Balance at 31 March</b>  | <b>61</b>                |

### Accumulated Absences Account

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

| <b>2022/23<br/>£'000</b> |   | <b>2023/24<br/>£'000</b> |
|--------------------------|---|--------------------------|
| -142                     | Balance at 1 April  | -170                     |
| 142                      | Settlement or cancellation of accrual made at the end of the preceding year   | 170                      |
| 0                        | Amount accrued at the end of the current year   | 0                        |
| -170                     | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -192                     |
| <b>-170</b>              | <b>Balance at 31 March</b>  | <b>-192</b>              |

# Notes to the Core Financial Statements

## 25. USABLE RESERVES

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

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

### Transfers To / From Earmarked Reserves

|   | Balance<br>31 Mar<br>2022<br>£'000 | Transfers<br>Out<br>2022/23<br>£'000 | Transfers<br>In<br>2022/23<br>£'000 | Balance<br>31 Mar<br>2023<br>£'000 | Transfers<br>Out<br>2023/24<br>£'000 | Transfers<br>In<br>2023/24<br>£'000 | Balance<br>31 Mar<br>2024<br>£'000 |
|---|------------------------------------|--------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|-------------------------------------|------------------------------------|
| General Fund Balance                    | 1,153                              | -1,153                               | 1,723                               | 1,723                              | -1,723                               | 2,433                               | 2,433                              |
| General Reserve                         | 577                                | 0                                    | 0                                   | 577                                | -121                                 | 0                                   | 456                                |
| Major Projects Capital Reserve          | 9,147                              | -2,695                               | 182                                 | 6,634                              | -975                                 | 1,154                               | 6,813                              |
| Extreme Weather Reserve                 | 219                                | 0                                    | 0                                   | 219                                | 0                                    | 0                                   | 219                                |
| Pensions and Other Staff Issues Reserve | 687                                | 0                                    | 0                                   | 687                                | -10                                  | 0                                   | 677                                |
| ICT Reserve                             | 1,104                              | -270                                 | 0                                   | 834                                | -287                                 | 0                                   | 547                                |
| STP Staff Reserve                       | 27                                 | -478                                 | 1,320                               | 869                                | -310                                 | 250                                 | 809                                |
| Income Volatility Reserve               | 687                                | 0                                    | 0                                   | 687                                | 0                                    | 0                                   | 687                                |
| Service Delivery Reserve                | 125                                | -7                                   | 0                                   | 118                                | -109                                 | 0                                   | 9                                  |
| Training Reserve                        | 51                                 | -38                                  | 0                                   | 13                                 | -36                                  | 150                                 | 127                                |
| Building Maintenance Reserve            | 312                                | -12                                  | 0                                   | 300                                | 0                                    | 150                                 | 450                                |
| Operational Equipment Reserve           | 213                                | -97                                  | 0                                   | 116                                | -31                                  | 190                                 | 275                                |
| Usable Capital Receipts Reserve         | 0                                  | -88                                  | 129                                 | 41                                 | -129                                 | 146                                 | 58                                 |
| <b>Total</b>                            | <b>14,302</b>                      | <b>-4,838</b>                        | <b>3,354</b>                        | <b>12,818</b>                      | <b>-3,731</b>                        | <b>4,473</b>                        | <b>13,560</b>                      |

## Notes to the Core Financial Statements

### 26. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

|   | <b>2023/24<br/>£'000</b> | <b>2022/23<br/>£'000</b> |
|---|--------------------------|--------------------------|
| <b>Opening Capital Financing Requirement</b>  | <b>7,606</b>             | <b>5,095</b>             |
| <i>Capital investment</i>   |                          |                          |
| Property Plant and Equipment  | 6,509                    | 5,539                    |
|   |                          |                          |
| <i>Sources of Finance</i>   |                          |                          |
| Government grants and other contributions   | 0                        | 0                        |
| Sums set aside from revenue:  |                          |                          |
| Direct revenue contributions  | -1,214                   | -2,830                   |
| MRP   | -260                     | -198                     |
| <b>Closing Capital Financing Requirement</b>  | <b>12,641</b>            | <b>7,606</b>             |
| <b>Explanation of movements in year</b>   |                          |                          |
| Decrease in underlying need to borrowing (supported by government financial assistance)               |                          | 0                        |
| Increase / -decrease in underlying need to borrowing (unsupported by government financial assistance) | 5,035                    | 2,511                    |
| <b>Increase / -decrease in Capital Financing Requirement</b>  | <b>5,035</b>             | <b>2,511</b>             |

## Notes to the Core Financial Statements

### 27. CASH FLOW STATEMENT – NON CASH ITEMS

| <b>2022/23<br/>£'000</b> |                                    | <b>2023/24<br/>£'000</b> |
|--------------------------|------------------------------------|--------------------------|
| -2,413                   | Depreciation                       | -2,677                   |
| -2,436                   | Losses on asset revaluations       | -5,165                   |
| -76                      | Loss on sale of non current assets | -93                      |
| -8,636                   | IAS19 pension adjustments          | -4,831                   |
| 85                       | Collection Fund adjustment         | -109                     |
| -28                      | Accumulated Absences adjustment    | -22                      |
| -196                     | Movement on stocks                 | -21                      |
| 1,306                    | Movement on creditors              | -346                     |
| 261                      | Movement on debtors                | -176                     |
| <b>-12,133</b>           |                                    | <b>-13,440</b>           |

### 28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

| <b>2022/23<br/>£'000</b> |                     | <b>2023/24<br/>£'000</b> |
|--------------------------|---------------------|--------------------------|
| 272                      | Interest received   | 543                      |
| -238                     | Interest paid       | -234                     |
| <b>34</b>                | <b>Net Interest</b> | <b>309</b>               |

### 29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

| <b>2022/23<br/>£'000</b> |   | <b>2023/24<br/>£'000</b> |
|--------------------------|---|--------------------------|
| 5,540                    | Purchase of property plant and equipment        | 6,509                    |
| -3,000                   | Other payments from investing activities        | -5000                    |
| <b>2,540</b>             | <b>Net cash flows from investing activities</b> | <b>1,509</b>             |

## Notes to the Core Financial Statements

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### 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

| <b>2022/23<br/>£'000</b> |   | <b>2023/24<br/>£'000</b> |
|--------------------------|---|--------------------------|
| -272                     | Other receipts from financing activities        | -543                     |
| 401                      | Other payments for financing activities         | 234                      |
| <b>129</b>               | <b>Net cash flows from financing activities</b> | <b>-309</b>              |



## Pension Fund Accounts

| Year ended<br>31 March<br>2023<br>£'000 |  | Year ended<br>31 March<br>2024<br>£'000 |
|---|--|---|
|   | <b>Income to the fund</b>  |   |
|   | <b>Contributions receivable:</b>   |   |
|   | <b>From employer:</b>  |   |
| -2,689                                  | Normal: 2015 scheme  | -2,811                                  |
| -84                                     | Early Retirements  | -76                                     |
|   | <b>From members:</b>   |   |
| -1,194                                  | Normal: 2015 scheme  | -1,261                                  |
| -30                                     | Past Service: 2006 modified scheme   | -23                                     |
|   | <b>Transfers in:</b>   |   |
| -26                                     | Individual transfers from other schemes  | -96                                     |
|   |  |   |
| <b>-4,023</b>                           | <b>Income to the Fund</b>  | <b>-4,267</b>                           |
|   | <b>Spending from the Fund:</b>   |   |
|   | <b>Benefits payable:</b>   |   |
| 5,558                                   | Pensions   | 6,204                                   |
| 1,447                                   | Commutations on pensions and lump sum retirement benefits                          | 1,220                                   |
|   | <b>Payments to and on account of leavers:</b>                                      |   |
| 0                                       | Individual transfers out of the scheme   | 0                                       |
|   |  |   |
| <b>2,982</b>                            | <b>Deficit for the year before top up grant receivable from Central Government</b> | <b>3,157</b>                            |
|   |  |   |
| -1,946                                  | Top Up grant received  | -2,405                                  |
| -1,036                                  | Top Up grant   | -752                                    |
|   |  |   |
| <b>0</b>                                | <b>Net amount receivable for the year</b>  | <b>0</b>                                |

# Pension Fund Accounts

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## Net Assets Statement as at 31 March 2024

| 2022/23<br>£'000 | Current Assets                          | 2023/24<br>£'000 |
|------------------|---|------------------|
| 1,036            | Top Up grant receivable from Government | 752              |
|                  | <b>Current Liabilities</b>              |                  |
| -1,036           | Amounts due to General Fund             | -752             |
| <b>0</b>         |   | <b>0</b>         |

## Notes to the Pension Fund Accounts

- 1. Firefighters Pension Schemes** – on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes. The Pension fund was established under the Firefighters Pension Fund Regulations 2006.  
The Firefighters' Pension Scheme 2015 was introduced at the beginning of the financial year. This is a career average scheme, and is available to operational firefighters appointed on or after 1 April 2015. Serving firefighters will also have been transferred into the scheme, unless they have protected status under one of the existing schemes. The scheme is regulated by the Home Office.
- 2.** The Pension Fund is regulated by Home Office, and the pension schemes are managed and administered locally by each Fire Authority. Both are unfunded, defined benefit schemes; contributions to the schemes are made by firefighters and employers, and paid into the Fund, from which most commutations and regular pension payments are made. Any deficit on the Fund will be met by Government, and any surplus at the end of the year will be repaid to Government.
- 3.** The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end; information on the Authority's long term pensions obligations can be found at note 12 to the main financial statements.
- 4.** Employees and employers contribution levels are set nationally by the Home Office and subject to triennial revaluation by the Government's Actuary Department.
- 5.** The accounts are prepared in accordance with the same Code of Practice and accounting policies as the main financial statements – they can be found at page 31.

# Glossary of Terms

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## **Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under IFRS and are financed through capital controls system.

## **Capital Expenditure**

Expenditure on the acquisition of non current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

## **Capital Receipts**

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or finance new assets.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

## **Capital Financing Requirement**

This measures the underlying need to borrow to finance capital expenditure.

## **Collection Fund Adjustment Account**

Provides a mechanism for recognising the Fire Authority's share of the Collection Fund surplus / deficits at the end of the year.

## **Corporate and Democratic Core**

Represents the costs of corporate policy making and member based activities. Other costs relate to the general running of the Fire Authority including corporate management and public accountability.

## **Council Tax**

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied is dependant on the valuation of each dwelling.

## **Creditors**

Amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

## **Current Assets**

Items from which the Fire Authority derives a benefit but which will be consumed or realised during the next accounting period, ie stocks, debtors, cash.

## **Current Liabilities**

Amounts which will become payable in the next accounting period ie creditors.

## **Debtors**

# Glossary of Terms

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Sums of money due to the Fire Authority for goods sold or services rendered but for which payment has not been received at the balance sheet date.

**Depreciation** – the measure of the wearing out, consumption, or other reduction in the useful economic life of a non current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

## **Government Grants**

Assistance by government in the form of cash or transfers of assets to authorities, in return for past or future compliance with certain conditions relating to the activities of the Fire Authority.

## **Heritage Assets**

Assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific or environmental qualities, and which are held and maintained by the Fire Authority principally for the contribution to knowledge and culture.

## **Home Office**

The Government department with responsibility for the Fire and Rescue Service from 5 January 2016.

## **Impairment**

A reduction in the value of a non current asset below its carrying amount on the balance sheet.

## **International Accounting Standards (IAS)**

## **International Financial Accounting Standards (IFRS)**

The framework of standards within which the financial statements are prepared.

## **Long Term Borrowing**

Loans that are raised with external bodies, for periods of more than one year.

## **Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year to set aside for provision for credit liabilities, previously 4% of the capital financing requirement.

## **Non Current Assets**

Assets that yield benefits to the Fire Authority and the services it provides for a period of more than one year.

## **Operational Assets**

Non current assets held and occupied, used or consumed by the Fire Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **PCC**

The Police and Crime Commissioner – this is a directly elected role which oversees policing and ensures that police forces are effective. The Police and Crime Act 2017 now enables the PCC to take on responsibility for Fire and Rescue Services where a local case is made.

# Glossary of Terms

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**Revaluation Reserve**

Contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation.

**Revenue Support Grant**

Government grant in aid of the Fire Authority's services generally. It is based upon the Government's assessment of how much the Fire Authority needs to spend in order to provide a standard level of service.

**Stocks**

The amount of unused or unconsumed stocks held in expectation of future use.

**Useful Life**

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

**Virement**

The transfer of resources between budget heads. Virements must be properly authorised by the appropriate committee or by officers under delegated powers.