



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

Nottinghamshire and City of Nottingham  
Fire and Rescue Authority  
Finance and Resources Committee

# **AUDITED STATEMENT OF ACCOUNTS 2023/24**

Report of the of the Treasurer to the Fire Authority

**Date:** 17 January 2025

**Purpose of Report:**

To present Members with the Statement of Accounts for 2023/24 and approve the signing of the 2023/24 accounts to enable publication of the final Statement of Accounts by the backstop date.

**Recommendations:**

It is recommended that Members:

- Note that the audited Statement of Accounts 2023/24 as attached at Appendix A
- Delegated authority is given for the Head of Finance (Section 151 Officer) and the Chair of the Finance and Resources Committee to sign the final Statement of Accounts 2023/24; any changes presented to the next Finance and Resources Committee.

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## 1. BACKGROUND

- 1.1 The 2023/24 Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The draft 2023/24 Statement of Accounts were published on the Fire Authorities website and made available to the External Auditors, KPMG by the 31 May 2024 in line with the statutory deadline in the Accounts and Audit Regulations.
- 1.2 The accounts are being presented to Finance and Resources Committee in its role as Audit Committee to provide opportunity for scrutiny, please note that the 2023/24 Statement of Accounts have not previously been presented to the Committee. A copy of the Statement of Accounts is attached in Appendix A.
- 1.3 The UK Government laid legislation setting statutory backstop dates, the Statement of Accounts for 20221/22 and 2022/23 was published on the 12 December before the initial backstop date of the 13 December 2024. The 2023/24 final Statement of Accounts are required to have received an audit opinion and to be signed and published on the Nottinghamshire Fire and Rescue Services (NFRS) website by the 28 February 2025.
- 1.4 This report enables the NFRS to meet its statutory duty and publish its final Statement of Accounts for 2023/24 by the backstop date of 28 February 2025.

## 2. REPORT

### THE CORE STATEMENTS IN THE ACCOUNTS

- 2.1 Within the 2023/24 Accounts there are four core statements on pages 23 to 30. Each of these core statement has disclosure notes within the Accounts which give further information and details as required under the relevant Accounting Standards.
- 2.2 The **Movement in Reserves Statement** shows the movement in the year on the NFRS's various reserves, analysed between "usable" and "unusable" reserves. These include the General Fund Reserve (£5.1m), which is an increase of £122k from March 2023, while the closing balance of Earmarked Reserves is (£5.9m) which is an increase of £508k from March 2023.
- 2.3 The provisional 2023/24 revenue and capital outturn was considered by the Fire Authority Committee on 26 July 2024 and reported the same level of movement to General Fund Reserve and Earmarked Reserves.

- 2.4 The **Comprehensive Income and Expenditure Statement** shows all of the items of income and expenditure which constitute the accounting cost in the year of providing services. This shows a service deficit of £7.3m, this does not represent the cost to the taxpayer as the accounting cost includes adjustments such as depreciation and pension liability which are not chargeable to NFRS's taxpayer.
- 2.5 The **Balance Sheet** shows the value of the Authority's assets and liabilities at 31 March 2024. The Authority's net assets are matched by the Authority's reserves.
- 2.6 On Pages 108 and 110 of the Accounts are the Pension Fund Statements which show the transactions in the year on firefighter pensions and the assets and liabilities as at 31 March 2024.
- 2.7 The **Cash Flow Statement** shows the changes in cash (and cash equivalents) during the year and shows how the Service's activities generate and use cash.

### **THE NARRATIVE STATEMENT**

- 2.8 The Narrative Statement gives a useful overview of both the Accounts themselves and NFRS's activities during the year and beyond from a financial viewpoint. It sets the context for the Accounts and is therefore a useful starting point for someone reading the Authority's accounts for the first time.

### **AUDIT OF THE ACCOUNTS**

- 2.9 The draft 2023/24 Statement of Accounts were published on the NFRS website and made available to the External Auditors, KPMG on the 31 May 2024.
- 2.10 The publication date for signed audited / disclaimed Statement of Accounts is the 28 February 2025. The External Auditors, KPMG are in attendance at the January 2025 Finance and Resources Committee to present their Completion Report and enable NFRS to meet its statutory deadline.

## **3. FINANCIAL IMPLICATIONS**

The annual audit fee set for the 2032/24 accounts was originally £94,838 for each financial year. It is not known at this time, the impact of issuing a modified/disclaimed opinion to meet the backstop dates on the fees. Any changes in fees will be subject to the approval of PSAA.

#### **4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS**

There are no human resource or learning and development implications arising from this report.

#### **5. EQUALITIES AND ETHICAL IMPLICATIONS**

An equality impact assessment has not been undertaken. This report relates to how the Authority has met its statutory requirements rather than a new or amended policy.

#### **6. ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS**

There are no environmental and sustainability implications arising from this report.

#### **7. LEGAL IMPLICATIONS**

This report confirms that the Authority has been able to meet its statutory obligations in relation to its historic Statement of Accounts.

#### **8. RISK MANAGEMENT IMPLICATIONS**

The production of Statement of Accounts is fundamental in demonstrating a sound financial position for any organisation. The issuing of a modified or disclaimed audit opinion where audits cannot be completed by a backstop date is uncomfortable for the sector. However, in the absence of viable alternatives, this is the agreed process. The Government has made it clear that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control. Auditors are expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

#### **9. COLLABORATION IMPLICATIONS**

There are no collaboration implications arising from this report.

#### **10. RECOMMENDATIONS**

It is recommended that Members:

- 10.1 Note that the Final Statement of Accounts for 2021/22 and 2022/23 were signed and published by the statutory backstop date.

10.2 Note the Final Audit Completion Report for 2021/22 and 2022/23 enclosed at Appendix A.

**11. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)**

None.

Bev Bull  
**HEAD OF FINANCE AND TREASURER TO THE FIRE AUTHORITY**



# Statement of Accounts

2023/24

**CREATING  
SAFER  
COMMUNITIES**



**NOTTINGHAMSHIRE**  
Fire & Rescue Service  
Creating Safer Communities

**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY  
STATEMENT OF ACCOUNTS 2023/24**

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## NARRATIVE STATEMENT

### **Introduction**

The Narrative Statement introduces the Statement of Accounts 2023/24 for the Nottinghamshire and City of Nottingham Fire Authority, which was formed as an independent body on 1<sup>st</sup> April 1998 following local government reorganisation. I write it as the Treasurer to the Fire Authority and as the Officer designated under Section 112 of the Local Government Act 1972. My role is to act on behalf of the Authority in providing oversight and ensuring legal compliance and governance in respect of accounting and financial matters which affect the Authority.

The Narrative Statement is intended to give the reader of these accounts a clear overview of the Authority's financial performance in the year and to put the Authority's non-financial performance into the context of the financial results.

I recognise that the accounts of the Authority can be quite daunting for readers, especially those who are unfamiliar with accounts in general and local government accounts in particular, so I hope that in taking the time to read the narrative statement, readers will be able to better understand how these accounts are constructed and how best to read and interpret them. It also explains more about what the core financial statements mean and explains how the notes to the accounts provide the reader with the detailed information to support the core statements.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which is published by CIPFA.

Links to any documents referred to in this Narrative Statement can be found at the foot of the document.

### **Background**

The Nottinghamshire and City of Nottingham Fire Authority is responsible for ensuring Nottinghamshire Fire and Rescue Service has the people, equipment and training needed to carry out its duties for fire prevention, fire safety, firefighting and rescue, road traffic collision extrication and rescue, and other emergency rescue activities such as responding to flooding or terrorism.

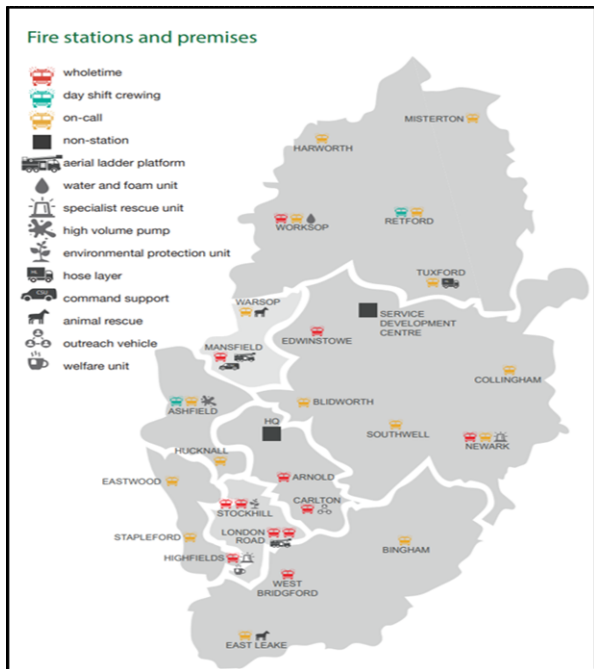
The Authority is made up of 6 councillors from Nottingham City Council and 12 councillors from Nottinghamshire County Council. The Nottinghamshire Police and Crime Commissioner is also a voting member of the Authority.

The County of Nottinghamshire covers an area of 838 square miles and borders Derbyshire, Leicestershire, Lincolnshire and South Yorkshire. It has a mixture of urban and rural areas. Much of the county is rural land and forestry, including Sherwood Forest. Several major rivers and canals pass through the county, including the River Trent. In total, there are over 300 miles of waterways in the County.



The county has a population of 1.15m people, with 70% living in urban areas. More than half the county's population live in the city of Nottingham and immediate surrounding areas – this is the 9th largest urban area in the UK. The city has over 130,000 households, and the remainder of the county has 361,809 households.

The County has over 2,000 multi-storey buildings more than 11m in height, 4,600 listed buildings, with 49 buildings on the Heritage at Risk Register. There are 3,500 miles of road, 20 miles of tram network.



The Fire Authority has 24 Fire Stations, 8 of which are wholetime. 12 stations are crewed by on call staff and the remaining 4 have a mixture of wholetime and on call crews.

The Fire Authority has 30 Fire Appliances and 13 Special Appliances.

The Fire Authority has 416 wholetime firefighters, 242 On-call firefighters and 168 support service employees.

The Authority has a number of key plans and strategies which together enable the organisation to deliver its overall objective of creating safer communities.

The [Community Risk Management Plan 2022-2025](#) sets out the key priorities for the Authority for the three years 2022/23 to 2024/25.

This is broken down into [Annual Delivery Plans](#). Progress against the Plan and relevant performance data can be found in the [Annual Statement of Assurance](#).



The [Medium Term Financial Strategy](#) includes budgets for the next four years which support the delivery of services but within the context of financial sustainability.

### **Performance during 2023/24**

2023/24 is the second year of our Community Risk Management Plan 2022-25 (CRMP). Performance against the CRMP is reported to Fire Authority each year in the Annual Statement of Assurance (ASOA). The 2023/24 ASOA is to be presented to Fire Authority in July 2024 and can be found on the Authority's website.

The service attended 10,595 incidents during 2023/24, which was a 6.6% decrease from 2022/23.

This is largely driven by 30% decrease in fires, which includes a 76% decrease in vegetation fires, due to less extreme weather than in 2022/23. There was an 8% increase in false alarms, a 6% increase in other special service calls, such as assisting EMAS and responding to flooding and 4% decrease in road traffic collisions.

The service conducted 15,765 safe and well visits, 1,180 fire safety audits, and 1033 business safety checks, all of which have increased since 2022/23 and reflect the commitments made in the CRMP. The increase in the number of business safety checks is due to a change in the way they are delivered, with some fire crew now being trained to deliver these checks. Fire safety audits have continued to increase due to an increase in the number of Fire Safety Inspectors employed by the service as a result of additional funding being provided by the government following Grenfell.

A summary of the Service's performance can be found in the table below.

### **Analysis of Performance during 2022/23 and 2023/24**

<b>Emergencies</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Increase/- Decrease</b>
Fires	4,024	2,805	-30.30%
False Alarms	4,626	4,992	7.90%
Special Service Calls	2,111	2,237	6.00%
Road Traffic Accidents	582	561	-3.60%
Total Emergencies	11,343	10,595	-6.60%
Average Response Time	8 mins 14 secs	8 mins 14 secs	
<b>Other Activity</b>			
Safe and Well Visits	13,913	15,765	13.30%
Fire Safety Audits	1,024	1,180	15.20%
Business Safety Checks	531	1,033	94.50%

More information on all of this data can be found in the ASOA.

## Prevention

Our targeted Safe and Well visits offer advice on factors which increase vulnerability to fire and injury. This includes advice on stopping smoking, alcohol addiction, preventing falls, keeping warm in winter and general fire safety.

Our intelligence-led profile, CHARLIE-P, identifies the main factors that could increase a person's risk to a fire occurring in their home. This stands for Care and cooking needs; Hoarding and mental health issues; Alcohol and medication; Reduced mobility; Living alone; Inappropriate smoking; Elderly and electrical and Previous signs of fire.

We use this profile to help improve the way partners notify us of people who may be at risk and to identify homes where we should target our Safe and Well visits.

The Service undertake Community Reassurance and Engagement visits in communities that have experienced a serious fire. They offer safe and well visits to homes as well as general fire safety advice. We also proactively target communities most at risk from have a fire through our Data Intelligence Community Engagement visits.

## Protection

Our protection work is focused on keeping people safe from fire in the buildings they live and work in. This includes business premises, hospitals and care homes, high-rise buildings, and apartment blocks. Our Protection department oversees a programme of activities and is responsible for enforcing fire safety legislation.

We have upheld our statutory function as regulator of fire safety standards and have issued 21 Prohibition Notices and 47 Enforcement Notices to premises where safety standards were unacceptable, and people were being placed at risk.

Our work has continued to improve fire safety standards across the county in non-domestic premises as we engage and consult with other regulators including Building Control, Environmental Health, the Health and Safety Executive, Nottinghamshire Police, the Care Quality Commission, Ofsted and the Food Standards Agency.

As part of our statutory duty to educate and advise businesses, our business support team have used a range of activities and methods to engage with local businesses to provide guidance, support and advice on fire safety matters.

### **HMICFRS inspection**

We welcomed an inspection team from Her Majesty's Inspectorate of Fire and Rescue Services during March and April 2024. This is the third national inspection assessing the service's effectiveness and efficiency, and how well it looks after its people.

The regime for undertaking the inspection includes an assessment of 11 areas, with possible gradings of outstanding, good, adequate (an additional grade added as part of the third inspection regime), requires improvement and inadequate for each area. The service is waiting for feedback and gradings from the third inspection.

This third inspection follows on from the initial inspection in 2019 and a second inspection in 2021. Under the previous inspections in addition to the grading of the 11 areas, gradings were also given for the 3 pillars of Efficiency, Effectiveness and People. The 2019 report identified 25 Areas for Improvement. The second inspection report was published on 27 July 2022 and can be found on the service's [website](#). It rated the service as Good in all areas and acknowledged that the service had worked hard on the areas identified for improvement in the 2019 report. Specifically, under Efficiency, we were good at:

- Making best use of our resources
- Making our workforce's time as productive as possible
- Making savings while maintaining operational performance

There were a further 4 Areas for Improvement identified in the second inspection. These have all been implemented with the actions being closed.

HMICFS published a report on values and culture in the fire and rescue sector on 30 March 23. The report was sector wide and did not specifically relate to NFRS. It identified evidence of bullying, harassment and discrimination, a lack of fairness and diversity along with poor reporting and handling of concerns. The service is fully committed to improving our culture, and created an [action plan](#) to implement recommendations in the report.

## **Grenfell**

We recognise the importance of learning from the tragedy that occurred at Grenfell Tower.

Since the Grenfell Tower inquiry, additional training and equipment have been provided to ensure that we are better prepared to deal with complex incidents in tall buildings. A new tall buildings procedure has been fully implemented and ongoing training exercises with regional partners continues to improve our preparedness for major incidents.

We continue to work with all UK fire and rescue services to develop working practices in response to Grenfell. We work particularly closely with regional partners to ensure interoperability and aligned practice, so we are prepared for significant incidents if they were to occur.

## **Manchester Arena Inquiry**

The service has also continued to implement sector learning following the Manchester Arena Inquiry. Colleagues from Manchester Fire and Rescue Service, who were involved in the Manchester Arena Inquiry, came into Service in February 2024 and presented a case study on the incident, highlighting further learning.

During March 2024 the Service undertook a full scale, 'no-notice', exercise with all blue light partners to test the application of some of the learning from the Manchester Arena Inquiry.

More details and performance statistics on all of the above can be found in [the Annual Statement of Assurance](#).

## Risk Management

Risk management processes are well embedded in the Authority. A comprehensive set of risk registers is monitored regularly by senior managers and elected members. These are brought together in the Corporate Risk Register which identifies the highest overall risks to the Service.

The inability to set a balanced budget had been one of the highest risks at the beginning of 2023/24, the risk was reduced to medium by the end of the year due to the achievement of setting a balanced budget for 2024/25 with minimum use of general reserve.

The risk in relation to the Firefighters Pension Scheme has also reduced from very high risk at the beginning of 2023/24 to high due to the legislation for both the McCloud and Matthews remedies being passed by Parliament in October 2023 which has reduced the uncertainty around both areas of work.

The risk in relation to mobilising has also reduced from very high risk at the beginning of 2023/24 to high due to the mitigations now in place which include revised business continuity planning and due to the progress in the development across key workstreams, and due to the progress in the procurement of the replacement mobilising system, and continued oversight, management and scrutiny that are in place.

The risk of availability of resources has increased from medium to high risk during 2023/24 due to an increase in the likelihood of disruption to the availability of resources, specifically fire appliances and equipment due to procurement and supply chain risks.

There are currently no risks identified as 'very high' risks. The high risks currently identified on the [Corporate Risk Register](#) are:

- **Firefighter's Pension scheme** – The service needs to comply with the legislation by the 31 March 2025 in relation to the McCloud and Matthews / O'Brien remedies. The impact on pension valuations and funding remains uncertain.
- **Mobilising** – The Service is in the process of replacing its current mobilising system. The Service's current mobilising supplier remains under the supervision of the French courts, due to challenging financial and operational environments, consequently increasing the risk of mobilisation failure.
- **Service Reputation** – The fire sector as a whole is under scrutiny following a review of London Fire Brigade culture review and the HMICFRS report on value and culture in the fire sector. HMICFRS have recently completed their third inspection of NFRS and are waiting to receive the inspection findings.
- **Availability of Resources** - This relates to the risk that the Service will lose widespread access to key resources such as premises, fire appliances equipment, ICT systems / employees. There are specific risks identified around fire appliances and equipment this is due to procurement risks associated with new appliances and also due to challenges to the supply chain for new equipment and maintenance parts.

By its nature, risk will change over time and in response to both external and internal pressures. It is important, therefore, that the Authority's managers remain alert to these developments and the emerging risks. In times of austerity and organisational restructuring, there is a possibility that control measures which had previously been seen as satisfactory may become eroded as resources reduce.

### Value for Money / Efficiency Strategy

Reducing levels of government grant funding, uncertainty about future business rate income, restrictions on the level of council tax which can be raise, and inflationary pressures have resulted in an increased emphasis on seeking value for money in all that we do. The Service has had to find a balance between economy (spending less money), efficiency (working smarter), effectiveness (delivering relevant services).

The Authority set a balanced budget for 2023/24 (£49.965m) with the anticipated use of the budget pressure earmarked reserves of £404k.

The 2023/24 Band D Council Tax level was set at £89.57 (£1.72 per week). Council Tax levels for other property bands can be found in the table below.

### 2023/24 Council Tax levels

Band	Council Tax 2023/24 £	Weekly Charge £
A	59.71	1.15
B	69.67	1.35
C	79.62	1.53
D	89.57	1.72
E	109.47	2.11
F	129.38	2.49
G	149.28	2.87
H	179.14	3.45

The Authority approved its Futures 25 efficiency strategy in May 2022 with the high level aims of identifying savings within both pay and non-pay budgets, as well as supporting increased productivity through investment in systems and process improvements. Updates were received by the Authority in July 2023 and February 2024. The Futures 25 Efficiency Plan was the vehicle through which savings were identified for the 2023/24 budget and it continues to be the efficiency strategy built into the 2024/25 Medium Term Financial Strategy which was reported to Fire Authority in December 23.

During the budget process for 2023/24 the service found savings of over £1.1m that were either reinvested in CRMP projects (£150k) or helped towards reducing the deficit. The majority of these were from pay budgets (£911k). £372k of savings were achieved from non-pay budgets. A further £169k of non-cashable savings were achieved through the use of procurement frameworks.

The Service continues to seek collaboration opportunities with other emergency services and local councils to ensure value for money for Nottinghamshire residents. During 2023/24 the Service has been embedding its move into a Joint Headquarters with Nottinghamshire Police. This has enabled the services to work more closely and, in the future, may deliver some efficiencies.

The service has a number of stations which are jointly occupied with the police and ambulance crews.

Work continues to improve the use of technology across the organisation to enable improved efficiency.

The Home Office has required all services to submit Efficiency and Productivity Plans for 2023/24 and 2024/25. The Services' plans can be found on the [website](#).

The service has underspent against the 2023/24 approved budget resulting in no use of the budget pressure reserve and enabling other earmarked reserves to be increased to add resilience for known risks. The Service is predicting that it will need to allocate the budget pressure reserve to balance the budget in 2025/26 and beyond and currently holds £1.126m budget pressure support earmarked reserve for this purpose.

It is intended that savings delivered through the Futures 25 Efficiency Strategy and through a newly established Efficiency Roadmap to achieve savings for 2025/26 budget onwards along with use of the budget pressure support reserve to smooth budget gaps whilst savings are fully achieved and embedded will put the Service in a strong financial position moving forward.

### **The Core Statements**

The Statement of Accounts contains several core statements. Details of these are included in the section below.

#### **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 can be applied to fund expenditure or reduce local taxation, and other reserves. The Authority holds reserves for two reasons. There are always issues which may arise for which the Authority has no specific budget but in order that these "one off" type events do not unduly impact upon a single year's budget it is wise to maintain some money to deal with these events should they occur. These are what are known as General Fund Reserve. The General Fund Reserve was increased by £122k during the year to £5.082m.

Similarly, the Authority may wish to hold back sums of money because it knows that certain items of expenditure will occur but that these are of a "one off" nature and it is uncertain as to when they will occur. These are called earmarked reserves because they are for a specific purpose. A net figure of £0.508m was put into Earmarked Reserves during 2023/24, making a balance of £5.845m. The increase was due to allocations of the overspending during the year [Revenue and Capital Outturn](#) see report to Fire Authority on 26th July 2024 for more information.

The Treasurer is required to assess the adequacy of these reserves to meet future events and issue a statement annually to that effect.

It is important to note that some of the Authority's reserves which appear on the balance sheet cannot be used to fund expenditure. An example of an unusable reserve would be the Revaluation Reserve, which contains the notional gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets.

At its meeting on 15 December 2024, Fire Authority set a minimum level of general fund reserves of £4.1m as part of its [Medium Term Financial Strategy](#). The service has budgeted to use £139k of general fund reserves to meet expenditure in 2024/25.

### **Comprehensive Income and Expenditure Statement (CIES)**

This statement brings together all the items of income and expenditure which constitute the *accounting cost* in the year of providing services in accordance with generally accepted accounting practices. This is not the same as the amount of expenditure to be charged to the General Fund as reported to Fire Authority in the [Revenue and Capital Outturn report](#) on 26 July 2024. This is because the CIES includes accounting adjustments such as depreciation and changes in the valuation of assets, including pensions, in an attempt to show the full cost of service provision rather than just those costs which require funding from taxation.

The Total Comprehensive Income and Expenditure shows a surplus of £6.971m (compared to a surplus of £215.444m 2022/23). Whilst this figure is very large it needs to be considered in the context of the total pension fund liability of £406.664m shown in the Balance Sheet.

### **Expenditure and Funding Analysis**

The Expenditure and Funding Analysis reconciles the expenditure shown in the CIES (the *accounting cost* of services) with the expenditure to be funded from taxation (shown in the column entitled Net expenditure chargeable to the General Fund). Whilst the Expenditure and Funding Analysis is not a core statement it has been included in the core statement section as it provides a useful link between the CIES and the Movement in Reserves Statement.

### **Balance Sheet**

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority at 31st March. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority and thus the Balance Sheet is "in balance". The reader will notice that the total on the Balance Sheet is a negative figure of £359.404m, which means that the Authority's liabilities exceed its assets. This would usually be a cause for concern, however in this case the large liability in question relates to future pension liabilities (£406.664m) which at present are funded by Central Government. The underlying financial position of the Fire Authority is a strong one because when this pension liability is excluded, assets exceed liabilities by £47.260m.

### **Cash Flow Statement**

This statement, as its name suggests, shows the changes in cash and cash equivalents of the Authority during the year. The starting point for this statement is the net surplus or deficit on the provision of services shown in the CIES, as this might suggest what the movement in cash balances has been. There are however a number of charges that are made to the revenue account that are not cash transactions and that merely result in a transfer of funds between the balance sheet and the revenue account.

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

The resultant figure shows the real movement in cash during the year, which is a decrease in cash of



### **Pension Fund Account**

This statement shows the income and expenditure for the year relating to the Firefighters' Pension Schemes. The net amount payable for the year i.e. the extent to which pension benefits payable exceeded contributions, is £11.556m .

### **Pension Net Assets Statement**

This statement shows the net current assets and liabilities arising from the operation of the Firefighters' Pension Schemes. This statement does not take account of liabilities to pay future pensions and other benefits after the period end. Such liabilities are shown in the Authority's Balance Sheet, as explained above.

### **Annual Governance Statement**

This statement sets out the Authority's responsibilities with regard to corporate governance and gives details of key elements of corporate governance in place during the year. It also summarises the Authority's review of the effectiveness of its governance framework, measured against the CIPFA / SOLACE framework, and in which issues for action are highlighted.

### **Summary of the Year**

A summary of the Fire Authority's overall financial results is given in the following paragraphs:

#### Revenue Income and Expenditure

The 2023/24 revenue budget for of £49.965m was approved by the Fire Authority in February 2023. The approved budget included £404k use of the budget pressure reserve.

Expenditure on budgeted activity for the year was £49.440m, this is after additional transfers to earmarked reserves of £802k (Fire Authority are asked to approve these transfer to Earmarked Reserves at its meeting on the 26 July 2024). The underspend of £525k represents 0.99% of the budget.

The underspend has resulted in not requiring the budgeted use of the budget pressure reserve of £404k in 2023/24 and a final underspend of £121k being transferred to the General Fund Reserve.

More information can be found in the Revenue and Capital Outturn report.

A summary of expenditure following movements to Earmarked Reserves is shown below.

	<b>Revised Budget 2023/24</b>	<b>Actual 2023/24</b>	<b>Variance 2023/24</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Employees	40,128	39,393	-735
Premises	4,318	4,078	-240
Transport	2,225	2,420	195
Supplies & Services	4,573	4,571	-2
Third Party Payments	951	1,024	73
Support Services	171	127	-44
Capital Financing	3,093	2,979	-114
Income	-5,201	-5,661	-460
<b>Net Revenue Expenditure</b> (before transfert to/from earmarked reserves)	<b>50,258</b>	<b>48,931</b>	<b>-1,327</b>
Contribution from Earmarked Reserve	-695	-695	0
Contribution to Earmarked Reserve	402	1204	802
<b>Net Revenue Expenditure</b> (after transfer to/-from earmarked reserves)	<b>49,965</b>	<b>49,440</b>	<b>-525</b>
<b>Funding</b>			
Pension Grant	-2,340	-2,340	0
Revenue Support Grant	-6,189	-6,189	0
Non-Domestic Rates	-11,286	-11,286	0
Council Tax	-29,746	-29,746	0
Budget Pressure Reserve	-404	0	404
<b>Total Funding</b>	<b>-49,965</b>	<b>-49,561</b>	<b>404</b>
<b>Net General Fund Surplus</b>	<b>0</b>	<b>-121</b>	<b>-121</b>

#### Capital Expenditure

Capital expenditure describes the purchasing, upgrading and improvement of Fire Authority assets. These assets are known as "non-current assets" and they provide a benefit to the Authority over a longer period of time than the current financial year. A summary of the Capital Programme and actual expenditure for the year is shown below.

	Revised Budget 2023/24	Actual 2023/24	(Under) / Overspend 2023/24	Slippage to 2024/25	2024/25 budget to 2023/24
	£000's	£000's	£'000	£000's	£000's
Transport	4,782	4,069	-713	1,145	433
Operational Equipment	277	108	-169	177	
Property	1,917	1,928	11	436	479
IT & Communications	2,247	1,166	-1,081	828	
<b>Total</b>	<b>9,223</b>	<b>7,271</b>	<b>-1,952</b>	<b>2,586</b>	<b>912</b>
Funded by:					
Borrowing		6,758		2,586	912
Revenue contribution to Capital		513		0	0
Capital Receipts		0		0	0
<b>Total</b>		<b>7,271</b>		<b>2,586</b>	<b>912</b>

Provisional expenditure as at 31 March 2024 is £7.271m, which is an underspend within the year of £1.952m against the Revised Budget of £9.223m. The Training and Development centre project and replacement appliances project have exceeded their 2023/24 budget, both are projects spanning multiple years and Fire Authority approval is being requested to bring forward £912k from their 2024/25 budget allocations into 2023/24. Total slippage on the programme requiring budgets to be transferred into 2024/25 is £1.952m.

- One of the largest schemes in the 2023/24 capital programme related to Fire Appliances which will deliver 17 new pumping appliances, the scheme will continue to be delivered in 2024/25. The delivery of the chassis from Scania was quicker than anticipated in 2023/24. Permission is requested to bring forward capital expenditure from 2024/25 of £433k.
- Access and Inclusion: due to the process of securing the finance for this project the construction programme was delayed until January 2024. Works have commenced at Bingham, Harworth, Ashfield, Misterton and Blidworth stations. The project is progressing well against the revised programme however £322k is requested to be slipped into 2024/25.
- Replacement Equipment - this scheme is to provide replacement equipment that is required to keep the Service's ICT provision robust and sustainable. The more significant projects include software replacement for the Wide Area Network (WAN) which is required for mobilising (£120k), laptop replacement (£100k) and devices on appliances (£90k). The overall underspend of £86k is requested to be slipped into 2024/25.

Again, more information can be found in the [Revenue and Capital Outturn report](#).

### Treasury Management Activity

During the year, £6.971m of capital expenditure was funded from borrowing. The Authority did not take on any new long term loans. The Authority's level of borrowing at the year end was £32.952m. The capital financing requirement as at 31 March 2023 is £35.331m, which demonstrates that the current level of net borrowing is prudent.

There was no temporary borrowing outstanding at year end to cover cashflow shortfalls, so total borrowing was £32.952m as at 31 March 2023. This remains within the Operational Boundary set by Fire Authority of £36.901m.

### Reserves

Earmarked reserves are held either for unspent grant or set aside to fund specific areas of expenditure, usually of a one off nature. Earmarked Reserves are reviewed annually in the Reserves Strategy which can be found appended to the [Medium Term Financial Strategy](#). Earmarked reserves totalled £5.845m at 31 March 2024. A further breakdown can be found in note 11.

### General Reserves

£5.082m were held at 31 March 2024, against a minimum level set in the Reserves Strategy of £4.5m for 2023/24. No use of general fund reserves was budgeted for in 2023/24 or 2024/25. The service has sufficient reserve levels to enable it to plan for any reductions in funding in a measured way.

### Pension Funds

Standard accounting practice requires the Authority to show the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary has assessed the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme. The schemes are currently in deficit, which shows as a total liability of £406.664m on the balance sheet. The largest element of this liability relates to the Firefighters' Pension Schemes and stands at £404.726m.

The Firefighters' Pension Schemes are unfunded and the annual cost of benefits is paid for by employee contributions and employer contributions. The Home Office meets any annual shortfall ie if the contributions into the fund do not meet the cost of pensions paid in the year. The Authority is required to continue to show the liability in respect of the Firefighter Pension Schemes in its Balance Sheet and notes to the core financial statements.

An employment tribunal case known as the Sergeant/ McCloud was brought against the Government in relation to possible discrimination in relation to the introduction of the 2015 Firefighters' Pension Scheme. The scheme included transitional protection arrangements between the old scheme and the new scheme. These transitional arrangements were found to be unlawful as they discriminated on the grounds of age.

An employment tribunal case known as Matthews was brought against the Government in relation to On-Call firefighters (part-time) not being eligible to join a fire service pension scheme provided solely to full-time firefighters. This case resulted in On-Call firefighters being given access to a modified scheme where they were employed between the 1 July 2000 and 5 April 2006, known as the Matthews first exercise. There then followed another case which ruled On-Call firefighters should be allowed to buy back 2006 scheme membership from the start of their service (which in some cases stretches back to the 1960s), known as the Matthews second exercise.

National regulations for Sargeant/McCloud age discrimination remedy process and the Matthews second options exercise for on-call firefighters both took effect from 1 October 2023, with an 18-month implementation period. There remain unresolved complications and uncertainties around interest and tax implications.

The Authority approved the creation of a £200k earmarked reserve to cover potential pension related remedy costs in April 2022 and the pension remedies have been identified as a contingent liability in the Accounts.

## **Other Significant, Material and Unusual Items**

### **Plans for 2024/25**

Elected Members of the Fire Authority approved a council tax increase of 2.95% for 2024/25 with a Band D council tax of £92.21 (£89.57 2023/24) in the [Budget Report](#) approved by Fire Authority in February 2024. The revenue budget for 2024/25 has been set at £52.688m (£49.965m 2023/24) with a planned use of the budget pressure support earmarked reserves of £139k (£404k 2023/24).

A firefighter pay award of 5% was agreed for 2023/24 and support staff received a flat rate increase of £1,925 for 2023/24, this equates to approximately 4%. 5% pay award planning assumption has been built into the budget for 2024/25 for both firefighter and support staff pay award.

The increase in core spending power set by central government was 4% for 2024/25 and generated additional funding of £738k in funding guarantee, this has been assumed to be for one year only.

The budget supports the [CRMP and Annual Delivery Plans](#) which outline the priorities for 2022- 2025. Key projects for 2024/25 include:

- Development of our new Community Risk Management Plan (CRMP).
- Replacement mobilising system for NFRS/DFRS.
- Service Development Centre – refurbish/development.
- Stockhill Replacement.
- Undertake a programme of work to improve accessibility and inclusion across the NFRS estate.
- Heavy Fleet Replacement Programme.
- Deliver safe and well visits to 15,000 homes.
- Complete 2,000 fire safety audits.
- Complete 1,500 business safety checks.

The Community Risk Management Plan sets out our long-term ambition to be one of the best fire and rescue services in England by 2032, with a continued focus on preventing incidents, protecting you and responding when you need us.

Funding for 2025/26 will be determined as part of the Government's spending review which will not be announced until Autumn 2024. Despite some ongoing uncertainty, the service is confident that it is in a position to react should it find itself needing to reduce expenditure in order to balance the budget in future years. The service has underspent against the 2023/24 approved budget enabling earmarked reserves to be increased to add resilience for known risks. Reserves are sufficient to allow a period of transition and to support smoothing the budget gaps identified in the MTFP along with realising savings through the Futures 25 Efficiency Strategy and the Efficiency Roadmap.

The Service submitted an [Efficiency and Productivity Plan](#) 2024/25 to the Home Office in March 24 which brought together:

- the Service's Efficiency Plan
- a summary of future years budgets
- Collaboration activity
- Return on Investment
- Charging Policies
- Asset Management and Investment in Technology
- Resourcing
- Procurement
- Productivity

#### **Inflation / Interest Rate Risk / Cost of Living Crisis**

The impact of the past years high inflation levels has been built into the Service's budgets for 2024/25 – 2026/27. Inflation peaked at 11.1% in October 2022, and reduced to 2.3% in April 2024 (from 8.7% in April 23). The Funding Guarantee to maintain core spending power at an increase of 4%, the strong Business Rate income growth and the 2.95% increase in Council Tax enabled the Service to set a realistic budget for 2024/25. The firefighter pay award for 2024/25 has recently been agreed and whilst the agreed pay award of 4% is lower than the 5% pay award budget assumption, the pay negotiations have also resulted in changes which will increase the On-Call pay costs, it is expected that the increase in On-Call pay will be met by the saving on the pay award - given that pay accounts for approximately 80% of the total budget, the impact of inflation on other costs is expected to be manageable.

Interest rate risk is considered as part of the Authority's Treasury Management Strategy which includes a number of measures for limiting the impact of increases / decreases in interest rates for both loans and investments. The Authority only holds long term debt to finance capital expenditure. This is currently all held on fixed rates of interest which protects the Authority against interest rate rises, although there may be an impact on future year borrowing. Investments covering the Authority's reserves are generally held for less than one year and have benefited from the increase in interest rates. The bank rate has increased from 4.25% in April 2023 (0.75% April 2022) to peak at the current rate of 5.25% from September 2023.

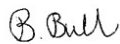
The service has increased the number of safe and well visits year on year which has enabled it to meet demand including increased referrals due to the cost-of-living crisis. The service continues to plan for increasing safe and well visits.

### **HMICFRS Inspection**

The service will undertake actions to implement any Areas for Improvement identified from the third HMICFRS Inspection.

The latest HMICFRS State of Fire report was issued in May 2024, the report will be reviewed, and any learning and action needed to be taken will be embedded within the Service.

HMICFRS have also recently concluded a thematic inspection of the handling of misconduct allegations in fire and rescue services by carrying out fieldwork in 10 services, whilst field work was not undertaken at Nottinghamshire Fire and Rescue Services the findings and recommendations from the review will be actioned by the service once the report and recommendations are issued.



**Bev Bull CPFA**

**Treasurer to the Nottinghamshire and City of Nottingham Fire Authority**

### **Links to Supporting Documents**

Community Risk Management Plan 2022-2025

Annual Delivery Plan

Annual Statement of Assurance

Medium Term Financial Strategy

Corporate Risk Register

Efficiency and Productivity Plan

Revenue and Capital Outturn

Budget Report

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS  
STATEMENT OF ACCOUNTS 2023/24**

**The Authority's Responsibilities**

The Authority is required to:

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

**The Treasurer's Responsibilities**

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

In preparing this Statement of Accounts, the Treasurer has:

- i) selected suitable accounting policies and then applied them consistently;
- ii) made judgements and estimates that were reasonable and prudent;
- iii) complied with the local authority Code.

The Treasurer has also:

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

The Treasurer to the Authority is Mrs Bev Bull.

This Statement of Accounts is that upon which the auditor should enter his opinion and certificate. It presents a true and fair view of the financial position of the Authority at 31st March 2023 and its income and expenditure for the year then ended.

This Statement of Accounts is authorised for issue on 17th January 2025 by the Treasurer to the Authority. This is the date up to which events have been considered for recognition in the Statement of Accounts.

Signed \_\_\_\_\_

Bev Bull CPFA  
(Treasurer)

Dated \_\_\_\_\_



**STATEMENT OF APPROVAL OF THE STATEMENTS OF ACCOUNTS  
STATEMENT OF ACCOUNTS 2023/24**

I confirm that these accounts were approved by the Nottinghamshire and City of Nottingham Fire Authority at the meeting held on the 17th January 2025.

**Signed on behalf of the Nottinghamshire and City of Nottingham Fire Authority.**

Signed \_\_\_\_\_

(Chair of the Fire Authority)

Dated \_\_\_\_\_

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOTTINGHAMSHIRE  
STATEMENT OF ACCOUNTS 2023/24**

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<b>INTRODUCTION TO THE CORE STATEMENTS</b>
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### **Movement in Reserves Statement - Page 25**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can not be applied to fund expenditure or reduce local taxation) and 'other reserves'. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The 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.

### **Expenditure and Funding Analysis - Page 27**

Whilst not a core statement, the Expenditure and Funding Analysis (EFA) demonstrates the relationship between the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement and the movement in the general fund balance shown in the Movement in Reserves Statement. The EFA shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's services and departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and

### **Comprehensive Income and Expenditure Statement - Page 28**

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

IAS 1 requires that where the Statement includes amounts in "Other Comprehensive Income and Expenditure" which will not be reclassified subsequently to the Surplus or Deficit on the Provision of Service as well as amounts which will be, then these two types of transactions should be shown separately on the face of the Statement. The Authority does not have transactions which will be reclassified subsequently to the Surplus or Deficit on the provision of Services, so the items in "Other Comprehensive Income and Expenditure" have not been separated in this way.

### **Balance Sheet - Page 29**

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

### **Cash Flow Statement - Page 30**

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

## CORE ACCOUNTING STATEMENTS

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Unuseable Reserves £000	Total Authority Reserves £000
<b><u>Movement in Reserves during 2022/23</u></b>							
Balance at 31 March 2022 carried forward	5,112	4,854	0	331	10,297	(592,117)	(581,820)
<b>Movement in Reserves during 2022/23</b>							
Total Comprehensive Income and Expenditure	(14,780)	0	0	0	(14,780)	230,224	215,444
25 Adjustments between accounting basis and funding basis under regulations (Note 10)	15,110	0	0	(57)	15,053	(15,053)	0
<b>Increase or Decrease in 2022/23 before Transfers to Earmarked Reserves</b>	<b>331</b>	<b>0</b>	<b>0</b>	<b>(57)</b>	<b>273</b>	<b>215,171</b>	<b>215,444</b>
Transfers to/from Earmarked Reserves (Note 11)	(483)	483	0	0	0	0	0
<b>Increase/(Decrease) in 2022/23</b>	<b>(152)</b>	<b>483</b>	<b>0</b>	<b>(57)</b>	<b>273</b>	<b>215,171</b>	<b>215,444</b>
Balance at 31 March 2023 carried forward	4,960	5,337	0	274	10,570	(376,946)	(366,376)

<b><u>Movement in Reserves during 2023/24</u></b>	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Useable Reserves £000</b>	<b>Unuseable Reserves £000</b>	<b>Total Authority Reserves £000</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>4,960</b>	<b>5,337</b>	<b>0</b>	<b>274</b>	<b>10,571</b>	<b>(376,946)</b>	<b>(366,375)</b>
<b>Movement in Reserves during 2023/24</b>							
Total Comprehensive Income and Expenditure	(7,353)	0	0	0	(7,353)	14,165	6,812
Adjustments between accounting basis and funding basis under regulations (Note 10)	7,983	0	2	(132)	7,853	(7,853)	0
<sup>26</sup> <b>Increase or Decrease in 2023/24 before Transfers to Earmarked Reserves</b>	<b>630</b>	<b>0</b>	<b>2</b>	<b>(132)</b>	<b>500</b>	<b>6,312</b>	<b>6,812</b>
Transfers to/from Earmarked Reserves (Note 11)	(508)	508	0	0	0	0	0
<b>Increase/(Decrease) in 2023/24</b>	<b>122</b>	<b>508</b>	<b>2</b>	<b>(132)</b>	<b>500</b>	<b>6,312</b>	<b>6,812</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>5,082</b>	<b>5,845</b>	<b>2</b>	<b>142</b>	<b>11,071</b>	<b>(370,634)</b>	<b>(359,563)</b>



<b>EXPENDITURE AND FUNDING ANALYSIS</b>
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	2022/23			2023/24		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
25,624	(4,091)	29,715	Firefighting and Rescue	26,844	1,570	25,274
1,758	(268)	2,026	Community Safety	1,666	73	1,593
1,400	(258)	1,658	Fire Protection	1,373	71	1,302
(176)	(7)	(169)	Resilience	(192)	2	(194)
			Corporate and Centralised Services:			
4,930	(904)	5,834	Estates and Procurement	5,742	(1,613)	7,355
3,227	(518)	3,745	Equipment	3,561	(333)	3,894
3,682	(555)	4,237	People and Organisational Development	3,964	167	3,797
895	(98)	993	Finance	1,116	21	1,095
2,901	(444)	3,345	ICT	3,423	(232)	3,655
3,747	(906)	4,653	Other	4,390	122	4,268
<b>47,988</b>	<b>(8,049)</b>	<b>56,037</b>	<b>Net Cost of Services</b>	<b>51,887</b>	<b>(152)</b>	<b>52,039</b>
(48,319)	(7,062)	(41,257)	Other Income and Expenditure	(52,518)	(7,832)	(44,686)
<b>(331)</b>	<b>(15,111)</b>	<b>14,780</b>	<b>(Surplus) or Deficit</b>	<b>(631)</b>	<b>(7,984)</b>	<b>7,353</b>
<b>(5,113)</b>			<b>Opening General Fund Balance</b>	<b>(4,960)</b>		
<b>(331)</b>			<b>Less/Plus (Surplus) or Deficit on General Fund Balance in Year</b>	<b>(631)</b>		
<b>484</b>			<b>Less/Plus Net Transfers to/(from) Earmarked Reserves</b>	<b>509</b>		
<b>(4,960)</b>			<b>Closing General Fund Balance</b>	<b>(5,082)</b>		

<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>
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	2022/23			Notes	2023/24		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
30,059	(344)	29,715	<b>Firefighting and Rescue</b>		25,640	(366)	25,274
2,101	(75)	2,026	<b>Community Safety</b>		1,705	(112)	1,593
1,810	(152)	1,658	<b>Fire Protection</b>		1,450	(148)	1,302
80	(249)	(169)	<b>Resilience</b>		72	(266)	(194)
			<b>Corporate and Centralised Services:</b>				
6,006	(172)	5,834	Estates and Procurement		7,526	(171)	7,355
4,031	(286)	3,745	Equipment		4,204	(310)	3,894
4,241	(4)	4,237	People and Organisational Development		3,981	(184)	3,797
1,007	(14)	993	Finance		1,165	(70)	1,095
3,378	(33)	3,345	ICT		3,723	(68)	3,655
4,836	(183)	4,653	Other		4,286	(18)	4,268
<b>57,549</b>	<b>(1,512)</b>	<b>56,037</b>	<b>Cost of Services</b>		<b>53,752</b>	<b>(1,713)</b>	<b>52,039</b>
1,081	0	1,081	Other Operating Expenditure	12	153	0	153
18,469	(220)	18,249	Financing and Investment Income and Expenditure	13	20,525	(637)	19,888
0	(60,587)	(60,587)	Taxation and Non-Specific Grant Income	14	0	(64,727)	(64,727)
<b>77,099</b>	<b>(62,319)</b>	<b>14,780</b>	<b>Surplus (-) or Deficit on Provision of Services</b>		<b>74,430</b>	<b>(67,077)</b>	<b>7,353</b>
		(1,034)	Surplus or deficit on revaluation of property, plant and equipment assets				370
			Impairment Losses on Non-Current Assets Charged to Revaluation Reserve				0
		(229,190)	Remeasurements on the net defined benefit pension liability				(14,535)
		<b>(230,224)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(14,165)</b>
		<b>(215,444)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(6,812)</b>

<b>BALANCE SHEET</b>
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<b>31 March 2023</b>		<b>Notes</b>	<b>31 March 2024</b>
<b>£000</b>			<b>£000</b>
	Property, Plant & Equipment		
60,895	- Land and Buildings	15	59,274
5,590	- Vehicles, Plant and Equipment	15	5,027
0	- Assets Under Construction	15	3,811
190	Surplus Assets	15	185
143	Intangible Assets	16	97
17	Intangible Assets Under Construction	16	585
2,393	Asset Held For Sale	15/21	2,393
227	Long Term Debtors	19	227
<b>69,455</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>71,599</b>
3,116	Short Term Investments	17	1,745
257	Inventories	18	372
6,585	Short Term Debtors	19	8,257
8,231	Cash and Cash Equivalents	20	7,394
<b>18,189</b>	<b>TOTAL CURRENT ASSETS</b>		<b>17,768</b>
(3,048)	Short Term Borrowings	17	(3,049)
(5,182)	Short Term Creditors	22	(8,646)
(397)	Short Term Provisions	23	(479)
<b>(8,627)</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>(12,174)</b>
0	Long Term Provisions	23	0
(29,900)	Long Term Borrowing	17	(29,900)
0	Long Term Creditors	22	0
(82)	Receipts in Advance - General	22	(82)
(415,411)	Pensions Liability	39	(406,775)
<b>(445,393)</b>	<b>TOTAL LONG TERM LIABILITIES</b>		<b>(436,757)</b>
<b>(366,376)</b>	<b>TOTAL NET ASSETS/(LIABILITIES)</b>		<b>(359,564)</b>
	Useable Reserves		
4,961	- General Fund Balance	24	5,083
5,337	- Earmarked Reserves	24	5,845
0	- Capital Receipts Reserve	24	2
274	- Capital Grants Unapplied	24	142
	Unuseable Reserves		
13,953	- Capital Adjustment Account	25	12,380
24,667	- Revaluation Reserve	25	23,583
(415,411)	- Pension Reserve	25	(406,775)
0	- Financial Instruments Adjustment Account	25	0
111	- Collection Fund Adjustment Account	25	494
(268)	- Accumulated Absences Adjustment Account	25	(318)
<b>(366,376)</b>	<b>TOTAL RESERVES</b>		<b>(359,564)</b>

<b>CASH FLOW STATEMENT</b>
----------------------------

<u>2022/23</u>		<u>2023/24</u>
£000		£000
<b>14,780</b>	<b>Net (Surplus)/Deficit on the Provision of Services</b>	<b>7,353</b>
(19,238)	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	(8,100)
513	Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	2
<u>(3,945)</u>	Net Cash Flows from Operating Activities (Note 26)	<u>(745)</u>
3,396	Investing Activities (Note 27)	4,581
6	Financing Activities (Note 28)	(3,000)
(543)	Net (Increase) or Decrease in Cash and Cash Equivalents	836
<u>(7,686)</u>	Cash and Cash Equivalents at the Beginning of the Reporting Period	<u>(8,229)</u>
<b><u>(8,229)</u></b>	<b>Cash and Cash Equivalents at the End of the Reporting Period (Note 20)</b>	<b><u>(7,393)</u></b>

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STATEMENT OF ACCOUNTS 2023/24**

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<b>NOTES TO THE CORE ACCOUNTING STATEMENTS</b>
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**1. ACCOUNTING POLICIES****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 Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which those regulations require 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 (the Code) and the Service Reporting Code of Practice 2023/24 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non current assets and financial instruments. All figures in the Statement have been rounded to the nearest £1k, which may result in some discrepancies due to roundings.

**Going Concern**

The concept of a going concern assumes that the functions of Nottinghamshire Fire and Rescue will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which Fire and Rescue services operate. These provisions confirm that, as Fire and Rescue services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

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

The Authority set a balanced budget for 2023/24 which relied on the use of £404k of the Budget Pressure Reserve. The service has reduced costs in year by delaying recruitment and holding vacant posts. This has removed the need to use the Budget Pressure Reserve in 2023/24 and enabled funding to be set aside in earmarked reserves for future costs relating to the escalating costs of the existing mobilisation system pending the implementation of the new replacement mobilising system and allowing for a reserve to be established to support debt costs variations resulting for the capital programme.

Fire Authority approved its Medium Term Financial Strategy (MTFS) for 2024/25 to 2027/28 in December 2023. The final budget was approved by Fire Authority in February 2024. This explored a number of financial scenarios which demonstrate that the service does need to make permanent savings for long term financial sustainability, however it has sufficient reserves to manage any short term deficits.

Useable Reserves were £10.9m at 31 March 2024. The General Fund balance of £5.1m remained above the £4.5m minimum level set in the Reserves Strategy.

The 2024/25 and 2025/26 budgets require the use of the Budget Pressure reserve or the General Fund reserves of £139k and an estimated £1.9m respectively. During 2024/25 actions will be taken to generate budget savings to reduce the need for use of reserves. The balance on the budget pressure reserve is £1.126m at 31 March 2024.

The Service's Futures 25 Efficiency Strategy was initially outlined at Policy and Strategy Committee in May 22 and updated in September 22, July 2023 and February 2024. It is intended that savings delivered through the Futures 25 and a newly established Efficiency Roadmap will achieve savings for 2025/26 budget onwards. The Service has set aside £576k at 31 March 2024 in Earmarked Reserves to support this programme of works.

Based upon the latest assumptions cash flow forecasts have been prepared out to the end of March 2025 which indicate the service will maintain a strong cash position.

Based on our assessment of the financial and liquidity position of Nottinghamshire Fire and Rescue Service, there are no material uncertainties or concerns on the basis of preparing the 2023/24 financial statements or on the ability to continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

### **Accruals of Expenditure and Income**

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

- a) Supplies are recorded as expenditure when they are consumed. Some supplies are carried as Inventories on the balance sheet, where they are held in Stores prior to being distributed and used.
- b) Where goods are supplied to or by the Fire Authority in the financial year, but payment does not occur until the following financial year, a Short Term Creditor or Short Term Debtor for the relevant amount is shown on the Balance Sheet. Exceptions are made to this policy for certain recurring items that cover a specific period, e.g. quarterly energy bills. These items are brought into the accounts in the year they are paid and are not apportioned over the years to which they relate.

- c) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. However, due to a policy change which came into effect on 1 April 2017 an exception is now made to this policy for overtime payments and payments claimed in arrears by retained duty system staff. This expenditure is recognised in the year it is paid rather than the year in which the work was carried out.
- d) Fees and charges due from customers are recognised as income at the date the Fire Authority provides the relevant services. Debts outstanding at the year end are assessed for evidence of uncollectability based on past events and a charge is made to revenue where the total value of debts for which there is evidence of impairment exceeds a £5,000 de minimis threshold. The impairment is assessed using the Expected Credit Loss Model. This model uses a provision matrix and calculates a fixed provision rate based on the number of days that a receivable is past due, assessed on the basis of historical experience from the previous five years and adjusted (if necessary) to reflect current conditions and forecasts of future conditions.  
Impairment loss allowances are not recognised for debts where the counterparty is central government or a local authority, as statutory provisions prevent default. This policy applies to debts from unpaid fees and charges – council tax debtors are subject to a different policy (see below).
- e) Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of cash flows determined by the contract.

#### **Allocation of Support Service Costs**

Support services are provided primarily by the Authority itself although some are purchased directly from the constituent authorities. The provision of a Clerk to the Authority is purchased from Nottingham City Council and some limited financial services are provided by Nottinghamshire County Council and Bradford Metropolitan District Council.

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

#### **Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred in connection with the borrowing of funds to finance the acquisition, creation or enhancement of non current assets, or for cash flow purposes.

#### **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 twenty four hours. Cash equivalents are investments that mature in 90 days 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 Authority's cash management.



### **Contingent Liabilities and Contingent Assets**

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

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 in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Council Tax Income and Non Domestic Rates**

Council tax and non domestic rates are collected from taxpayers by billing authorities both for themselves and substantively as agents, collecting council tax and non domestic rates on behalf of precepting authorities and central government and distributing it to them.

This authority is a precepting authority, and council tax and non domestic rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account on the Balance Sheet and shown within the Movement in Reserves Statement.

Billing authorities prepare a Collection Fund balance sheet for council tax and non domestic rates activities, which is disaggregated and shared between the billing authority and its precepting authorities. This Authority's Balance Sheet contains the following items:

- a) Council tax and non domestic rates arrears apportioned in relation to the following year's precept proportions are included as Short Term Debtors
- b) Impairment allowance for doubtful debts apportioned as for council tax and non domestic rates arrears and deducted from council tax and non domestic rates arrears debtors
- c) Council tax and non domestic rates overpayments and prepayment apportioned in relation to the following year's precept proportions are included as Short Term Creditors
- d) Collection Fund surplus / deficit – the reversing entry to the Comprehensive Income and Expenditure Account adjustment is included in the Collection Fund Adjustment Account
- e) Collection Fund cash surplus / deficit held on the authority's behalf by the billing authority is included in Short Term Debtors or Short Term Creditors

## **Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate service when the Authority can no longer withdraw the offer of those benefits. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post Employment Benefits**

#### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits are not actually payable until the employees retire, the Authority has a commitment to make these payments in the future. This commitment needs to be disclosed at the time that the employees earn their future entitlement.

The Authority participates in five pension schemes, all of which are defined benefit schemes:

- The Local Government Pension Scheme (LGPS) is for administrative and support staff and is administered by Nottinghamshire County Council. This is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets.
- The Firefighters' Pension Scheme 1992 has been closed to new entrants since 6 April 2006. Its members are wholtime firefighters. It is an unfunded pension scheme, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office. Active members were transferred to the Firefighters's Pension Scheme 2015 on 1 April 2022.

- The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into being with effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 Scheme, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. The Firefighters' Pension Scheme (England)(Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. The modified version of the scheme has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since April 2015 and active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2002.
- The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 2006 and 1992 Schemes, the cost of the scheme is met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office and any surplus being paid over to them. Unlike the other firefighters' schemes, it is a career average rather than a final salary scheme. Its members are retained firefighters and wholetime firefighters who were first appointed by an English fire and rescue authority on or after 1 April 2015, and firefighters who were transferred from the 1992 or 2006 Schemes.
- The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The Firefighter Compensation Scheme (FFCS) is treated as an unfunded defined benefit scheme. The cost of this scheme is met by the Authority.

The arrangements for the three Firefighters' pension schemes and the Firefighters' Compensation Scheme are determined by the Home Office. In order to identify the amount of top-up grant receivable from / surplus payable to the Home Office the Authority is required to produce separate Pension Fund Statements for the firefighters' pension schemes (excluding the Compensation Scheme, which is funded from the Authority's revenue budget). Additional accounting policies can be found in the notes to these statements.

The Authority is required by the CIPFA Code of Practice to account for pensions in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). One of the objectives of IAS 19 is to ensure that an employer's financial statements reflect a liability when employees have provided services in exchange for benefits to be paid in the future.

All five pension schemes are accounted for as defined benefit schemes:

The liabilities of the LGPS and the firefighters' schemes are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. 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 estimates of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using discount rates of 2.6% and 2.8% for the LGPS and firefighters' schemes respectively. The discount rates for all schemes are based on the yields of AA-rated corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities.
- The assets of the LGPS 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
  - property - market value

- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising:
    - Current service cost - the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee 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. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - Net interest on the net defined benefit liability, i.e. the net interest expense for the Authority - the change during the period in the net defined benefit liability that arises from the passage of time. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
  - Remeasurements comprising:
    - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions. This is charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.
  - Contributions paid to the pension fund - cash paid as employer's contributions to the pension funds in settlement of liabilities.

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 fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Further detail on post employment benefits accounting policies is given in note 39 to the core financial statements.

### **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- b) those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **Exceptional Items**

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

### **Financial Instruments**

#### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The amortised cost will include any interest accrued and not paid as at the Balance Sheet date. Where the transaction costs of borrowing are immaterial and there is no premium or discount on borrowing and the interest rate is fixed for the loan term, then the actual interest rate has been used to calculate interest payable as this is the same as the effective interest rate. 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.

#### **Financial Assets**

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

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

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

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### **Expected Credit Loss Model**

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The recognition of an impairment in the CIES is subject to a collective de minimis threshold of £10k. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. Impairment loss allowances are not recognised for expected credit losses on a financial assets where the counterparty is central government or a local authority for which relevant statutory provisions prevent default.

### **Government Grants and Contributions (Revenue)**

Grants and contributions relating to revenue expenditure are accounted for on an accruals basis, when there is reasonable assurance that the grant or contribution will be received, and they are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Authority has not satisfied.

A condition requires the grant funder or donor to have a right to the return of their monies (or asset or similar equivalent compensation) if the Authority fails to meet a stipulation under the terms of the transfer. If there are conditions attached to grants and contributions:

where there is no reasonable assurance that the conditions will be met, the grant or contribution received is recorded in Cash and held on the Balance Sheet as a Creditor.

where there is reasonable assurance that the conditions will be met but this has not yet occurred, the grant or contribution is held in the Grants Receipts in Advance account as a liability on the Balance Sheet and recorded in Cash (if received) or Debtors (if receivable). When the conditions have been satisfied, the income will be credited to the Comprehensive Income and Expenditure Statement.

Revenue grants are matched in the Comprehensive Income and Expenditure Statement with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) are credited to Taxation and Non-Specific grant income within the Comprehensive Income and Expenditure Statement

### **Government Grants and Contributions (Capital)**

Grants and contributions relating to capital expenditure are accounted for on an accruals basis, when there is reasonable assurance that the grant or contribution will be received, and they are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Authority has not satisfied.

A condition requires the grant funder or donor to have a right to the return of their monies (or asset or similar equivalent compensation) if the Authority fails to meet a stipulation under the terms of the transfer. If there are conditions attached to grants and contributions:

- where a capital grant or contribution has been received and conditions remain outstanding at the Balance Sheet date, the grant or contribution is recorded in Cash and held in the Capital Grants Receipts in Advance account as a liability on the Balance Sheet. When the conditions have been satisfied, the income will be credited to Taxation and Non-Specific Grant Income within the Comprehensive Income and Expenditure Statement.
- where no conditions remain outstanding and expenditure has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account to reflect the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.
- where no conditions remain outstanding and expenditure has not yet been incurred, the grant or contribution is transferred to the Capital Grants Unapplied Account to reflect its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement. When, at a future date, the expenditure to be financed is incurred the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account to reflect the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

### **Inventories (Stocks)**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In, First Out (FIFO) costing formula.

## **Leases**

### **Finance Leases (the Authority as Lessee)**

The Fire Authority accounts for leases as finance leases when substantially all of the risks and rewards relating to the leased asset transfer to the Authority. Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset.

Lease rentals payable are apportioned between:

A charge for the acquisition of the interest in the asset (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable) and;

A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Non current assets recognised under finance leases are accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. Finance charges are accounted for on a straight line basis over the term of the lease.

### **Operating Leases (the Authority as Lessee)**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease (unless the arrangement specifies a rental pattern which is not straight line, in which case this will be disclosed).

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

### **Operating Leases (the Authority as Lessor)**

Income from operating leases is recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease, with the exception of the lease relating to the property at Clifton. In this instance, as the annual payments vary, the income is recognised based on the specific cash flows as notated in the lease agreement.

## **Non Current Assets**

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

Non current assets which have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it yields benefits for more than one financial year. Expenditure on repairs and maintenance is charged as an expense when it is incurred.



## Measurement

The value of assets shown is subject to a £30,000 de minimis level. Assets with a value less than £30,000 will, however, be capitalised if they form part of a larger asset e.g. a piece of IT equipment which forms part of the IT infrastructure.

Assets are initially measured at cost, comprising the purchase price plus all expenditure directly attributable to bringing the asset to the location and condition for its intended use. Donated assets are measured initially at fair value with the difference between fair value and any consideration paid being credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held on the Balance Sheet in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the balance sheet using the following measurement bases:

### Land and Buildings

These assets are classified as either operational or non operational and valued at current value in existing use, which is deemed to be the amount that would be paid for the asset in its existing use in an arm's-length transaction and disregarding potential alternative uses (Existing Use Value - EUV). Specialised, operational assets (e.g. Fire Stations) and specialised, non operational assets are valued at Depreciated Replacement Cost (DRC) which is a proxy for EUV and recognises that for specialised assets there is no market based evidence of fair value. Surplus assets are valued at Fair Value under IFRS. Non operational assets under construction are valued at historical cost. All assets are revalued every 5 years on a rolling basis by the Nottingham Valuation Office, or more if there have been material changes in value. All buildings are revalued subsequent to major refurbishment works being completed.

### Furniture and Fittings

Furniture and fittings which form part of major refurbishments are classed as non current assets and are shown in the balance sheet at depreciated historic cost.

### Vehicles and Plant

Vehicles and plant are classified as non current assets and are shown at a value which represents cost less depreciation charged on a straight line basis over the length of their useful lives.

### All other Assets

All other assets are shown in the Balance Sheet at a valuation which represents their cost less depreciation charged on a straight line basis over the length of their useful lives.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (although see section below: Revaluation and Impairment Losses). Where decreases in value and impairments are identified, they are accounted for by:

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

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.

#### Charges to Revenue for Non Current Assets

Services and support services are charged annually with the following amounts to record the real cost to the Authority of holding non current assets during the year:

- a) depreciation attributable to the assets used by the relevant service.
- b) revaluation and impairment losses on assets used by the service, where there are insufficient accumulated gains in the Revaluation Reserve balance for that asset against which the losses can be written off.
- c) amortisation of intangible non current assets attributable to the service.

The Authority is not required to raise council tax to cover these charges. It is, however, required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is known as the Minimum Revenue Provision (MRP) and the Authority's policy is to charge an amount of MRP equal to 4% of the Capital Financing Requirement relating to assets purchased on or before 31 March 2007 plus an amount of MRP calculated on the basis of asset lives relating to assets purchased on or after 1 April 2007. The charges listed in a) to c) above are replaced by a Minimum Revenue Provision charge, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### Depreciation and Amortisation

Depreciation is provided for on non current assets with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- Buildings: straight line allocation over the remaining useful life as estimated by the Valuation Office
- IT and Communications Equipment: straight line allocation over estimated remaining useful life
- Land, assets under construction and assets held for sale: not depreciated
- Fire Appliances: straight line allocation over the estimated useful life
- Furniture and Fittings: 20% of the balance at the beginning of the financial year
- Intangible Non Current Assets (software): amortisation equal to straight line allocation over the useful life.

Part year depreciation is charged from the start of the month of acquisition.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The de minimis threshold for componentisation is a current net book value of £150k - individual assets with a value of less than £150k will be disregarded for componentisation. To be separately identified as a component, an element of an asset must meet the following criteria:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different) and/or
- have a different depreciation method that materially affects the amount charged

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

#### Revaluation and Impairment Losses

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, the decrease is recognised in the Revaluation Reserve up to the credit balance existing in respect of that asset and thereafter in the Surplus or Deficit on Provision of Services.

Where the carrying amount of an item of property, plant and equipment is increased as a result of a revaluation, any impairment losses for that asset, which have been charged to the Surplus or Deficit on Provision of Services in previous years, shall be reversed in the current year as a credit to the Surplus or Deficit on Provision of Services. The balance of the revaluation increase is credited to the Revaluation Reserve, but this amount represents the difference between the revalued amount and what the carrying amount net of depreciation would have been if no impairment loss had occurred in previous years. This means that the previous impairment loss reversal may not reverse the full amount of the loss.

#### Disposals and Non Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value 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. Amounts received from disposals are credited to the Usable Capital Receipts Reserve, which will then be used for new capital investment or set aside to reduce the borrowing requirement. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. Any accumulated balance of gains in the Revaluation Reserve, relating to an asset which has been disposed of, are written out to the Capital Adjustment Account.

When an existing building is demolished and replaced with a new build, the existing building would be treated as a disposal, the new building being added to Assets Under Construction at cost and then moved to Operational Buildings and revalued at Fair Value from the date it becomes operational.

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

### **Donated Assets**

Donated assets are defined as assets transferred at nil value or acquired at less than fair value. Donated assets from other public bodies which meet the definition of "government" in IAS 20 are accounted for as a government grant.

Donated assets are recognised immediately on receipt as Property, Plant and Equipment and are valued at fair value, which in this case is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. The gain to the Authority on receipt of the asset is recognised as income in the relevant service line in the Comprehensive Income and Expenditure Statement. The exception to this is to the extent that the Authority has not met any conditions attached to the donated asset, the gain relating to the asset is recognised in the Donated Assets Account on the Balance Sheet. The income will subsequently be recognised in the Comprehensive Income and Expenditure Statement when the conditions of donation have been satisfied.

After initial recognition, donated assets are measured in accordance with the accounting policies for Property, Plant and Equipment.

### **Re-classification of Assets Under Construction to Operational Assets**

Assets under construction which are subsequently identified as being operational will be reclassified in the quarter following the date when the asset became operational.

### **Intangible Assets**

Intangible assets are identifiable, non financial, non current assets controlled by the Authority which do not have physical substance. This Authority has one type of intangible non current asset, which is software. Expenditure on the acquisition of intangible non current assets is capitalised on an accruals basis, provided that it yields benefits for more than one financial year.

The value of assets capitalised is subject to a £30,000 de minimis level. Assets with a value of less than £30,000 will, however, be capitalised if they form part of a larger asset e.g. an ICT project to implement a new system with both hardware and software. Where an asset incorporates both hardware and software, it will be classified as an intangible asset when the majority of the cost is attributable to software – otherwise it will be classified as Equipment within Property, Plant and Equipment.

Software is initially measured at cost and subsequently shown in the Balance Sheet at amortised historic cost. Amortisation is charged to the Comprehensive Income and Expenditure Account over the economic life of the asset. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Provisions**

Provisions are made where an event has taken place which gives the Fire Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried in the balance sheet. Estimated settlements are reviewed at the end of each financial year and a provision may then be reversed and credited back to the relevant service if the requirement has changed.

### **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 in that year in that year to score against the Cost 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 that there is no net charge against Council Tax for the expenditure.

Two useable reserves are shown on the face of the Balance Sheet. These are:

#### **General Reserve**

This reserve is the surplus or deficit of income over expenditure in the 2023/24 financial year, and the cumulative effect of such surpluses or deficits carried forward from previous years. See note 24.

#### **Earmarked Reserve**

This reserve contains funds built up to meet expected liabilities. The movement of this reserve is shown in note 11.

### **Capital Reserves**

There are four capital related reserves shown in the Balance Sheet. Of these four reserves the Useable Capital Receipts Reserve and the Capital Grants Unapplied Reserve are cash backed; the remaining two are non cash backed.

#### The Revaluation Reserve

This represents the total of all fixed asset revaluation gains since 1 April 2007, less any revaluation losses since 1 April 2007 which have been offset against prior revaluation gains for the same asset.

#### The Capital Adjustment Account

This account is credited with amounts set aside to finance capital expenditure and absorbs any timing differences between the setting aside of resources and accounting for depreciation and impairment losses. This reserve was created on 1 April 2007, replacing the Capital Financing Account. Its opening balance was an amalgamation of the closing balances as at 31 March 2007 of the Fixed Asset Restatement Account and the Capital Financing Account.

#### The Useable Capital Receipts Reserve

This reserve is credited with the disposal proceeds when fixed assets are sold. It is ring fenced for supporting new capital expenditure or for reducing the underlying need to borrow against the capital financing requirement.

#### The Capital Grants Unapplied Reserve

This reserve is credited with capital grants received, which have yet to be used to finance capital expenditure.

Movements on these reserves are shown in notes 24 and 25.

### **Pensions Reserve**

This reserve represents the full future pensions liabilities at the time that these liabilities are earned by employees. An independent actuary assesses the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme.

### **Accumulated Absences Adjustment Account**

This reserve absorbs the differences that would otherwise arise on the General Fund balance from accruing for accumulated absences earned but not taken in the year.

### **Collection Fund Adjustment Account**

This reserve manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers, compared with the statutory arrangements for paying across amounts due to the General Fund from the billing authorities.

### **Value Added Tax**

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

## **2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED**

The Code of Practice requires the disclosure of the impact of an accounting change arising from a new accounting standard which has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced by the 2023/24 Code of Practice and relevant for additional disclosures that will be required in the 2024/25 financial statements in accordance with the requirements of the Code are:

- IFRS 16 Leases issued in January 2016
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amndments to IAS 7 and IFRS 7) issued in May 2023

These changes are not expected to have a material impact on the Authority's financial statements.

## **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

The Government will provided indicative settlement figures for future years as part of the funding settlement in Autumn 2024. There remains the possibility that funding for local government organisations may be reduced. Despite this there is no indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority has a balanced budget for 2024/25 and is anticipating to contain spending within this budget. The Authority is in a good financial position to allow it to properly plan for any reductions in budgets over the next three years should this be required.

The Authority has valued its Fire Stations at depreciated replacement cost, as there is no market based evidence of fair value due to the specialised nature of the assets.

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

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

The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £74k for every year that useful lives had to be reduced.

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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 consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. A sensitivity analysis showing the impacts of changes in the discount rates used is included in note 39

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.



**5. MATERIAL ITEMS OF INCOME AND EXPENSE**

Within the Comprehensive Income and Expenditure Statement are a number of material items of income and expense in Net Cost of Services which are not disclosed separately. These are as follows:

<b>2022/23</b>	<b>Description of Item</b>	<b>Income or Expense</b>	<b>2023/24</b>
<b>£000</b>			<b>£000</b>
3,296	Depreciation and Amortisation of Non Current Assets	Expense	3,112
(513)	Capital Receipt	Income	(3)

**6. EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Treasurer to the Authority on **XXXXXXXX**. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS****Adjustments between Funding and Accounting Basis 2023/24**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amount 2022/23	Adjustment for Capital purposes	Net change for the Pension Adjustment		Other Differences	Total Adjustments
		£000	£000		
Firefighting and Rescue	0	1,603	(33)		1,570
Community Safety	0	78	(5)		73
Fire Protection	0	72	0		72
Resilience	0	2	0		2
<b>Corporate and Centralised Services</b>					
Estates & Procurement	(1,638)	22	2		(1,614)
Equipment	(353)	22	(1)		(332)
People and Organisation Development	0	175	(7)		168
Finance	0	20	0		20
Information Communication and Technology	(272)	42	(3)		(233)
Other Corporate and Centralised Services	0	126	(4)		122
	<b>(2,263)</b>	<b>2,162</b>	<b>(51)</b>		<b>(152)</b>
Other income and expenditure	(153)	(8,061)	382		(7,832)
	<b>(2,416)</b>	<b>(5,899)</b>	<b>331</b>		<b>(7,984)</b>

**Adjustments between Funding and Accounting Basis 2022/23**

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amount 2021/22	Adjustment for Capital purposes	Net change for the Pension Adjustment		Other Differences	Total Adjustments
		£000	£000		
Firefighting and Rescue	0	(4,149)	58		(4,091)
Community Safety	0	(275)	7		(268)
Fire Protection	0	(258)	1		(257)
Resilience	0	(7)	0		(7)
<b>Corporate and Centralised Services</b>					
Estates & Procurement	(811)	(91)	(2)		(904)
Equipment	(427)	(91)	0		(518)
People and Organisation Development	0	(530)	(25)		(555)
Finance	0	(93)	(5)		(98)
Information Communication and Technology	(279)	(162)	(3)		(444)
Other Corporate and Centralised Services	0	(876)	(30)		(906)
	<b>(1,517)</b>	<b>(6,532)</b>	<b>1</b>		<b>(8,048)</b>
Other income and expenditure	(1,081)	(6,915)	933		(7,063)
	<b>(2,598)</b>	<b>(13,447)</b>	<b>934</b>		<b>(15,111)</b>

**8. EXPENDITURE AND INCOME ANALYSIS BY NATURE**

<u>2022/23</u>	<u>2023/24</u>
£000	£000
<b>Expenditure</b>	
60,585 Employee Benefits Expenses	56,344
356 Other Employee Expenses	471
3,487 Premises Related Expenses	4,078
2,250 Transport Related Expenditure	2,420
3,895 Supplies and Services	4,571
1,000 Third Party Payments	1,024
85 Support Services	127
Depreciation, amortisation, impairment and loss	
4,496 on disposal of non-current assets	4,454
944 Interest Payments	941
<u>77,098</u> <b>Total Expenditure</b>	<u>74,430</u>
<b>Income</b>	
(754) Fees, charges and other service income	(980)
(220) Interest and investment income	(637)
(38,513) Income from council tax and non-domestic rates	(41,526)
(22,832) Government grants	(23,934)
0 Income from profit on disposal of non-current assets	0
<u>(62,319)</u> <b>Total Income</b>	<u>(67,077)</u>
<u>14,779</u> <b>(Surplus)/Deficit on Provision of Services</b>	<u>7,353</u>

**9. REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS**

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients

<u>2022/23</u>	<u>2023/24</u>
£000	£000
927 Revenue from contracts with service recipients	914
Impairment of receivables or contract assets	
<u>927</u> <b>Total Included in Comprehensive Income and Expenditure Statement</b>	<u>914</u>

## **10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The General Fund 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. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

**Useable Reserves**

2022/23			2023/24		
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
£000	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>					
<u>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</u>					
(13,447)	0	0			
			Pension costs (transferred to (or from) the Pensions Reserve)		
			(5,899)		0
933	0	0			
			Council tax and NDR (transfers to or from the Collection Fund Adjustment Account)		
			382	0	0
1	0	0			
			Holiday pay (transferred to the Accumulated Absences Reserve)		
			(50)		
(5,009)	0	0			
			Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)		
			(4,456)	0	0
<b>(17,522)</b>	<b>0</b>	<b>0</b>	<b>(10,023)</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
513	(513)	0			
			Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		
			2	(2)	0
			Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)		
1,600	0	0			
			Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)		
			1525	0	0
298	0	0			
			Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		
			513	0	0
<b>2,411</b>	<b>(513)</b>	<b>0</b>	<b>2,040</b>	<b>(2)</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
	513				
			Use of the Capital Receipts Reserve to finance capital expenditure		
				0	
		57			
			Application of capital grants to finance capital expenditure		
					132
			Cash payments in relation to deferred capital receipts		
<b>0</b>	<b>513</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>132</b>
<b>Total Adjustments to Capital Resources</b>					
<b>(15,111)</b>	<b>0</b>	<b>57</b>	<b>(7,983)</b>	<b>(2)</b>	<b>132</b>
<b>Total Adjustments</b>					

**11 TRANSFERS TO/FROM EARMARKED RESERVES**

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves either to meet General Fund expenditure in the year, or because the earmarked reserve was no longer required.

	<b>Balance at 31 March 2022</b>	<b>Transfers out 2022/23</b>	<b>Movements 2022/23</b>	<b>Transfers in 2022/23</b>		<b>Balance at 31 March 2023</b>	<b>Transfers out 2023/24</b>	<b>Movements 2023/24</b>	<b>Transfers in 2023/24</b>	<b>Balance at 31 March 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(1,189)</b>	4	225	(619)	<b>Information Communication and Technology</b>	<b>(1,578)</b>	263	(475)	(400)	<b>(2,190)</b>
	<b>(245)</b>	89	0	(105)	<b>Prevention, Protection and Partnerships</b>	<b>(261)</b>	79	0	(161)	<b>(343)</b>
	<b>(37)</b>	1	0	0	<b>Resilience</b>	<b>(35)</b>	2	0	0	<b>(33)</b>
	<b>0</b>	0	0	0	<b>Capital</b>	<b>0</b>	0	0	(303)	<b>(303)</b>
	<b>(444)</b>	123	(159)	0	<b>Operational</b>	<b>(480)</b>	0	350	(53)	<b>(183)</b>
	<b>(50)</b>	1	0	0	<b>Transition</b>	<b>(49)</b>	0	49	0	<b>0</b>
	<b>(2,192)</b>	0	(190)	(76)	<b>Other</b>	<b>(2,458)</b>	352	(10)	(287)	<b>(2,403)</b>
	<b>(29)</b>	15	0	0	<b>Covid - 19</b>	<b>(15)</b>	0	15	0	<b>0</b>
	<b>(554)</b>	106	122	(36)	<b>Transformation and Collaboration</b>	<b>(360)</b>	0	71	0	<b>(289)</b>
	<b>(113)</b>	13	0	0	<b>Regional Funds</b>	<b>(101)</b>	0	0	0	<b>(101)</b>
	<b>(4,853)</b>	<b>352</b>	<b>(2)</b>	<b>(836)</b>	<b>Sub Total</b>	<b>(5,337)</b>	<b>696</b>	<b>0</b>	<b>(1,204)</b>	<b>(5,845)</b>

**12 OTHER OPERATING EXPENDITURE**

<u>2022/23</u> £000	<u>2023/24</u> £000
1,081 Gains/(Losses) on the disposal of non-current assets	153
<b>1,081 Total</b>	<b>153</b>

**13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

<u>2022/23</u> £000	<u>2023/24</u> £000
944 Interest payable and similar charges	941
0 Interest paid in relation to Finance Leases	0
17,525 Net interest on defined pension liability	19,584
(220) Interest receivable and similar income	(637)
0 Other investment income	0
<b>18,249 Total</b>	<b>19,888</b>

**14 TAXATION AND NON-SPECIFIC GRANT INCOME**

<u>2022/23</u> £000	<u>2023/24</u> £000
27,692 Council tax income and surplus on collection	29,746
3,544 Non domestic rates	4,142
10,610 Pension top up grant	11,523
23 Council Tax Income guarantee scheme	23
5,619 Non ringfenced government grants	6,189
7,277 Non domestic rates tax top-up grant	7,638
2,676 Business Rates Tax Loss Reimbursement Grant	3,017
8 Transparency grant	8
707 Covid-19 Funding	0
2,340 Fire Pension Grant	2,340
91 Levy Account Surplus Grant	91
0 Green Plant & Machinery Grant	10
<b>60,587 Total</b>	<b>64,727</b>





15 PROPERTY PLANT AND EQUIPMENT

	Movements in 2022/23					Total Property, Plant & Equipment £000	Movements in 2023/24					Total Property, Plant & Equipment £000	
	Other Land and Buildings £000	vehicles, Plant, Furniture & Equipment	Surplus Assets £000	Asset Held for Sale £000	Assets Under Construction £000		Other Land and Buildings £000	vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Asset Held for Sale £000	Assets Under Construction £000		
	<b>Cost or Valuation</b>												
	<b>59,363</b>	<b>21,045</b>	<b>175</b>	<b>0</b>	<b>6,013</b>	<b>86,596</b>	<b>At 01 April</b>	<b>61,351</b>	<b>21,797</b>	<b>190</b>	<b>2,575</b>	<b>0</b>	<b>85,913</b>
	367	724	0	0	1,133	<b>2,224</b>	Additions	1,626	951	0	0	3,812	<b>6,389</b>
	0	0	0	0	0	<b>0</b>	Donations	0	0	0	0	0	<b>0</b>
	(1,002)	0	15	0	0	<b>(987)</b>	Revaluation Increases/(decreases) recognised in the Revaluation Reserve	(2,073)	0	(5)	0	0	<b>(2,078)</b>
	(120)	0	0	0	0	<b>(120)</b>	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,190)	0	0	0	0	<b>(1,190)</b>
	0	(117)	0	0	0	<b>(117)</b>	Derecognition - Disposals	(26)	(525)	0	0	0	<b>(551)</b>
£	(1,630)	(53)	0	0	0	<b>(1,683)</b>	Derecognition - Other	0	(22)	0	0	0	<b>(22)</b>
	(2,575)	0	0	2,575	0	<b>0</b>	Assets reclassified (to)/from Held for Sale	0	0	0	0	0	<b>0</b>
	6,948	198	0	0	(7,146)	<b>0</b>	Assets reclassified (to)/from Assets Under Construction	0	0	0	0	0	<b>0</b>
	0	0	0	0	0	<b>0</b>	Correction of classification	0	0	0	0	0	<b>0</b>
	<b>61,351</b>	<b>21,797</b>	<b>190</b>	<b>2,575</b>	<b>0</b>	<b>85,913</b>	<b>At 31 March</b>	<b>59,688</b>	<b>22,201</b>	<b>185</b>	<b>2,575</b>	<b>3,812</b>	<b>88,461</b>

	Accumulated Depreciation & Impairment 2022/23						Accumulated Depreciation & Impairment 2023/24					
	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Asset Held for Sale £000	Assets Under Construction £000	Total Property, Plant & Equipment £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Asset Held for Sale £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
	(931)	(15,081)	0	0	0	(16,012)	(456)	(16,208)	0	(182)	0	(16,846)
	(1,767)	(1,287)	(7)	0	0	(3,061)	(1,685)	(1,358)	(8)	0	0	(3,051)
	2,014	0	7	0	0	2,021	1,700	0	8	0	0	1,708
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
	0	107	0	0	0	107		22	0	0	0	22
	46	53	0	0	0	99	26	370	0	0	0	396
	182	0	0	(182)	0	0	0	0	0	0	0	0
	(456)	(16,208)	0	(182)	0	(16,846)	(415)	(17,174)	0	(182)	0	(17,771)
	60,895	5,589	190	2,393	0	69,067	59,273	5,027	185	2,393	3,812	70,690

£0

**Net Book Value at 31st March**

## Capital Commitments

At 31 March 2024 the Authority had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years, budgeted to cost £40k. Similar commitments at 31 March 2022 were £1.607m. The major commitment for 2023/24 was:

Training and development Centre	£19k
Access and Inclusion	£21k

## Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out by the Valuation Office, the last valuation took place on the 31 March 2023, covering 13 properties via an inspection, 12 by applying a tender price index, and carried out by Aimee Eliis MRICS. Valuations of the buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

The basis of valuation for various types of property is given in Accounting Policies Note 1.

The following table shows the progress of the Authority's rolling programme for the revaluation of non-current assets.

	Other Land & Buildings £000	Vehicles, Plant, Equipment £000	Assets under Construction £000	Surplus Assets £000	Assets Held for Sale £000	Total £000
Carried at Historical cost	0	5,027	3,812	0	2,393	11,232
Valued at Fair Value as at:						
31 March 2024	59,273	0	0	185		59,458
31 March 2023	0	0	0	0	0	0
31 March 2022	0	0	0	0		0
<b>Total Cost or Valuation</b>	<b>59,273</b>	<b>5,027</b>	<b>3,812</b>	<b>185</b>	<b>2,393</b>	<b>70,690</b>

**16 INTANGIBLE ASSETS**

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

The basis of valuation and amortisation of intangible assets is outlined in Accounting Policies Note 1.

<b>Software</b>	<b>Software</b>		<b>Software</b>	<b>Software</b>
<b>2022/23</b>	<b>Under</b>		<b>2023/24</b>	<b>Under</b>
<b>£000</b>	<b>Construction</b>		<b>£000</b>	<b>Construction</b>
<b>2022/23</b>	<b>2022/23</b>		<b>2023/24</b>	<b>2023/24</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
<b>Balance at start of year:</b>				
2,574		17 • Gross carrying amounts	2,601	17
(2,238)		0 • Accumulated amortisation	(2,457)	0
<u>336</u>		17 Net carrying amount at start of year	<u>144</u>	<u>17</u>
		Adjustments to bring fixed asset register		
0		0 and statutory accounts into alignment	0	0
0		0 Assets Reclassified	0	0
42		0 Purchases	15	567
(15)		0 Disposals	0	0
(234)		0 Amortisation for the period	(61)	0
15		0 Other Changes - Disposal Amortisation	0	0
<u><b>144</b></u>	<u><b>17</b></u>	<b>Net carrying amount at end of year</b>	<u><b>98</b></u>	<u><b>584</b></u>
<b>Comprising:</b>				
2,601		17 • Gross Carrying Amounts	2,616	584
(2,457)		0 • Accumulated amortisation	(2,518)	0
<u><b>144</b></u>	<u><b>17</b></u>		<u><b>98</b></u>	<u><b>584</b></u>

**17 FINANCIAL INSTRUMENTS**

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

<b>31 March 2023</b>			<b>31 March 2024</b>	
<u>Non-current</u>	<u>Current</u>		<u>Non-current</u>	<u>Current</u>
£000	£000		£000	£000
<b>Financial assets</b>				
0	3,116	Investments measured at amortised cost	0	1,745
		Cash & cash equivalents measured at		
0	8,231	amortised cost	0	7,394
227	5,085	Debtors measured at cost	227	6,248
		Financial assets measured at fair value through		
0	0	profit or loss	0	0
		Financial assets measured at fair value through		
0	0	other comprehensive income	0	0
<b>227</b>	<b>16,432</b>	<b>Total financial assets</b>	<b>227</b>	<b>15,387</b>
<b>Financial liabilities</b>				
(29,900)	(3,048)	Loans measured at amortised cost	(29,900)	(3,049)
(82)	(4,345)	Creditors measured at cost	(82)	(7,928)
0	0	Financial liabilities measured at fair value	0	0
<b>(29,982)</b>	<b>(7,393)</b>	<b>Total financial liabilities</b>	<b>(29,982)</b>	<b>(10,977)</b>

Note: the figures for debtors and creditors in the above table include grant receipts in advance but exclude Council Tax and Non Domestic Rates (NDR) debtors and creditors because Council Tax is a statutory debt not arising from a contract and therefore falls outside the scope of financial instruments. The table below provides a reconciliation between the figures in the above table and those on the Balance Sheet.

Short term debtors and creditors are carried at cost rather than amortised cost as this is a fair approximation of their value.

The values for financial instruments in the above table, and on the Balance Sheet, are all gross figures i.e. no netting of financial instruments has taken place.

<b>31 March 2023</b>	<b>31 March 2024</b>
<b>£000</b>	<b>£000</b>
<b>Current Debtors</b>	
6,585 Debtors - as shown on Balance Sheet	8,257
<u>(1,500) Less: Council Tax and NDR debtors</u>	<u>(2,009)</u>
<b><u>5,085</u> Current Debtors Classified as Financial Instruments</b>	<b><u>6,248</u></b>
<b>Non-current Debtors</b>	
<b>227</b> Long term debtors - as shown on Balance Sheet	<b>227</b>
<b>Current Creditors</b>	
(5,182) Creditors - as shown on Balance Sheet	(8,646)
<u>837 Less: Council Tax NDR prepayments / overpayments</u>	<u>718</u>
<b><u>(4,345)</u> Current Creditors Classified as Financial Instruments</b>	<b><u>(7,928)</u></b>
<b>Non-current Creditors</b>	
0 Creditors - as shown on Balance Sheet	0
<u>(82) Grant Receipts in Advance - as shown on Balance Sheet</u>	<u>(82)</u>
<b><u>(82)</u></b>	<b><u>(82)</u></b>



31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
		<b>Financial Liabilities at amortised cost</b>		
(28,936)	(21,585)	- <b>PWLB Loans</b>	(28,938)	(20,347)
(4,011)	(3,833)	- <b>Other Loans</b>	(4,011)	(3,423)

The fair value of borrowings is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
3,116	3,116	<b>Investments held at amortised cost</b>	1,745	1,745
8,231	8,231	<b>Cash and cash equivalents held at amortised cost</b>	7,394	7,394

All of the investments and cash equivalents held by the Authority have a maturity of less than 12 months. The carrying value is therefore taken to be a reasonable approximation of the fair value.

The 2023/24 CIPFA Accounting Code of Practice ("the Code") requires authorities to maximise the use of relevant observable inputs and minimise the use of unobservable inputs when measuring fair value. To achieve this objective, authorities are required to follow a fair value hierarchy, which categorises the inputs to valuation techniques used to measure fair value into three levels as follows:

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



**Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value in the Balance Sheet**
**31 March 2024**

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£100	£100	£100	£100
<b>Financial liabilities</b>				
Loans held at amortised cost	0	(23,770)	0	(23,770)
<b>Financial assets</b>				
Investments, cash & cash equivalents held at amortised cost	0	9,139	0	9,139
<b>Total</b>	<b>0</b>	<b>(14,631)</b>	<b>0</b>	<b>(14,631)</b>

**31 March 2023 Comparative Year**

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£100	£100	£100	£100
<b>Financial liabilities</b>				
Loans held at amortised cost	0	(25,418)	0	(25,418)
<b>Financial assets</b>				
Investments, cash & cash equivalents held at amortised cost	0	11,347	0	11,347
<b>Total</b>	<b>0</b>	<b>(14,071)</b>	<b>0</b>	<b>(14,071)</b>

The fair value for financial liabilities and financial assets that are not measured at fair value included in level 2 in the previous table have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

<b>Financial assets</b>	<b>Financial liabilities</b>
<ul style="list-style-type: none"> <li>• no early repayment or impairment is recognised</li> <li>• estimated ranges of interest rates as 31 March 2024 of 0.00% to 5.14% for short term investments and cash equivalents, based on new lending rates for equivalent assets at that date</li> <li>• the fair value of trade and other receivables is taken to be the invoiced or billed amount</li> </ul>	<ul style="list-style-type: none"> <li>• no early repayment is recognised</li> <li>• estimated ranges of interest rates at 31 March 2024 of 4.68% to 5.36% for loans payable based on new lending rates for equivalent loans at that date</li> </ul>

**18 INVENTORIES**

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
<b>342</b>	<b>Balance Outstanding at start of year</b>	<b>257</b>
410	Purchases	688
(504)	Recognised as an expense in year	(592)
9	Written off balances	19
<b>257</b>	<b>Balance outstanding at year end</b>	<b>372</b>

**19 DEBTORS**

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
4,349	NNDR and council tax	4,653
231	Trade Debtors	317
3,935	Other debtors	5,123
(2,399)	Provision for bad debts	(2,239)
468	Prepayments and Accrued Income	403
<b>6,584</b>	<b>Total Short Term Debtors</b>	<b>8,257</b>
227	Prepayments and Accrued Income	227
<b>227</b>	<b>Long Term Debtors</b>	<b>227</b>
<b>6,811</b>	<b>Total</b>	<b>8,484</b>

**20 CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
	<b>Cash held by the Authority</b>	
41	Bank Current Accounts	43
8,190	Short-term deposits	7,351
<b>8,231</b>	<b>Total Cash and Cash Equivalents</b>	<b>7,394</b>

## 21 ASSETS HELD FOR SALE

As at 31st March 2023 Head Quarters was held for sale with a net book value of £2.393m. The Head Quaters is still held for sale as at 31st March 2024 with a net book value os £2.393m

## 22 CREDITORS

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
(1,832)	Trade Creditors	(2,658)
(1,562)	NNDR and Council Tax	(1,546)
(1,787)	Other Creditors	(4,442)
<b><u>(5,181)</u></b>	<b>Short Term Creditors</b>	<b><u>(8,646)</u></b>
0	Other Creditors	0
(82)	Receipts in Advance - General (long term)	(81)
<b><u>(82)</u></b>	<b>Long Term Creditors</b>	<b><u>(81)</u></b>
<b><u>(5,263)</u></b>	<b>Total</b>	<b><u>(8,727)</u></b>

**23 PROVISIONS**

	Short Term				
	Joint Headquarters	Gold Book Pay Award	Prevention Restructure	Domestic Rates Appeals	Total Provision
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2023</b>	<b>(50)</b>	<b>(34)</b>	<b>0</b>	<b>(313)</b>	<b>(397)</b>
Additional provisions made in 2023/24	0	0	(77)	(60)	(137)
Amounts used in 2023/24	0	0	0	0	0
Unused amounts reversed in 2023/24	20	34	0	0	54
<b>Balance at 31 March 2024</b>	<b>(30)</b>	<b>0</b>	<b>(77)</b>	<b>(373)</b>	<b>(480)</b>

**Joint Headquarters**

Changes to the scope of the new Joint Headquarters in the later stages to create additional offices caused a delay in the completion of the project. The £50k provision is reduced to £30k and will cover the expected charge from the supplier.

**Non Domestic Rates Appeals**

From 2013/14, a proportion of Non Domestic Rates collected by Nottinghamshire collecting authorities is retained locally, rather than paid directly to central government. Part of these retained rates are collected on behalf of NFRS, and so a portion of any related provisions must now be recognised by NFRS. This provision allows for possible losses arising from any successful appeals of business premises rateable values in 2023/24.

**Prevention Restructure**

The restructure of the Prevention department was agreed as part of efficiency savings in 2023/24. The £77k is to cover any cost arising from the restructure.

**24 USEABLE RESERVES**

Useable reserves contain resources which the Authority can apply to the provision of services, either by incurring expenditure or by undertaking capital investment

<u>31 March 2023</u>		<u>31 March 2024</u>
<b>£000</b>		<b>£000</b>
4,961	General Fund	5,083
5,337	Earmarked Reserves	5,845
0	Capital Receipts Reserve	2
274	Capital Grants Unapplied	142
<b><u>10,572</u></b>	<b>Total Useable Reserves</b>	<b><u>11,072</u></b>

**General Fund**

The General Fund reserve contains accumulated surplus funds which have arisen either as a result of general underspending against the revenue budget or as a result of decisions to transfer revenue resources to the General Fund reserve. This reserve contains resources which could be used to fund any future unforeseen and unbudgeted significant expenditure.

<u>2022/23</u>		<u>2023/24</u>
<b>£000</b>		<b>£000</b>
<b>5,114</b>	<b>Balance at 1 April</b>	<b>4,961</b>
331	Transfer (to)/from General Fund Reserve	631
(484)	Transfer from General Fund Reserve to Earmarked Reserves	(509)
<b><u>4,961</u></b>	<b>Balance at 31 March</b>	<b><u>5,083</u></b>

**Earmarked Reserves**

Earmarked Reserves contain resources set aside for specific purposes such as future projects. The reserves are created by appropriating amounts out of the General Fund Balance (shown in the Movement in Reserves Statement). When expenditure to be financed from an earmarked reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

<u>2022/23</u>		<u>2023/24</u>
<b>£000</b>		<b>£000</b>
<b>4,852</b>	<b>Balance at 1 April</b>	<b>5,336</b>
(352)	Application of Earmarked Reserves to finance expenditure	(696)
836	Transfer from General Fund Reserve	1,204
<b><u>5,336</u></b>	<b>Balance at 31 March</b>	<b><u>5,844</u></b>

**Capital Receipts Reserve**

The Capital Receipts Reserve holds resources arising from capital receipts which have not yet been applied to finance new capital expenditure or to repay debt.

<u>2022/23</u>		<u>2023/24</u>
£000		£000
0	<b>Balance at 1 April</b>	0
513	Capital Receipts in Year	2
(513)	Capital Receipts applied in year to finance capital	0
<u>0</u>	<b>Balance at 31 March</b>	<u>2</u>

**Capital Grants Unapplied**

The Capital Grants Unapplied Account holds capital grants received in the year, which have not yet been applied to finance new capital expenditure.

<u>2022/23</u>		<u>2023/24</u>
£000		£000
331	<b>Balance at 1 April</b>	274
0	Capital Grants received in Year	0
(57)	Capital Grants applied in year to finance capital	(132)
<u>274</u>	<b>Balance at 31 March</b>	<u>142</u>

**25 UNUSEABLE RESERVES**

<b>31 March 2023</b>		<b>31 March 2024</b>
<b>£000</b>		<b>£000</b>
24,667	Revaluation Reserve	23,583
13,953	Capital Adjustment Account	12,380
(415,411)	Pensions Reserve	(406,775)
111	Collection Fund Adjustment Account	494
(268)	Accumulated Absences Account	(318)
<b>(376,948)</b>	<b>Total Unuseable Reserves</b>	<b>(370,636)</b>

**Revaluation Reserve**

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

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

The Reserve contains only revaluation gains accumulated since 1 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</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>25,537</b>	<b>Balance at 1 April</b>	<b>24,668</b>
1,759	Upward revaluations of assets	1,300
(725)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,670)
1,034		(370)
<b>26,571</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<b>24,298</b>
(748)	Difference between fair value depreciation and historical cost depreciation	(714)
(1,155)	Accumulated gains on assets disposed of	0
(1,903)	Amount written off to the Capital Adjustment Account	(714)
<b>24,668</b>	<b>Balance at 31 March</b>	<b>23,584</b>



**Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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 gains recognised on donated assets that have yet to be consumed by the Authority, and also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

**Note 8** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

<u>2022/23</u>	<u>2023/24</u>
<u>£000</u>	<u>£000</u>
<b>14,590</b> Balance at 1 April	<b>13,953</b>
<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Account (CIES)</u>	
• Charges for depreciation and impairment of non-current	
(3,061) assets	(3,052)
(119) • Revaluation losses on Property, Plant and Equipment and reversal of previous impairments	(1,190)
(234) • Amortisation of intangible assets	(60)
0 • Revenue expenditure funded from capital under statute	0
• Amounts of non-current assets written off on disposal or	
(439) sale as part of the gain/loss on disposal to the CIES	(155)
<b>(3,853)</b>	<b>(4,457)</b>
748 Adjusting amounts written out of the Revaluation Reserve	714
Net written out amount of the cost of non-current assets	
<b>(3,105)</b> consumed in the year	<b>(3,743)</b>
<u>Capital financing applied in the year:</u>	
• Use of Capital Receipts Reserve to finance new capital	
513 expenditure	0
• Capital grants and contributions credited to the CIES	
57 that have been applied to capital financing	132
• Statutory provision for the financing of capital investment	
1,600 charged against the General Fund balance	1,525
• Voluntary provision for the financing of capital	
0 investment charged against the General Fund balance	0
• Application of grants to capital financing from Capital	
0 Grants Unapplied Account	0
• Capital expenditure charged against the General Fund	
298 balance	513
2,468	2,170
0 Movement in the Donated Assets Account credited to the CIES	0
<b>13,953</b> Balance at 31 March	<b>12,380</b>

**Pension Reserve**

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

<u>2022/23</u>	<u>2023/24</u>
£000	£000
<b>(631,155) Balance at 1 April</b>	<b>(415,411)</b>
229,190 Remeasurements on the net defined benefit pension	14,535
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of	
(30,743) Services in the CIES	(25,341)
Employers pensions contributions and direct payments to	
17,297 pensioners payable in the year	19,442
<b><u>(415,411) Balance at 31 March</u></b>	<b><u>(406,775)</u></b>

**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 and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<u>2022/23</u>	<u>2023/24</u>
£000	£000
<b>(822) Balance at 1 April</b>	<b>111</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure	382
933 Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	
<b><u>111 Balance at 31 March</u></b>	<b><u>493</u></b>

**Accumulated Absences Adjustment Account**

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

<u>2022/23</u> £000	<u>2023/24</u> £000
<b>(268) Balance at 1 April</b>	<b>(268)</b>
Settlement or cancellation of accrual made at the end of 268 the preceding year	268
<u>(268) Amounts accrued at the end of the current year</u>	<u>(318)</u>
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory 0 requirements	<b>(50)</b>
<b><u>(268) Balance at 31 March</u></b>	<b><u>(318)</u></b>

**26 CASHFLOW STATEMENT - OPERATING ACTIVITIES**

<u>2022/23</u>	<u>2023/24</u>
£000	£000
<b>14,780</b> Net (Surplus) or Deficit on the Provision of Services	<b>7,353</b>
<b><u>Adjust net surplus or deficit on the provision of services for non cash movements</u></b>	
(3,061) Depreciation	(3,051)
(120) Impairment and revaluations	(1,189)
(234) Amortisation	(61)
(254) (Increase)/Decrease in impairment for bad debts	158
(455) (Increase)/Decrease in Creditors	(179)
(11) Increase/(Decrease) in Debtors	2,108
(85) Increase/(Decrease) in Inventories	123
(13,446) Pension Liability	(5,899)
(31) Contributions (to)/from Provisions	(83)
Carrying amount of non-current assets sold (property plant and equipment, investment property and intangible assets)	(155)
53 Accrued Interest	128
<b><u>(19,238)</u></b>	<b><u>(8,100)</u></b>
<b><u>Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities</u></b>	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	2
513	<b><u>2</u></b>
<b><u>(3,945)</u></b> Net Cash Flows from Operating Activities	<b><u>(745)</u></b>

**CASHFLOW STATEMENT - OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

<u>2022/23</u>	<u>2023/24</u>
£000	£000
(220) Interest received	(259)
944 Interest paid	616
0 Dividends received	0

**27 CASHFLOW STATEMENT - INVESTING ACTIVITIES**

<u>2022/23</u>		<u>2023/24</u>
£000		£000
	Purchase of property, plant and equipment, investment property and intangible assets	6,083
2,909		
6,000	Purchase of short-term and long-term investments	7,500
	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	(2)
(513)		
(5,000)	Proceeds from short-term and long-term investments	(9,000)
0	Other receipts from investing activities	0
<u>3,396</u>	<b>Net cash flows from investing activities</b>	<u>4,581</u>

**28 CASHFLOW STATEMENT - FINANCING ACTIVITIES**

<u>2022/23</u>		<u>2023/24</u>
£000		£000
0	Cash receipts of short and long-term borrowing	(3,000)
6	Repayments of short and long-term borrowing	0
<u>6</u>	<b>Net cash flows from financing activities</b>	<u>(3,000)</u>

**29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<b>1 April 2023</b>	<b>Financing cash flows</b>	<b>Non-cash changes</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Long-term borrowings</b>	(29,900)	0	0	(29,900)
<b>Short-term borrowings</b>	(3,048)	(3,000)	2,999	(3,049)
<b>Total liabilities from financing activities</b>	<b>(32,948)</b>	<b>(3,000)</b>	<b>2,999</b>	<b>(32,949)</b>

	<b>1 April 2022</b>	<b>Financing cash flows</b>	<b>Non-cash changes</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Long-term borrowings</b>	(32,901)	6	2,995	(29,900)
<b>Short-term borrowings</b>	(52)	0	(2,996)	(3,048)
<b>Total liabilities from financing activities</b>	<b>(32,953)</b>	<b>6</b>	<b>(1)</b>	<b>(32,948)</b>

### 30 POOLED BUDGETS

The Authority has a pooled budget arrangement with the Local Resilience Forum, which is a multi-agency project for planning and coordinating response to major incidents. This forum involves various public bodies from the Nottinghamshire area including Health Bodies and Local Government Authorities.

The Authority has a pooled budget arrangement for the Multi-Agency Coordination Centre, which is a premise at which a coordinated response to major incidents can be managed. Various Nottinghamshire public bodies, including Health Bodies, Local Government, and Police Authorities are parties to this arrangement.

	<u>Local Resilience Forum</u>	<u>Multi Agency Co-ordination Centre</u>	<u>2022/23</u> £000
<b>Opening Balance</b>	68	14	82
Income in Year	0	0	0
Expenditure in Year	0	0	0
<b>Balance carried forward</b>	<u>68</u>	<u>14</u>	<u>82</u>
			<u>2023/24</u> £000
<b>Opening Balance</b>	68	14	82
Income in Year	0	0	0
Expenditure in Year	1	0	1
<b>Balance carried forward</b>	<u>67</u>	<u>14</u>	<u>81</u>

### 31 MEMBERS' ALLOWANCES

The following amounts were paid to Members of the Authority during the year

<u>2022/23</u> £000		<u>2023/24</u> £000
133	Allowances	137
2	Expenses	1
<u>135</u>	<b>Total</b>	<u>138</u>

**32 OFFICERS' REMUNERATION**

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances	Expenses Allowances	Compensation for loss of employment	Total Remuneration excluding Pension Contributions	Pension Contribution	Total
		£	£	£	£	£	£
Chief Fire Officer John Buckley Left 15/04/2022	2023/24	0	0	0	0	0	0
	2022/23	6,747	2	0	6,749	1,943	8,692
Chief Fire Officer Craig Parkin Started 16/04/2022	2023/24	175,047	52	0	175,099	50,380	225,479
	2022/23	139,885	50	0	139,935	40,211	180,146
Deputy Chief Fire Officer Left 15/04/2022	2023/24	0	0	0	0	0	0
	2022/23	5,566	2	0	5,568	1,614	7,182
Assistant Chief Officer Left 14/01/2024	2023/24	110,286	41	0	110,327	20,911	131,238
	2022/23	121,449	52	0	121,501	22,346	143,847
Assistant Chief Officer Started 15/01/2024 Left 01/05/2024	2023/24	25,734	11	0	25,745	4,890	30,635
	2022/23	0	0	0	0	0	0
Assistant Chief Officer Started 14/03/2022	2023/24	130,349	52	0	130,401	30,692	161,093
	2022/23	109,487	52	0	109,539	24,748	134,287
Head of Finance and Treasurer Left 05/11/2023	2023/24	52,135	52	0	52,187	9,768	61,955
	2022/23	73,646	52	0	73,698	13,322	87,019
Head of Finance and Treasurer Started 04/03/2024	2023/24	5,849	4	0	5,853	1,111	6,964
	2022/23	0	0	0	0	0	0
Assistant Head of Finance Started 06/11/2023 Left 06/03/2024	2023/24	20,917	21	0	20,938	3,990	24,928
	2022/23	0	0	0	0	0	0
<b>Total</b>	<b>2023/24</b>	<b>520,317</b>	<b>233</b>	<b>0</b>	<b>520,550</b>	<b>121,742</b>	<b>642,292</b>
	<b>2022/23</b>	<b>456,780</b>	<b>210</b>	<b>0</b>	<b>456,990</b>	<b>104,184</b>	<b>561,173</b>

Notes:

1) "Expense Allowances" shows taxable benefits. Employer's National Insurance contributions are excluded from the above table



The table below shows the number of employees whose remuneration was £50,000 or more, in bands of £5,000. It includes the senior officers shown in the previous table. Remuneration is defined as pay, taxable expenses allowances and the monetary value of any benefits such as a provided car. Employer's pension contributions are excluded.

<b>2022/23 Number of employees</b>	<b>Remuneration Band</b>	<b>2023/24 Number of employees</b>
21	£50,000-£54,999	52
18	£55,000-£59,999	27
21	£60,000-£64,999	21
10	£65,000-£69,999	17
8	£70,000-£74,999	14
2	£75,000-£79,999	7
2	£80,000-£84,999	4
1	£85,000-£89,999	5
2	£90,000-£94,999	
	£95,000-£99,999	
1	£100,000-£104,999	
2	£105,000-£109,999	3
	£110,000-£114,999	1
	£115,000-£119,999	1
1	£120,000-£124,999	1
	£125,000-£129,999	
	£130,000-£134,999	1
	£135,000-£139,999	
	£140,000-£144,999	
1	£145,000-£149,999	
	£150,000-£154,999	
	£155,000-£159,999	
	£160,000-£164,999	
	£165,000-£165,999	
	£170,000-£174,999	
	£175,000-£179,999	1

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

<b>(a) Exit package cost band (including special payments)</b>	<b>(b) Number of compulsory redundancies</b>		<b>(c) Number of other departures agreed</b>		<b>(d) Total number of exit packages by cost band</b>		<b>(e) Total cost of exit packages in each band £000's</b>	
	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2023/24</b>
<b>£0-£20,000</b>	0	0	0	3	0	3	0	22
<b>£20,001 - £40,000</b>	1	1	0	0	1	1	28	36
<b>£40,001 - £60,000</b>	0	0	0	1	0	1	0	41
<b>£60,001 - £80,000</b>	0	0	0	0	0	0	0	0
<b>£80,001 - £100,000</b>	0	0	0	1	0	1	0	83
<b>£100,001 - £150,000</b>	1	0	0	0	1	0	127	0
<b>Total</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>155</b>	<b>182</b>

**33 EXTERNAL AUDIT COSTS**

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	Fees payable with regard to external audit services carried out by the appointed auditor for the year	95
<u>33</u>	<b>Total</b>	<u>95</u>
<b>33</b>		<b>95</b>

**34 GRANT INCOME**

The Authority credited the following grants, contributions and donations to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Other grants have been credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. These grants are detailed in note 14.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Credited to Services</b>	
	(319) Firelink grant (part of the Fire Revenue grant DCLG)	(239)
	(81) New Dimension grant (part of the Fire Revenue grant DCLG)	(101)
	(19) New Risks grant	0
	(147) Fire Protection Protection Uplift Grant	(147)
	(179) Apprenticeship Levy	(179)
	(14) Redmond Review Implementation	(13)
	0 Building Safety Regulator Grant	(51)
	0 McCloud Remedy Compensation Grant	(3)
<u>(759)</u>	<b>Total</b>	<u>(733)</u>
<b>(759)</b>		<b>(733)</b>

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

<u>31 March 2023</u>	<u>31 March 2024</u>
£000	£000
<b>Grants Receipts in Advance (Revenue Grants)</b>	
(68) Local Resilience Forum	(67)
<u>(14) Multi Agency Coordination Centre</u>	<u>(14)</u>
<u><b>(82) Total</b></u>	<u><b>(81)</b></u>

As these balances are expected to be held for more than 12 months they have been categorised as non-current liabilities on the 2023/24 balance sheet.

### 35 RELATED PARTIES

The Authority is required to disclose material transactions with related parties, which are 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

Central government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills). Grants received from government departments are set out in the analysis in Note 34 and Note 14.

#### Members

Members of the Authority have direct control over the Authority's financial and operating policies. Details of members' allowances and expenses are shown in Note 31.

#### Officers

Some senior employees have significant influence over the Authority's activities. Details of senior officers' remuneration are shown in Note 32.

#### Nottinghamshire County Council and Nottingham City Council

The Authority is made up of 12 members from Nottinghamshire County Council and 6 members from Nottingham City Council, and so a related party relationship exists between the Authority and these Councils by way of common control. Significant transactions are detailed below, and include expenditure on cleaning and maintenance services and income from partnership working. The Police and Crime Commissioner attends the Combined Fire Authority meetings in a non voting capacity.

	Nottinghamshire County Council		Nottingham City Council		Nottinghamshire Police & Crime Commissioner	
	<u>2022/23</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2023/24</u>
	£000	£000	£000	£000	£000	£000
<b>Expenditure during year</b>	538	665	23	160	455	654
<b>Income during year</b>	32	0	51	51	383	336
<b>Creditor at 31 March</b>	6	41	71	52	8	14
<b>Debtor at 31 March</b>	1	0	41	20	0	65

**Other Public Bodies**

Some members of the Authority are also members of other local Borough or District Councils in Nottinghamshire. Other public bodies such as Fire Authorities are subject to varying degrees of common control or significant influence by central government. The Authority carries out transactions with such bodies from time to time, including income and expenditure from the provision of goods or services, partnership working and pooled budgets, including transactions at other than commercial value. Note that council tax receipts from collecting authorities and transactions with tax authorities are considered to be agency arrangements, and do not qualify as related party relationships.

	<b>Derbyshire Fire &amp; Rescue Service</b>		<b>Leicestershire Fire &amp; Rescue Service</b>	
	<b><u>2022/23</u></b>	<b><u>2023/24</u></b>	<b><u>2022/23</u></b>	<b><u>2023/24</u></b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure during year</b>	1,272	1,629	94	173
<b>Income during year</b>	51	30	18	31
<b>Creditor at 31 March</b>	657	455	0	16
<b>Debtor at 31 March</b>	15	8	15	16

**36 CAPITAL EXPENDITURE AND CAPITAL FINANCING**

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>30,735</b>	<b>Opening Capital Financing Requirement</b>	<b>30,533</b>
0	Capital receipt not applied in year	(3)
	<i>Capital Investment</i>	
1,500	Property, Plant and Equipment - (Operational and under Construction)	5,438
724	Property, Plant and Equipment - (Non Operational)	951
42	Intangible Assets (including under construction)	582
	<i>Sources of Finance</i>	
(513)	Capital Receipts	0
(57)	Government grant and other contributions	(132)
	Sums set aside from revenue:	
(298)	Direct revenue contributions	(513)
(1,600)	Minimum / Voluntary Revenue Provision	(1,525)
<b>30,533</b>	<b>Closing Capital Financing requirements</b>	<b>35,331</b>
	<b>Explanation of Movements in Year</b>	
0	Decrease in underlying need to borrow (unsupported by government financial assistance)	0
<b>(202)</b>	<b>(Decrease) / Increase in Capital Financing Requirement</b>	<b>4,798</b>

### 37 LEASES

#### Authority as Lessee

The Authority currently has no assets which would be defined as assets subject to operating lease arrangements. This was also the case in 2022/23.

#### Authority as Lessor

##### Operating Leases

The Authority has entered into an operating lease arrangement with Nottinghamshire Police in respect of two of its properties, one property is currently not required for operational purposes. Annual rentals are varied therefore the straight line method of accounting for rental income to the Comprehensive Income and Expenditure Statement, is not used. (See item in the Statement of Accounting Policies - Note 1). Rent received in 2022/23 £132k and 2023/24 £156k

#### Future contracted receipts are:

	<b>£000</b>
Within 1 year	24
Within 2 to 5 years	68
Over 5 years	0

The lease for the property is not currently used for operational purposes expires 2027/28.

### 38 TERMINATION BENEFITS

In 2023/24 the Authority has funded termination benefits totalling £182k from its revenue budget, including £109k in pension strain payments. Termination benefits have been received by 6 individuals.

## 39 DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments in the future.

As at 31 March 2024 the Authority participates in four post-employment schemes, all of which are defined benefit schemes:

#### 1) The Local Government Pension Scheme (LGPS)

This scheme is for administrative, support and Control employees. It is a funded scheme, which means that contributions are paid into a fund with the intention of balancing pension liabilities with pension assets. It is administered in accordance with the Local Government Pension Scheme Regulations 2013, and it provides benefits based on career average revalued earnings.

The administering authority for the fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day Fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisors. The administering authority is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

By participating in the Local Government Scheme, the Authority is exposed to a number of risks:

- a) Investment risk: The Fund holds investments in assets such as equities which have volatile market values and, while these asset are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- b) Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of assets and liabilities may not move in the same way.
- c) Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- d) Longevity risk: In the event that the members live longer than assumed, a deficit will emerge in the fund. There are also other demographic risks.
- e) "Orphan" liability risk: As many unrelated employers participate in the Nottinghamshire County Council Pension Fund, there is an orphan liability risk that employers may leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers

These risks are mitigated to a certain extent by the requirement to charge the General Fund with the amounts payable to the pension fund or pensioners at the year end, in accordance with statute.



**2) The Firefighters' Pension Scheme 1992 (1992 FPS)**

The Firefighters' Pension Scheme 1992 is an unfunded pension scheme. This scheme has been closed to new entrants since 6 April 2006. Its members are wholetime firefighters. It is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firemen's Pension Scheme Order 1992). All active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2022.

**3) The Firefighters' Pension Scheme 2006 (2006 NFPS)**

The Firefighters' Pension Scheme 2006 is also an unfunded pension scheme. This scheme came into effect from April 2006 and its members are retained firefighters and wholetime firefighters. Like the 1992 FPS it is a defined benefit, final salary scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Order 2006). The Firefighters' Pension Scheme (England) (Amendment) Order 2014 introduced a new modified version of the 2006 Scheme which is available to individuals who were employed as retained firefighters during the period 1 July 2000 to 5 April 2006. Although this modified version does not constitute a scheme on its own, it has different benefits to the main 2006 Scheme. The 2006 Scheme has been closed to new entrants since 1 April 2015. All active members were transferred to the Firefighters' Pension Scheme 2015 on 1 April 2022.

**4) The Firefighters' Pension Scheme 2015 (2015 FPS)**

The Firefighters' Pension Scheme 2015 came into effect on 1 April 2015. Like the 1992 FPS and the 2006 NFPS, it is an unfunded defined benefit scheme and its arrangements are governed by statute (the Firefighters' Pension Scheme (England) Regulations 2014). However, unlike the other two firefighters' schemes, it is a career average rather than a final salary scheme.

The three Firefighters' Schemes are very similar in nature. They are unfunded pension schemes, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The Authority has primary responsibility for meeting the costs and managing the risks relating to the firefighters' pension arrangements. However, there is currently an arrangement in place whereby the cost of the schemes are met from contributions paid by employees and the Authority, with any deficit in the funding required being met by a top-up grant from the Home Office. Any surplus funding is paid over to the Home Office.

The 1992 FPS and 2006 NFPS provide benefits based on final salary and length of service at retirement, and the 2015 FPS provides benefits based on revalued average salary. The governance arrangements are managed by the Authority, and this essentially involves managing the cash flows and being responsible for the administration of the schemes. The day to day administration is carried out by West Yorkshire Pension Fund (WYPF) on behalf of the Authority.

Given that the pension schemes are unfunded, the contributions payable are simply those which are sufficient to meet the benefit outgo as and when it arises. As mentioned above, this benefit outgo is largely underwritten by the Home Office. By participating in these pension schemes, the Authority is exposed to some risks:

- a) There are no investment risks in relation to these schemes as they are unfunded. The greatest single risk is that the government could change the arrangements for meeting part of the benefit outgo, which could increase the Authority's contributions.
- b) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

A Pension Top-up Grant is received annually from the government to meet the cost of the net funding deficit for the three firefighters' schemes. It is paid directly to the Firefighters' Pension Fund (see the Pension Fund statements on pages 108 to 109) and it is therefore not the Authority's income. However, in IAS 19 terms it is a current contribution towards the Authority's liabilities for retirement benefits. The grant is therefore credited to other operating income in the Comprehensive Income and Expenditure Statement. The grant is not treated as an asset of the firefighters' pension schemes, but as a source of income to the schemes it does reduce the year end pension liability.

The Authority also participates in the Firefighters' Compensation Scheme. The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The level of benefits payable is dependent on salary, service and the degree of disablement of the individual at the time the injury is incurred. Therefore the level of long term benefits can be both material and volatile. For this reason the Compensation Scheme is treated as an unfunded defined benefit scheme and accounted for, under International Accounting Standard 19 (IAS 19), in the same manner as for the Firefighters' Pension Schemes.

The Compensation Scheme is administered by the Authority in accordance with statutory arrangements. The cost of the scheme is met solely by the Authority. The risks arising from the Authority's participation in this scheme are as follows:

- a) There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.
- b) There is a risk that the government could change the arrangements of the scheme in such a way that the costs incurred by the Authority are significantly increased.

- c) Historically the number of firefighters who are permanently disabled or who die as a result of injuries sustained or diseases contracted whilst in the employment of the Authority is very low, so the number of injury pension recipients is relatively small. However, the Authority is committed to pay benefits as and when they fall due, so if the number of occurrences were to increase it could have a significant impact on the amounts payable.

### **Court of Appeal ruling for Firefighters/Judges Pension Schemes (the Sargeant and McCloud cases)**

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to as the "McCloud Judgment") ruled that the transitional protections afforded to older members when public service pension schemes were amended constituted unlawful age discrimination. The remedy for the McCloud decision will be delivered in two phases, prospective and retrospective, through the Public Service & Judicial Offices Act and secondary legislation.

The first phase is the prospective remedy which entails closing the legacy final salary schemes and transferring members to the reformed career average scheme (the 2015 FPS) from 1 April 2022. This phase was delivered by the Police and Firefighters' Pension Schemes (Amendment) Regulations 2022.

The second phase is the retrospective remedy. For the remedy period (1 April 2015 to 31 March 2022), eligible members are able to choose to receive legacy pension scheme benefits (benefits under their former final salary scheme). This choice is offered at retirement on what is known as Deferred Choice Underpin. The regulations for the retrospective remedy came into force on 1 October 2023.

When assessing the potential implications of McCloud in the March 2019 IAS 19 exercise the actuaries calculated the additional liability that would have arisen had members who were not afforded protection continued to accrue benefits in the older final salary schemes. The approximate costs were included in the overall pension liability figure as at 31 March 2019 as a past service cost. In preparing the 31 March 2024 accounting figures, the actuaries have continued to reflect the potential costs arising from the McCloud Judgement on an approximate basis. Once the remedy has been fully implemented by the administration team at WYPF the figures will be incorporated into the next set of full actuarial membership calculations, which are scheduled for 31 March 2025. The impact of the remedy will then emerge as an experience gain/loss.

### **Transactions Relating to Post-employment Benefits**

Past service costs of £62k are recognised under Corporate and Centralised Services in the Comprehensive Income and Expenditure Statement. This relates to the 2006 NFPS, and is for the purchasing of back service credits by members of the modified version of the Scheme.

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund to the Pension Reserve 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:

LGPS £000	Firefighters' schemes £000		LGPS £000	Firefighters' schemes £000
2022/23	2022/23		2023/24	2023/24
<b>Comprehensive Income and Expenditure Statement</b>				
<i>Cost of Services</i>				
Service cost comprising:				
2,319	10,549	- current service costs	1,034	4,641
112	221	- past service costs, including curtailments	0	62
0	0	(Gains)/losses on settlements	0	0
17	0	Administration expenses	20	0
<i>Financing and Investment Income and Expenditure</i>				
677	16,848	Net interest expense	209	19,375
3,125	27,618	<i>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	1,263	24,078
<i>Other Post-employment Benefit charges to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
1,960	0	Return on plan assets (excluding the amount included in the net interest expense)	(1,477)	0
0	(3,244)	Actuarial (gains) and losses arising on changes in demographic assumptions	(580)	(7,940)
(30,469)	(236,353)	Actuarial (gains) and losses arising on changes in financial assumptions	(1,203)	(6,272)
4,874	34,042	Experience (gains) and losses	371	2,566
0	0	Other actuarial gains and losses	0	0
(20,510)	(177,937)	<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	(1,626)	12,432
<b>Movement in Reserves Statement</b>				
(3,125)	(27,618)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,263)	(24,078)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
999	15,587	Employers' contributions payable to the scheme	1,364	17,257
	711	Retirement benefits payable to pensioners		821

	Firefighters' Pension Scheme 1992		Firefighters' Pension Scheme 2006		Firefighters' Pension Scheme 2015		Firefighters' Compensation Scheme	
	£000	£000	£000	£000	£000	£000	£000	£000
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
<b>Comprehensive Income and Expenditure Statement</b>								
<i>Cost of Services</i>								
Service cost comprising:								
current service cost	0	0	0	0	8,900	3,734	1,649	907
past service cost	0	0	221	62	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>								
Net interest expense	13,232	15,717	2,035	1,842	629	769	952	1,047
<i>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	13,232	15,717	2,256	1,904	9,529	4,503	2,601	1,954
<i>Other Post-employment Benefits charges to the Comprehensive Income and Expenditure Statement</i>								
6 Remeasurement of the net defined benefit liability comprising:								
Actuarial (gains) and losses arising on changes in demographic assumptions	(2,174)	(7,283)	(554)	(829)	(249)	(394)	(267)	566
Actuarial (gains) and losses arising on changes in financial assumptions	(166,809)	(4,385)	(37,205)	(907)	(17,952)	(586)	(14,387)	(394)
Experience (gains) and losses	29,149	2,225	1,472	87	2,432	184	989	70
<i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	(126,602)	6,274	(34,031)	255	(6,240)	3,707	(11,064)	2,196
<b>Movement in Reserves Statement</b>								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code <i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	(13,232)	(15,717)	(2,256)	(1,904)	(9,529)	(4,503)	(2,601)	(1,954)
Employers' contributions payable to the scheme (inclusive of government top-up grant)	17,664	19,423	180	375	(2,257)	(2,541)		
Retirement benefits payable to pensioners	0						711	821

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

Reconciliations of the amounts included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans:

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Firefighters' Schemes:

	Unfunded Liabilities: Firefighters' Pension Scheme 1992		Unfunded Liabilities: Firefighters' Pension Scheme 2006		Unfunded Liabilities: Firefighters' Pension Scheme 2015		Unfunded Liabilities: Firefighters' Compensation Scheme	
	£000	£000	£000	£000	£000	£000	£000	£000
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
<b>Opening balance at 1 April</b>	<b>(481,414)</b>	<b>(337,148)</b>	<b>(72,780)</b>	<b>(38,569)</b>	<b>(16,876)</b>	<b>(12,893)</b>	<b>(33,537)</b>	<b>(21,762)</b>
Current service cost	0	0	0	0	(8,900)	(3,734)	(1,649)	(907)
Past service cost	0	0	(221)	(62)	0	0	0	0
Interest cost	(13,232)	(15,717)	(2,035)	(1,842)	(629)	(769)	(952)	(1,047)
Contributions from scheme participants	(49)	0	(41)	(41)	(2,225)	(2,564)	0	0
Remeasurement gains and (losses):		0		0		0		0
Actuarial gains/losses arising from changes in demographic assumptions	2,174	7,283	554	829	249	394	267	(566)
Actuarial gains/losses arising from changes in financial assumptions	166,809	4,385	37,205	907	17,952	586	14,387	394
Experience gains/losses on defined benefit obligation	(29,149)	(2,225)	(1,472)	(87)	(2,432)	(184)	(989)	(70)
Benefits paid net of transfers (in)/out	17,713	19,423	221	416	(32)	23	711	821
<b>Closing balance at 31 March</b>	<b>(337,148)</b>	<b>(323,999)</b>	<b>(38,569)</b>	<b>(38,449)</b>	<b>(12,893)</b>	<b>(19,141)</b>	<b>(21,762)</b>	<b>(23,137)</b>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)
Local Government Pension Scheme:

<b><u>Funded Liabilities: Local Government Pension Scheme</u></b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>(68,645)</b>	<b>Opening balance at 1 April</b>	<b>(45,647)</b>
(2,319)	Current service cost	(1,034)
(112)	Past service cost	0
0	Settlements	0
(1,764)	Interest cost	(2,148)
(361)	Contributions from scheme participants	(391)
	Remeasurement gains and (losses):	
0	Actuarial gains/losses arising from changes in demographic assumptions	580
30,469	Actuarial gains/losses arising from changes in financial assumptions	1,203
(4,874)	Experience gains/losses on defined benefit obligation	(371)
1,937	Benefits paid net of transfers (in)/out	2,158
22	Unfunded pension payments	18
<b>(45,647)</b>	<b>Closing balance at 31 March</b>	<b>(45,632)</b>

Reconciliation of the Movements in the Fair Value of the Local Government Pension Scheme Assets

<b><u>Local Government Pension Scheme</u></b>		
<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>42,097</b>	<b>Opening fair value of scheme assets</b>	<b>40,608</b>
1,087	Interest income	1,939
0	Settlements	0
	Remeasurement gain/(loss):	
(1,960)	The return on plan assets, excluding the amount included in the net interest expense	1,477
0	Other actuarial gains/(losses)	0
999	Contributions from employer	1,364
361	Contributions from employees into the scheme	391
(1,959)	Benefits paid (including unfunded benefits)	(2,176)
(17)	Administration expenses	(20)
<b>40,608</b>	<b>Closing fair value of scheme assets</b>	<b>43,583</b>



**Local Government Pension Scheme assets comprised:**

Fair value of scheme assets at 31 March 2023			Fair value of scheme assets at 31 March 2024		
£000	% Quoted	% Unquoted	£000	% Quoted	% Unquoted
Equities:					
6,937	17%	0%	7,345	17%	0%
16,731	41%		19,011	44%	0%
1,509	0%	4%	1,396	0%	3%
25,177	58%	4%	27,752	61%	3%
Equities subtotal					
Gilts:					
839	2%	0%	1,044	2%	0%
839	2%		1,044	2%	
Gilts subtotal					
Other Bonds:					
401	1%	0%	0	0%	0%
2,004	5%	0%	2,162	5%	0%
2,405	6%		2,162	5%	
Bonds subtotal					
4,820	0%	12%	4,633	0%	11%
2,125	0%	5%	2,624	0%	6%
2,050	0%	5%	2,217	0%	5%
3,192	0%	8%	3,151	0%	7%
<b>40,608</b>	<b>66%</b>	<b>34%</b>	<b>43,583</b>	<b>68%</b>	<b>32%</b>
<b>Total</b>					

Further information about the Fund's assets can be obtained from the Pension Fund Annual Report, which can be accessed online at [www.nottspf.org.uk](http://www.nottspf.org.uk).

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities of the Local Government Pension Scheme and the Firefighters' schemes have been assessed by Barnett Waddingham and Mercer Limited respectively, both of whom are independent firms of actuaries.

The most recent full actuarial valuations for the Local Government Pension Scheme and the Firefighters' schemes were both carried out at 31 March 2022. Both firms of actuaries have adopted a roll-forward approach to updating the net liabilities as at 31 March 2024. This approach takes into account the cashflows paid into and out of each scheme before taking into consideration any changes in assumptions.

The rate of interest used to discount the post-employment benefit obligations is based on the market yields at the reporting date on high quality corporate bonds of equivalent currency and term to the scheme liabilities. In assessing the liabilities for retirement benefits at 31 March 2024 Barnett Waddingham has used a discount rate of 4.95% for the Local Government Pension Scheme (compared with 4.80% at 31 March 2023), and Mercer Ltd has used a rate of 4.9% for the Firefighters' Schemes (compared with 4.8% at 31 March 2023). These increases in the discount rates have led to decreases in the liabilities.

The principal assumptions used by the actuaries in their calculations were:

	Local Government Pension Scheme		Firefighters' Schemes 1992, 2006 and 2015		Firefighters' Compensation Scheme	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
<i>Mortality assumptions:</i>						
<i>Longevity at 60 for current firefighter pensioners</i>						
Men			26	25.3	23.4	25.3
Women			28.2	25.3	25.6	25.3
<i>Longevity at 65 for current LGPS &amp; firefighter pensioners</i>						
Men	20.7	20.4	21.4	20.8	18.9	20.8
Women	23.5	23.3	23.4	20.8	20.8	20.8
<i>Longevity at 60 for future firefighter pensioners</i>						
Men			27.9	27.3	25.3	27.3
Women			30.1	27.3	27.4	27.3
<i>Longevity at 65 for future LGPS &amp; firefighter pensioners</i>						
Men	22	21.7	23	22.4	20.5	22.4
Women	25	24.7	25.2	22.4	22.6	22.4
Rate of inflation (CPI)	2.85%	2.85%	2.70%	2.70%	2.70%	2.70%
Rate of increase in salaries	3.85%	3.85%	4.20%	4.20%	4.20%	4.20%
Rate of increase in pensions	2.85%	2.85%	2.80%	2.80%	2.80%	2.80%
Rate of revaluation of CARE pensions (2015 Scheme only)			3.95%	3.95%		
Rate for discounting scheme*	4.80%	4.95%	4.80%	4.90%	4.80%	4.90%

\*The discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable 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. This approach is not necessarily realistic, since some assumptions are related: for example, if inflation were to increase it might be reasonable to expect that nominal yields on corporate bonds will increase also. However, it enables the reader to isolate one effect from another.

### **Sensitivity analysis for the Firefighters' Schemes**

	Firefighters' Schemes (consolidated)		
	Impact on the defined benefit liability £000	Impact on the projected service cost £000	Impact on the projected interest cost £000
Increase discount rate by 0.5% p.a.	-29,843	-798	357
Increase inflation by 0.25% p.a.	16,697	462	831
Increase pay growth by 0.25% p.a.	3,262	39	161
Increase life expectancy by 1 year	9,370	134	463

**Sensitivity analysis for the LGPS**

	<b>LGPS</b>	
	Impact of an increase of +0.1%/+ 1 year* £000	Impact of an decrease of -0.1%/- 1 year* £000
<i>Adjustment to discount rate:</i>		
Impact on the defined benefit liability	-760	781
Impact on the projected service cost	-33	34
<i>Adjustment to long term salary increase:</i>		
Impact on the defined benefit liability	63	-62
Impact on the projected service cost	1	-1
<i>Adjustment to pension increases and deferred revaluation:</i>		
Impact on the defined benefit liability	734	-714
Impact on the projected service cost	34	-33
<i>Adjustment to mortality age rating assumption*:</i>		
Impact on the defined benefit liability	1,521	-1,468
Impact on the projected service cost	36	-35

**Asset and Liability Matching Strategy**

The Local Government Pension Scheme does not use any asset and liability matching strategies to manage risk. The Pension Fund Annual Report details the nature and extent of risks arising from financial instruments, and the Fund's Risk Management Strategy and Risk Register details the measures taken to mitigate those risks. These documents are available at [www.nottspf.org.uk](http://www.nottspf.org.uk).

**Impact on the Authority's Cash Flows**

The defined benefit liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of **£406m** has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, however statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The net liability on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The aims of the Fund are to keep employer contribution rates as constant as possible. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund was carried out as at 31 March 2022 and has set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities.
- Finance is only required to be raised to cover firefighter pensions when the pensions are actually paid, and any shortfalls are currently met by the Home Office.
- Finance is only required to be raised to cover the costs of the firefighters' compensation scheme when the pensions are actually paid, and these costs are included in the Authority's annual budget. The amount spent in 2023/24 was £816k.

The total contributions expected to be made by the Authority to the Local Government Pension Scheme in the year to 31 March 2025 is £1.3m. The total expected contributions for the Firefighters' Pension Schemes and Compensation Scheme are £18.0m inclusive of government top-up grant.

The weighted average duration of the defined benefit obligation for the Local Government Pension Scheme is 18 years. The weighted average durations of the defined benefit obligations of the 1992 FPS, 2006 NFPS, 2015 FPS and the Firefighters' Compensation Scheme are 17 years, 28 years, 36 years and 22 years respectively.

#### **40 CONTINGENT ASSETS AND LIABILITIES**

At 31 March 2024, the Authority has a contingent asset of £152k relating to a 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 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 (FRAs) 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 has been clear in its communications that this is the basis on which the credits are being applied.

As a result, and on the recommendation of the National Fire Chiefs Council 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 £0.152m.

At 31 March 2024, the Authority has a contingent liability relating to the 2015 Firefighters' Pension Scheme. An employment tribunal case was brought against the Government in relation to possible discrimination in relation to the introduction of the 2015 Firefighters' Pension Scheme. The scheme included transitional protection arrangements between the old scheme and the new scheme. These transitional arrangements were found to be unlawful as they discriminated on the grounds of age. Nationally, an Immediate Detriment remedy was issued prior to the new legislation, this was to help Fire Authorities implement in a timely manner, however it was withdrawn due to the difficulties particularly around tax arrangements. Due to the requirement to implement the remedy in a timely manner and due to the risk of future litigation, the Authority approved continuation of applying immediate detriment remedy at its Policy and Strategy meeting on 1 April 2022. The new legislation setting out the remedies took effect from 1 October 2023, with an 18-month implementation period. However, there continues to be numerous complexities, with issues arising nationally. It is not yet clear what future costs the Authority will face in implementing the remedies and whether the costs will be fully met from the government. The Authority approved the creation of a £200k earmarked reserve to cover potential pension remedy costs in April 2022.

An issue with Continual Professional Development (CPD) payments to on-call firefighters has been identified, with some individuals being underpaid since the inception of CPD in July 2007. This is a national issue being dealt by the Fire Brigades Union and until the scope of the exercise is agreed, it is difficult to estimate the amount of arrears that may be outstanding. The Authority will work with representatives of the Fire Brigades Union to reach an agreement, but the ability to deliver a solution will depend upon the availability of the necessary data.

The Authority has one pending Employment Tribunal for unfair dismissal. It is not possible at this stage to quantify the amount of a penalty against the Authority if such a claim was to be successful.

The Authority is currently pursuing two prosecutions for breaches in Fire Safety legislation, the initial legal costs have been incurred, however if the businesses do not accept the grounds for the prosecution, further legal fees could be incurred, although we will seek to re-claim all legal fees if the cases are successful.

## 41 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Re-financing risk – the possibility that the Authority may be required to renew a financial instrument on maturity at less advantageous interest rates or terms
- Market risk – the possibility that financial loss might arise as a result of changes in, for example, interest rates.

### Overall procedures for managing risk

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance Team, in conjunction with treasury advisors from Link Asset Services. Risk Management policies are approved by the Authority.

The procedures for managing risk are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum and minimum exposures to the maturity structures of its debt;
  - Its management of interest rate exposure;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

The annual treasury management strategy and prudential code indicators for 2023/24 were approved by the Authority on 24 February 2023. The key issues within the treasury management strategy were:

- The Authorised Limit for 2023/24 was set at £41.6m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £36.9m. This is the expected maximum level of debt and other long term liabilities during the year.
- The maximum proportions of fixed and variable interest rate exposure were set at 100% and 30% respectively.
- Maximum and minimum exposures to the maturity structure of debt were set, which restricted the amount of short term debt as a way of reducing exposure to re-financing risk.
- An upper limit of £2.0m was set for principal sums invested for longer than 365 days.

The Authority has adopted the CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (updated) and sets prudential and treasury indicators each year to control the key risks arising from financial instruments.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy, which is contained within the Annual Treasury Management Strategy.

The Annual Investment Strategy required that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's, and Standard & Poor's Credit Rating Services. The Authority has a list of approved banks and financial institutions to which it will lend surplus cash. The list is based on minimum independent credit ratings from the Credit Rating Services, which are overlaid by credit outlooks, credit default swap spreads and sovereign ratings to give an overall rating for each counterparty which indicates a maximum term for investments. The annual investment strategy also considers maximum amounts to be deposited with any one institution. The Authority is advised of ratings changes by Link Asset Services and the list is updated accordingly on an ongoing basis.

The Authority's maximum exposure to credit risk in relation to its investments with banks and other local authorities cannot be assessed generally as the risk of any institution failing to make interest payments or to repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments, and there was no evidence at 31 March 2024 that any of the Authority's deposits might not be repaid.

Invoices to customers for chargeable services are usually of relatively low value. The Authority actively pursues outstanding debts, and the Debt Recovery Policy provides for non emergency services to be ceased to non paying customers.

#### Amounts arising from Expected Credit Losses

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses, particularly where risk has increased significantly since the investment or debtor was initially recognised. Impairment is based on the principle of credit loss, which is defined as cash shortfalls measured by the difference between the cash flows that are contractually due to the Authority, and the cash flows that the Authority expects to receive.

Changes to credit risk relating to investments are assessed based on information obtained from Credit Rating Services, the financial press, and the Authority's treasury advisors. Credit risk relating to investments will also be deemed to have increased significantly should contractual payments of principal or interest become more than 30 days overdue.

Since the Annual Investment Strategy prohibits the use of investment counterparties that do not meet minimum creditworthiness criteria, all investments are considered to have low credit risk upon initial recognition.

Credit risk relating to trade receivables is not deemed to have increased significantly until payments become more than 120 days overdue. The Authority is very successful at collecting trade debtors, which is reflected by the fact that the amounts that have been written off in the five years since 2019/20 are very small (£2.5k in total). Experience therefore shows that debts are highly likely to be recovered.

In accordance with the Authority's accounting policies, lifetime expected credit losses have been calculated for trade receivables and 12-month expected credit losses have been calculated for investments.

The lifetime expected credit losses were assessed using a provision matrix which calculates a fixed provision rate based on the number of days that a receivable is past due, assessed on the basis of historical experience from the previous five years and adjusted (if necessary) to reflect current conditions and forecasts of future conditions. A loss allowance is not recognised for expected credit losses on a financial instrument where the counterparty is central government or a local authority for which relevant statutory provisions prevent default.

The calculation for the 12-month expected credit losses was based on the historic default rate for A-rated investments which was produced by combining multi-year historic default rate data up to the end of December 2023 from the three main credit rating agencies. The credit losses were found to be immaterial and have therefore not been recognised. During the year the Authority has not written off any financial assets.

The Authority has the following exposure to credit risk at 31 March 2024:

	<b>Credit risk rating / Provision matrix category</b>	<b>Historical experience of default</b>	<b>Gross Carrying amount £000</b>
12-month expected	AAA	0.04%	0
	AA	0.02%	0
	A	0.05%	9,139
Simplified approach (lifetime credit losses for trade receivables)	Not due	0.00%	23
	1-30 days	0.00%	2
	31-60 days	0.00%	0
	61-90 days	0.00%	1
	91-120 days	0.00%	0
	121+ days	0.00%	-4

## Liquidity Risk

### Liquidity Risk

The Authority manages its liquidity position through the risk management procedures outlined above (the setting and approval of prudential indicators and the approval of the treasury management strategy), as well as through cash flow management processes. This ensures that sufficient cash balances are maintained to meet daily revenue requirements without recourse to borrowing other than short term borrowing to deal with temporary cash flow deficits.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow needs and is able to access borrowings from the Public Works Loan Board for longer term funds so there is no significant risk that it will be unable to raise funds in order to meet its commitments relating to financial liabilities.



Re-financing and Maturity Risk

The risk to which the Authority is exposed is that it will need to replenish its borrowings when interest rates are unfavourable. The Authority's strategy is to place limits on the percentage of borrowings due to mature within 10 years, as follows: maturing within 12 months – less than 20%; maturing 12 months to 5 years – less than 30%; maturing 5 years to 10 years – less than 75%. Between 0% and 100% of borrowings may fall due for repayment after 10 years, and between 30% and 100% of borrowings may fall due for repayment after 20 years. This strategy allows the Authority time to restructure debt when interest rates are favourable.

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above ensure adequate liquidity, longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Finance team manages the risk within the approved parameters by:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	<b>Approved minimum limits</b>	<b>Approved maximum limits</b>	<b>Actual 31 March 2023 £000</b>	<b>Actual 31 March 2024 £000</b>
<b>Less than 1 year</b>	0%	20%	48	3,049
<b>Between 1 and 5 years</b>	0%	30%	5,000	2,000
<b>Between 5 and 10 years</b>	0%	75%	1,500	3,500
<b>Between 10 and 20 years</b>	0%	100%	4,000	2,000
<b>Over 20 years</b>	30%	100%	22,400	22,400
<b>Total</b>			<b>32,948</b>	<b>32,949</b>

**Market Risk**Price risk

The Authority has no investments in equity shares and therefore has no exposure to loss arising from movements in share prices.

Foreign exchange risk

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

Interest rate risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The strategy is to set a maximum proportion of interest on borrowing which is subject to variable rates. This maximum is determined annually, kept under review and reported to the Fire Authority through the Treasury Management Strategy. In 2023/24 this maximum was set at 30%. In addition, the annual Treasury Management Strategy includes an expectation of interest rate movements, which can be taken into account when planning borrowing and investment activities and when determining whether fixed or variable rate instruments are appropriate. The portfolio of long term borrowings is kept under review and may be restructured when interest rate changes make it advantageous to do so.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£000</b>
Decrease in fair value of fixed rate borrowings	<u>2,755</u>

The impact of a 1% fall in interest rates would be an equivalent increase in fair value.

<b>PENSION FUND ACCOUNT</b>
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<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Contributions Receivable</b>	
	Fire Authority:	
(5,241)	Contributions in relation to pensionable pay	(5,453)
(301)	Other (Ill Health Retirements)	(264)
<u>(2,419)</u>	Firefighters' contributions	<u>(2,536)</u>
<b>(7,961)</b>	<b>Total Contributions Receivable</b>	<b>(8,253)</b>
	 <b>Transfers in from other authorities</b>	
(35)	Transfers in from other schemes	(1)
	 <b>Benefits Payable</b>	
15,135	Pensions	16,777
2,552	Commutations and lump sum retirement benefits	2,936
0	Lump sum death benefits	0
175	Other	97
<u>17,862</u>	<b>Total Benefits Payable</b>	<u>19,810</u>
<u>9,866</u>	<b>Net Amount payable for the year before top-up grant from Central Government</b>	<u>11,556</u>
(7,430)	Top-up grant received from Central Government	(8,477)
<u>(2,436)</u>	<b>Balance of top-up grant for the year (receivable from)/payable to Central Government</b>	<u>(3,079)</u>

**PENSION NET ASSETS STATEMENT**

The net current assets and liabilities arising from the operation of the pension fund are shown in this statement. This statement does not take account of liabilities to pay pensions and other benefits after the period end. Such liabilities are shown in the core accounting statements and are explained in more detail in note 39.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Current Assets</b>	
237	Contributions from employer	0
113	Contributions due from members	0
0	Transfer into Scheme Receivable	0
1,122	Prepaid Pensions	1,190
2,463	Pension top-up grant receivable from Central Government	3,135
<b>3,935</b>	<b>Total</b>	<b>4,325</b>
	<b>Current Liabilities</b>	
(337)	Unpaid pension benefits	(94)
(59)	Tax payable on behalf of members	(145)
(3,539)	Amount owing (to)/from General Fund	(4,086)
<b>(3,935)</b>	<b>Total</b>	<b>(4,325)</b>
<b>0</b>	<b>Net Current Assets</b>	<b>0</b>

<b>NOTES TO THE PENSION STATEMENTS</b>
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**1. The Firefighters' Pension Fund**

The Firefighters' Pension Fund was established for Fire Authorities in England under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

All Firefighters' Pension Schemes are unfunded, and consequently the fund holds no investment assets. Benefits are payable to pensioners in accordance with the regulations. Benefits payable are funded by contributions from employees and from the Authority, and any deficit in the funding required is met by a top-up grant from the Home Office. If the amounts receivable exceed the amounts payable then the surplus is paid over to the Home Office. Employees' and employer's contribution rates are set nationally by central government and are subject to a triennial review by the Government Actuary's Department.

The fund is administered by the Authority in accordance with the regulations. The primary objective of the Pension Fund Statements is to demonstrate the balance of transactions taking place over the year in order to identify the amount of top-up grant payable from, or surplus payable to, the Home Office.

Details of the firefighters' pension schemes can be found in note 39 on pages 89-101.

**2. Accounting Policies for the Pension Fund**General Principles

The Pension Fund Account and Net Assets Statement summarise the Pension Fund transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Accruals

Activity is generally accounted for in the year that it takes place, not simply when cash payments are made or received. This is known as the accruals basis. Ordinarily, employee and employer contributions are not accounted for on an accruals basis as the effect of doing so is not material. Accruals are shown as debtors and creditors in the Net Assets Statement. In all cases, reasonably accurate calculations of accruals have been possible with the information available at the time of preparing the financial statements.

Administration Costs

The cost of managing pension activities, which includes part of the costs of Human Resources, Payroll and Finance staff as well the cost of pension administration services and actuarial services, are not accounted for within the Pension Fund but are included in the Authority's Comprehensive Income and Expenditure Statement.

The Liability to Pay Pensions

The Pension Fund financial statements show the income and expenditure for the year. They do not take account of the liability to pay future retirement benefits. This liability has been assessed by an independent firm of actuaries and is shown in the Authority's balance sheet. Further details of this liability can be found in note 39 to the core financial statements.

**NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY  
DRAFT ANNUAL GOVERNANCE STATEMENT**

**1 SCOPE OF RESPONSIBILITY**

- 1.1 Nottinghamshire Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively, and equitably. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, use of its resources and including arrangements for the management of risk and the maintenance of an effective internal control environment.
- 1.3 In 2017 the Authority approved and adopted a new local code of corporate governance, which is consistent with the principles of the 2016 CIPFA (Chartered Institute of Public Finance and Accountancy) / Solace framework Delivering Good Governance in Local Government:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - Managing risks and performance through robust internal control and strong public financial management.
  - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.4 This statement sets out how the Authority has complied with the Code and also meets the requirements of regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

## **2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems, processes, cultures and values for the direction and control of the Authority and the activities through which it is accountable to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 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 part of an on-going process designed to identify and prioritise the risks to the achievement of Nottinghamshire 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.

## **3.0 THE GOVERNANCE FRAMEWORK**

- 3.1 In addition to the Annual Governance Statement the Authority has a Code of Corporate Governance that the Authority is committed to when carrying out its duties and responsibilities. In this document, officers have identified against each of the Code's principles what source documentation or existing practice demonstrates how the Authority complies with the principles that make up the Code.
- 3.2 In developing a code of corporate governance, the Authority had the aim of seeking compliance with the CIPFA / Solace guidelines and recognised that these constitute good practice for local authority organisations.
- 3.3 The Local Code of Corporate Governance was adopted by the Authority in February 2017. This Annual Governance Statement, and the annual review of governance is against this framework.
- 3.4 Summarised below are some of the key elements of the systems and processes that underlie the Authority's governance arrangements:

### **Identifying and Communicating the Authority's vision and outcomes for citizens and service users**

- 3.5 After consulting with the citizens of Nottinghamshire and service users, assessing current risks and service priorities, the Authority is required to prepare an Integrated Risk Management Plan (IRMP) that sets out the vision and service objectives for the organisation. The IRMP is delivered via the Community Risk Management Plan 2022-25 (CRMP) which was approved by Fire Authority in February 2022.
- 3.6 The CRMP sets out how the service aims to achieve its vision of creating safer communities by being one of the best fire and rescue services in England.

- 3.7 Our ambition is focused around four strategic pillars:
- Community Outcomes,
  - Equality Diversity and Inclusion,
  - Strong governance and financial sustainability,
  - Our professional and committed workforce.
- 3.8 The plan sets out our priorities, focusing on six strategic goals which explain how we will deliver for our commitments.
- Strategic goal 1: We will help people stay safe from fires and other emergencies
  - Strategic goal 2: We will improve fire safety in the buildings people live and work in
  - Strategic goal 3: We will respond immediately and effectively to emergency incidents
  - Strategic goal 4: We will continue to support and develop our workforce and promote an inclusive Service
  - Strategic goal 5: We will continue our improvement journey to deliver an outstanding Service
  - Strategic goal 6: We will manage and invest in our Service to ensure it is fit for the future
- 3.9 The Plan sets out to achieve these goals using annual delivery plans which detail the key objectives for the year ahead. These cascade down to departmental business plans. Progress is monitored by the CRMP Assurance Board and reviewed through Fire Authority governance. Every year a Statement of Assurance is produced which outlines how the service has performed against the Strategic Plan. The 2023/24 Statement of Assurance will be presented for approval by Fire Authority in July 2024.

#### **The Internal Control Environment**

- 3.10 The Authority's internal control environment comprises many systems, policies, procedures, and operations. These can be broadly split into risk management, internal check/financial control, and internal audit. Internal check and financial control are targeted towards financial matters whereas risk management has a much broader brief and is more associated with the risk of non-achievement of objectives and targets. The system cannot eliminate all risks of failure to achieve the Authority's aims and objectives. Once a risk has been identified the Authority, where possible, will eliminate that risk. If this is not possible or not cost effective then procedures are established to manage the risk effectively, efficiently, and economically. Some of the significant control processes are outlined below.

#### **Policy and Decision-Making Process**

- 3.11 The Authority has democratic control over its activities via an approved committee structure with agreed powers and duties that are periodically reviewed. The Authority has a written constitution that sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent, and accountable. There is a formal briefing process prior to reports being finalised for Committee or Fire Authority meetings thus allowing key Members an opportunity to scrutinise proposed reports in detail. The Authority also runs Member seminars and training sessions to help Members discuss issues in more detail and in an informal environment.



### **Management Structure**

- 3.12 The Authority has a clear management structure with defined roles and responsibilities. The Strategic Leadership Team (SLT) includes all department heads as well as the Principal Officers. The current structure empowers managers to make appropriate decisions but also places accountability at the centre of this process.
- 3.13 The Authority has an approved scheme of delegation to officers that is reviewed periodically by the Chief Fire Officer and the Clerk to the Fire Authority, with any changes being approved by the Fire Authority.

### **Established Policies, Procedures & Regulations**

- 3.14 The Authority ensures compliance with established policies, procedures, laws, and regulations. The information regarding policies and procedures is held on the intranet, and these are continually enhanced and developed through the introduction of new policies and procedures as and when required. The Authority has established policies on anti-fraud and whistleblowing. The Authority carries out a regular review of financial regulations which clearly define how decisions are taken and the processes and controls required to manage risk. The list below outlines some of the key policies and process in place to enhance the internal control system, which are reviewed as and when required:

- Treasury Management Strategy
- Procurement Strategy
- Financial Regulations & Standing Orders
- Scheme of Delegation
- Counter Fraud, Money Laundering, Corruption and Bribery policy
- Whistleblowing Policy
- Complaints procedure
- Code of Corporate Governance
- Constitution
- Code of Conduct
- Code of Ethics
- Equality and Diversity framework
- Workforce plan
- Full range of robust policies and procedures to underpin the conduct of staff from operational procedures, discipline processes, through to performance development reviews.

### **Internal Audit Function**

- 3.15 The requirement for an Authority to maintain an Internal Audit function is derived from local government legislation, including Section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015 in that a relevant body must:

*“maintain an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”*

- 3.16 The responsibility for ensuring an effective internal audit function rests with the Authority Treasurer as part of their Section 112 obligations.

3.17 The Authority has a strong Internal Audit function arrangement with Nottinghamshire County Council and has well-established protocols for working with External Audit. Finance and Resources Committee review all internal audit reports and receive an annual internal audit report providing an audit opinion on the Authority's arrangements for governance, risk management and control as well as details of audits to be completed in the forthcoming year.

3.18 The Authority reviews Internal Audit as an integral part of the corporate governance framework

### **Risk Management Strategy**

3.19 The Authority has a well-established and embedded risk management strategy. This is managed at the corporate/strategic level by The Finance and Resources Committee which receive regular reports on risk exposures both in terms of existing and emergent risk. Members scrutinise the Corporate Risk Register and receive explanations for changes. The Committee is advised by the Head of Finance and the Service's Head of Risk and Assurance on behalf of the Chief Fire Officer.

3.20 The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Service policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and facilitate a risk management culture to enable risks to be effectively assessed, managed, monitored and reported.

### **Business Continuity Management (BCM)**

3.21 Under the Civil Contingencies Act (2004) (Part 1. Para 2(1) (C)) and The Fire and Rescue Services Act 2004 there is a duty for all Category 1 Responders to prepare plans to ensure so far as reasonably practicable, that if in an emergency the Service can perform its core functions.

### **Best Value Duty / Efficiency**

3.22 The Local Government Act 1999 requires that the Authority makes arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Fire and Rescue National Framework for England also requires that the Authority to produce an Efficiency Plan, which is currently delivered through our Futures 2025 Efficiency Strategy. The requirement to deliver services within a reducing budget over recent years has increased the focus on Best Value. The Authority has procurement policies in place, providing a framework within which to buy goods and services which offer good value for money.

3.23 In 2023/24 and 2024/25 the Home Office has required that the Authority produce and publish Productivity and Efficiency plans. The plan requires the authority to demonstrate 2% non-pay efficiency savings and 3% increase in productivity. The Productivity and Efficiency plans are published in the website.

## **Financial Management**

3.24 Financial management in the Authority and the reporting of financial standing is undertaken through a financial system which integrates the general ledger, sales ledger and purchase ledger functions and facilitates good budgetary control. Budget Managers are supported by Finance Officers in the use of this system for monitoring financial performance.

3.25 The timetable for publishing and auditing the Authority's Statement of Accounts is set out in the Accounts and Audit Regulations 2015, amended by the Accounts and Audit (Amendments) Regulations 2022. The deadline for publishing the unaudited accounts for 2023/24 is the 31 May 2024 and the approval by Fire Authority of the audited accounts is due by the 30 September 2024. (The deadline for the audited accounts may change following consultation on addressing the backlog in local government audits.)

## **Financial Management Code**

3.26 In October 2019, CIPFA issued a new Financial Management Code. The purpose of the code is to support good practice in financial management and to assist authorities in demonstrating their financial sustainability. It contains a set of minimum standards for financial management for local authorities, including fire authorities. These cover the areas of:

- Organisational leadership – clear strategic direction.
- Accountability – based on medium term financial planning.
- Transparency – using consistent, meaningful and understandable data.
- Adherence to professional standards.
- Assurance.
- Long term sustainability.

3.27 The Financial Management Code was adopted by the Authority in July 2021.

## **4 REVIEW OF EFFECTIVENESS**

4.1 The Authority has responsibility for conducting a review of the effectiveness of its governance framework including the system of internal control, at least annually. The review of effectiveness is informed by the work of the Strategic Leadership Team and other senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Maintaining and reviewing the effectiveness of the governance framework throughout the financial year has been carried out by the following:

- The Authority and its Committees
- Management Review
- Internal audit
- HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire & Rescue)
- External bodies

### **The Authority and its Committees**

- 4.3 The format and structure of the Authority's democratic decision process is re-affirmed at the Annual General Meeting of the Fire Authority in May of each year and approval is given to the powers and make-up of the following committees:
- The Policy and Strategy Committee.
  - The Finance and Resources Committee (which undertakes the role of the Audit Committee).
  - The Community Safety Committee.
  - The Human Resources Committee.
- 4.4 In addition to the above Committees, there are also panels for appointments, Equalities, Personnel matters, and the Firefighters' Pension Schemes.
- 4.5 Terms of reference and responsibilities for all these Committees form part of the Authority's Governance arrangements.
- 4.6 A Constitutional Update Report was presented to Fire Authority in July 22. Members approved several amendments to the Scheme of Delegation to ensure that the constitution remains relevant and up to date. The revised Scheme of Delegation can be found on the Service's website.
- 4.7 At the July 22 Fire Authority Members commented on the need for a more frequent schedule to review governance. This resulted in a Governance Update report being presented to its meeting on 16 December 22 which approved a small amendment to the Business Continuity Arrangements in the event that the Chief Fire Officer were to become incapacitated and an update on proposals to further review the Authority's Governance.

### **Management Review**

- 4.8 Included in the day-to-day management of the organisation are a number of key officers, systems and procedures designed to provide core elements of the internal control mechanism, with a nominated lead officer responsible for reviewing the effectiveness of these systems.

### **Performance Management**

- 4.9 There is a system of performance management and review embedded within the Authority's management structure and processes. The Corporate Risk Management Plan 2022-25 (CRMP) sets out the Authority's key objectives and these are broken down into annual delivery plans. These plans, along with any areas for improvement identified as part of the HMICFRS assessment, are monitored by the CRMP Assurance Board (which is made up of SLT members) and managed by the individual departmental management teams. The Board uses a performance management framework to monitor progress against the CRMP targets and HMICFRS recommendations.
- 4.10 Performance against the CRMP is reviewed in the Annual Statement of Assurance published each year.

## **Risk Management**

- 4.11 Risk management at the strategic / corporate level forms part of the overall responsibilities of The Finance and Resources Committee and Members of this committee take a keen interest in the Corporate Risk Register which is reported to the Committee every six months.
- 4.12 Risk Management is an integral part of project management and business planning within the Corporate Support department and both this and operational risk management are considered strong. The Service has a Risk Assurance Team which is responsible for corporate risk, operational risk and health and safety risk. The purpose of this is to enhance the co-ordination of assurance activities and management of risk within the Service.

## **Business Continuity**

- 4.13 Business continuity arrangements are regularly reviewed. The Covid-19 pandemic allowed for real life testing of plans and of the management systems and processes in place. The Business Continuity Management (BCM) group worked well alongside a newly created Task and Finish group which ensured that decisions were actioned in a timely manner.
- 4.14 Following on from Covid-19, all departmental business continuity plans have been reviewed and updated to reflect any learning. Plans were again tested whilst the Service prepared for potential industrial action over the pay dispute. Whilst this was settled in February without the need for industrial action, it has provided a further learning opportunity and BCP's have been updated to reflect lessons learned. During 2023/24 internal audit reviewed the service's BCM arrangements and delivered a judgement of substantial assurance.
- 4.15 Information Security (data and physical security) were also reviewed by internal Audit during 2023/24 and delivered a judgement of substantial assurance.

## **Professional Staff**

- 4.16 The Authority employs appropriate professional staff:
- A Statutory Monitoring Officer is responsible for ensuring the legality of Authority actions and supporting the Committee decision making process. No actions of the Authority were deemed ultra vires in the year. All relevant laws and regulations are being complied with. During 2023/24 the monitoring officer role has been fulfilled by a qualified solicitor provided on a contractual basis to the Authority by the Legal Services Department of Nottingham City Council, this has been the arrangement for many years. From the 28th April 2024 the post holder has retired from Nottingham City Council and the Authority has approved the appointment of the post holder as Monitoring Officer employed directly by the Authority. Nottingham City Council continue to provide support for the Authority's wider governance structure.

- The Treasurer to the Authority ensures the proper and effective administration of the financial affairs of the Authority and holds the key statutory responsibilities under Section 112 of the Local Government and Finance Act 1988. The role of Treasurer is provided by the Head of Finance and Treasurer post within the Service. This post holder for Head of Finance and Treasurer changed during 2023/24, with the former post holder leaving the Service in November 2023 and the new post holder commencing in March 2024. In the interim period the role of the Treasurer to the Authority was provided by the Chief Finance Officer for Nottinghamshire Police. The post holder is responsible for advising both senior managers and elected members on all financial matters in line with CIPFA's document *The Role of the Chief Financial Officer*. Each post holder during the year have been professionally qualified and have many years' experience within Local Authority Finance.

### **Financial Planning**

- 4.17 The Medium-Term Financial Strategy sets out a 4-year financial plan which is approved by Fire Authority in December each year. This, alongside the CRMP, provides the framework for developing the annual budget for the coming year.
- 4.18 The draft budget is scrutinised by the Finance and Resources Committee in January each year prior to final approval in February by Fire Authority. This process ensures that a realistic and affordable budget is achieved.
- 4.19 The Authority continued to ensure it had good arrangements for managing its finances including strong leadership throughout the year. The financial planning process is well embedded and understood across the Authority by staff and Members. It ensures that funding is matched to the strategic goals identified in the CRMP. An in-house financial team, managed by the Head of Finance and Treasurer, maintains the correct competencies and ensures that the Strategic Leadership Team receives all appropriate information to support the key decisions and objectives of the service.

### **Budget Monitoring / Efficiency**

- 4.20 Budget monitoring remains robust at both strategic and service level via the production of regular financial monitoring reports for both capital and revenue budgets alongside monitoring of treasury activity against the Prudential Indicators for the year. These reports, as well as being scrutinised by budget managers, are reported to the Strategic Leadership Team and quarterly to the Finance and Resources Committee.
- 4.21 Functional Heads also exercise a detailed degree of budget monitoring against both revenue and capital budgets.
- 4.22 The service presented its Futures 25 Efficiency Strategy to Policy and Strategy Committee in May 2022, with further reports being considered by the Authority in September 22, July 2023 and February 2024. The Strategy remains the vehicle for transforming the service and increasing efficiency and effectiveness in 2024/25.
- 4.23 The 2024/25 budget report considered by Fire Authority in February 2024 identified a potential £1.9m gap in funding for 2025/26 which remains to be addressed through careful budgeting and savings identified through the Futures 25 Efficiency Strategy and through a newly established Efficiency Roadmap to achieve further savings. The service is predicting that it will need to utilise the earmarked budget pressure reserve to smooth the budget gap whilst savings are fully achieved and embedded.

### **Financial Management Code**

- 4.24 The Financial Management Code was adopted by the Authority in July 2021. A gap analysis was undertaken where a small number of improvements were identified.
- 4.25 Internal Audit have undertaken an audit of the Service's compliance against the Code. This provided a Reasonable Assurance level – ie that risk levels were acceptable. The report acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money.
- 4.26 The report identified four recommendations, two of which have been actioned. The remaining two are still in progress:
- Leadership – Several policies and procedures in relation to governance arrangements have not been updated in accordance with the revision schedule and have been found to be out of date – progress is being made on this recommendation, with the updated Scheme of Delegation being approved at the December 2022 Authority meeting and the Members' Allowances scheme being reviewed by the Independent Remuneration Panel and reported to The Fire Authority 23rd February 2024. A review of standing orders has been completed with the review of Financial Regulations.
  - Professional Standards – Financial Regulations, Financial Procedures and Statement of Financial Principles are out of date – these have been reviewed and updated, there has been a delay in finalising them due to the change in Head of Finance and Treasurer. This will be completed and presented to Finance and Resources Committee for approval by October 24.

### **Internal Audit**

- 4.27 The Authority views Internal Audit as an integral part of the corporate governance framework, particularly in so far as it relates to the system of Internal Control. Whilst it is acknowledged that Internal Control is a managerial responsibility, it is considered that Internal Audit can provide managers with independent assurance that the system is working effectively and draw any deficiencies in the system to the attention of managers and elected Members.
- 4.28 These assurances, however, can only be relied upon providing the internal audit service is adequate to meet the needs of the organisation and is provided professionally.
- 4.29 The Internal Audit Service of the Authority is provided under a Service Level Agreement with Nottinghamshire County Council and requires the Auditors to operate within the Public Sector Internal Audit Standards set down by the Chartered Institute of Public Finance and Accountancy (CIPFA). Operating to these standards will ensure that the Authority meets its obligations under statute.
- 4.30 CIPFA published a guide on the role of the Head of Internal Audit in 2019 which led to the adoption of an Audit Charter in June 22, improved planning of audits and closer engagement with the Strategic Leadership Team (SLT) and the Chair of Finance and Resources Committee, which fulfils the role of the Audit Committee.

- 4.31 The annual audit plan is reviewed each year by SLT and Finance and Resources Committee but remains flexible to enable the Treasurer to adapt to any changing needs within the year.
- 4.32 All internal audit reports include an assessment of the internal controls and prioritised action plans, if relevant, to address any areas needing improvement. These reports are submitted to the Chief Fire Officer, the Head of Finance, Chair of the Finance and Resources Committee and the relevant managers as appropriate. All finalised reports are reviewed by SLT and submitted to the Finance and Resources Committee acting in its role as Audit Committee.
- 4.33 The Internal Audit Annual Report for 2023/24 will be reported to Fire Authority on the 26th July 2024. Within the report the auditors provided a view on the internal control environment and concluded that:

*“Based on the coverage and detailed outcomes, overall, we consider the collective evidence provides **substantial assurance** concerning the arrangements in place for corporate governance, risk management and the control environment.”*

- 4.34 Substantial Assurance means that arrangements are effective at managing the risks and achieving the objectives, with no or few control weaknesses. This is an improvement on previous years where a rating of Reasonable Assurance was awarded. The report gave the rationale for the opinion as follows:

- *The assurance opinions on our audits are mostly substantial assurances, in particular for the core systems audited in this and recent previous years*
- *There were positive outcomes from following up the implementation of agreed actions from previous audit reports.*
- *Other sources provided positive assurance in relation to governance, risk management, and control.*

- 4.35 Five 2023/24 audits have been finalised during the year. One of the planned audits for 2023/24 has been postponed until 2024/25 due to the area of work not being progressed enough to enable meaningful assurance to be given. A summary of the six 2023/24 planned audits are provided in the table below:

**Summary of 2023/24 Audits**

<b>Report</b>	<b>Assurance Level</b>
Contract Management	Limited – 6 recommendations made and agreed by management
Information Security (data and physical security)	Substantial
Workforce Planning & Recruitment	Substantial
Health & Safety	Substantial
Business Continuity Planning	Substantial
Leading the Service – National Fire Standard	None – audit postponed to 2024/25



4.36 The annual report also provided substantial assurance regarding each individual strand of governance, risk management and control arrangements, concluding that:

*Our opinion is that there is **substantial assurance** over the **Governance** arrangements:*

- *Governance arrangements are well structured with comprehensive reporting.*
- *Plans are in place to achieve strategic goals and to identify and realise improvements.*
- *There are regular reviews of performance.*

*Our opinion is that there is **substantial assurance** over the **Risk Management** arrangements:*

- *Risks are managed including through a corporate risk register that is actively maintained – reviewed, updated, and reported.*
- *Community Risk Management Plan (CRMP) is in place, with arrangements to measure progress on its delivery.*
- *Emerging national and local risk issues are identified and addressed by local actions.*

*Our opinion is that there is **substantial assurance** over the **Control** arrangements:*

- *Close control over the finances, including current and future spending, and the financial assets held.*
- *Workforce requirements are identified and acted upon.*
- *Workforce performance is managed.*

### **External Review**

4.37 The External Auditors are appointed through a national contract via Public Sector Audit Appointments (PSAA). The External Auditors for 2018/19 through to 2022/23 were Ernst Young LLP – (EY). From 2023/24 to 2027/28 the External Auditors are KPMG.

4.38 The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority's financial statements with those charged with governance. This communication is in the form of a written report which is presented to Fire Authority on completion of the Audit.

4.39 The principal purposes of the Auditors' report are:

- To present key issues identified during the audit of the financial statements for the year ended 31 March and any material misstatements in the accounts,
- To report on any key issues for governance,
- To report on the Auditors' Value for Money conclusion,
- To give an "audit opinion" on the financial statements,
- To report on the implementation of any recommendations in the previous year's ISA 260 report,
- To seek approval to the management representation letter, which confirms the Authority's responsibilities and actions in relation to the financial statements.

- 4.40 Both the 2021/22 and 2022/23 audits have been delayed due to resourcing issues at EY. This is a national issue caused by the increased amount of regulatory requirement and the lack of audit resources within the public sector. The 2021/22 audit commenced during July 23 and a substantial amount of the audit has been completed. In February 2024 the Department of Levelling Up, Housing and Communities opened a consultation on 'Addressing the local audit backlog in England'. The consultation proposed a backstop date for all accounts up to and including financial year 2022/23 to be cleared by 30 September 2024 and proposed to allow auditors to issue a modified or disclaimed opinion due to the backstop.
- 4.41 In light of the consultation EY are not progressing any further work on the 2021/22 and 2022/23 Statement of Accounts, they are continuing to progress their work for their commentary on Value For Money (VFM) for 2021/22 and 2022/23 and this is expected to be reported to the Fire Authority in July 2024.
- 4.42 A response to the consultation or any further guidance has not yet been published.
- 4.43 The statement of accounts in the first 2 years of the contract with EY (2018/29 and 2019/20) both received an unqualified audit and unqualified VFM conclusion. The 2020/21 statement of accounts received an unqualified audit however a VFM conclusion is yet to be received. The previous years unqualified audits and VFM conclusions provides some assurance around that the financial systems in place are robust.
- 4.44 The ongoing delay in the audit of the Accounts presents a risk to the Authority as any audit findings will not be reviewed and corrected in a timely manner.
- 4.45 The contracted audit fee for the 2023/24 Statement of Accounts is £94,838 (£32,648 for 2022/23). There has been a significant increase in audit fees, this is due to additional work that is required by the Code of Audit Practice and supporting guidance published by the National Audit Office on behalf of the Comptroller and Auditor General, and following the PSAA's national auditor appointment procurement for the period 2023/24 to 2027/28, which has resulted in a procurement adjustment of 151% for the new contract rates for audit firms.

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

- 4.46 In addition to the usual Internal and External Audit reviews, the Authority had a third inspection by the HMICFRS during Services during March and April 2024. The inspection includes an assessment of 11 areas, with possible gradings of outstanding, good, adequate (an additional grade added as part of the third inspection regime), requires improvement and inadequate for each area. The service is waiting for feedback.
- 4.47 The second inspection by HMICFRS was completed in October and November 2021. The final report was published July 22. The inspection graded the Service as Good in all 11 areas of assessment and gave an overall rating of Good. The grading was an improvement on the Service's first inspection rating of Requires Improvement in 2018. There were 4 Areas for Improvement (AFIs) identified which are:

- The Service should assure itself that its risk-based inspection programme prioritises the highest risks and includes proportionate activity to reduce risk.
- The Service should ensure that, when responding to a 999 call, mobile data terminals are reliable to allow staff to access risk information.
- The Service should make sure it effectively monitors, reviews and evaluates the benefits and outcomes of any collaboration activity.
- The Service should assure itself that staff understand how to get wellbeing support.

4.48 Actions have been taken to address each of the 4 AFI's. The AFI relating to understanding of well-being provision by staff was closed by the Policy and Strategy Committee 2 February 2024 and the other three AFI's were closed by Fire Authority 23rd February 2024.

#### Other External Audits

4.49 The National Resilience Assurance Team (NRAT) seek to provide assurance to the Government relating to national resilience arrangements. They do this through a comprehensive assurance programme. The Service had 5 areas audited by NRAT during 2023/24.

- **Marauding Terrorist Attack Capability.** NRAT concluded that the Service demonstrated that the MTA capability is in a very strong position with an effective and tested response evidenced. The audit highlighted that the Service's MTA specialist responders are well-trained and well-equipped, and that Service have evidenced strategic planning, allowing a swift and coordinated response to a terror attack.
- **National Interagency Liaison Officer Capability.** The Service were deemed to have a capable, knowledgeable, well-trained, and prepared NILO cadre and were commended by the national NILO group. Two actions for improvements were required, one has been implemented and the other will be complete by December 2024.
- **High Volume Pump Capability..** The Service received 15 instances of good and 1 area requiring improvement where the final action plan will be complete by the end of April 2024.
- **Service's Flood and Rescue Capability.** The audit determined that the Service were deemed to have a prepared and capable flood rescue asset and were commended in the report. There was one area for improvement which is being completed.
- **Enhanced Logistical Support.** NRAT carried out an assessment of the Service's ELS capability. However, as the asset has now been removed from the Service in April 2024, following a change in the national model for this capability, it has not been possible for this assessment to be finalised. The Service's ELS capability has been widely commended over the years.

4.50 **National Fire Standards**

The National Fire Chief's Council (NFCC) are undertaking a body of work to set minimum standards for key operational and non-operational areas of work. To date 16 have been released:

- Fire Investigation
- Operational Competence
- Operational Learning
- Operational Preparedness
- Code Of Ethics
- Community Risk Management Plans
- Emergency Preparedness and Resilience
- Emergency Response Driving
- Prevention
- Protection
- Safeguarding
- Communications and Engagement
- Data Management
- Leading the Service
- Leading and Developing People
- Fire Control

4.51 The Service has undertaken gap analyses for the above standards and is undertaking a programme of work to ensure compliance. This is being monitored by SLT through the CRMP Assurance Board.

**HMICFRS Report on Values and Culture of the Fire and Rescue Service**

4.52 Following recent reports of misconduct, and the findings of the Independent Cultural Review of London Fire Brigade, the Minister of State for Crime, Policing and Fire commissioned a spotlight report into the values and culture of the Fire and Rescue Service.

4.53 HMICFRS considered the specific themes of values and culture (including bullying, harassment, and discrimination); training and skills; fairness and diversity; and leadership. The report was published on 30 March 2023.

4.54 The report presents 35 recommendations from HMICFRS to improve the sector. Of note, 19 are detailed as a requirement for Chief Fire Officers to deliver, whilst the other recommendations are directed to other national bodies such as the Local Government Association, the National Fire Chiefs' Council, the Home Office, Government, the Fire Standards Board, and Chief Constables.

4.55 The Service had an independent review of Equality, Diversity and Inclusion (EDI) undertaken in 2021 which presented recommendations, and a resulting 12-point action plan, that is being implemented.

4.56 This work has complemented and supported the Service's approach to embedding the Core Code of Ethics which has been progressed since their publication in 2021, alongside the Service's values which have been central to the Service's approach since 2015. The Service's own Behavioural Framework was updated in 2020 to incorporate the Core Code of Ethics.

- 4.57 In order to maintain the focus, resource and momentum on these improvements, and to address the required recommendations of the HMICFRS spotlight report, the Service's EDI strategic lead is drawing together a single approach under the Service's Year Two Annual Delivery Plan.
- 4.58 This approach will see assurance against the delivery of the HMICFRS recommendations, but also oversee the delivery of the Service's commitment to embed an inclusive culture and approach at NFRS which is set out in the Services' Community Risk Management Plan (CRMP).
- 4.59 Whilst progress of this workstream will be monitored by the Chief Fire Officer through the CRMP Assurance Board, actions against the HMICFRS specific recommendation are also be reported to the Human Resources Committee.
- 4.60 An update report was presented to Human and Resources Committee 19 April 2024. In relation to the 35 recommendations, 20 of which are owned by Chief Fire Officers. Whilst some of the timescales have lapsed on these recommendations, 12 have been completed, with work well underway on the remaining eight recommendations.
- 4.61 A range of other workstreams relating to the Service's culture, diversity and inclusion aims and objective are being progressed. The Service continues to invest in the workforce and community engagement, via staff networks, the community advisory group and the community befriending scheme, including rolling out inclusive leadership training to all middle and senior leaders and undertaking a review of the prevention service to enhance dedicated resources for community engagement.

## 5 **SIGNIFICANT ISSUES FOR GOVERNANCE IN 2024/25**

### **Fire Authority Governance Arrangements**

- 5.1 In May 2022 the Home Office released a White Paper on Reforming Fire and Rescue Services. This is the Government response to the recommendations from the Grenfell Tower Inquiry, the Kerslake Review (on the Manchester Arena Attack) and to build on the findings from Sir Thomas Windsor's State of Fire and Rescue reports. The White Paper covers three key areas: people; professionalism; and governance. It includes consultation on whether to transfer governance to an executive model such a Combined Authority Mayor or to the Police, Fire and Crime Commissioner model. The consultation ended on 26 July 2022, the response from the consultation was issued by Government in December 2023. An update on the consultation response was reported to the Fire Authority meeting 23 February 2024.
- 5.2 In summary, many of the consultation responses require further detail for the implications to be clearly understood and any implementation of changes identified will require legislative change, or changes to the National Framework Document. Fire Authority will continue to receive further updates on sector reform.

### **East Midlands Combined County Council Authority - Devolution Programme**

- 5.3 In February 2024 regulations were passed to allow the East Midland Combined County Council Authority (EMCCA) to be created and in May 2024 an election to appoint the first Mayor of the EMCCA took place. The creation of the EMCCA covering Nottingham, Nottinghamshire and Derby and Derbyshire, sees the creation of a long-term investment fund totalling £1.14bn over 30 years to improve people's lives through better housing, improved transport, and new job opportunities.

- 5.4 Whilst the full implications on governance for the Fire Authority is unclear at present, it is expected that the service will benefit from the additional investment within the County.

#### **2024/25 Budget**

- 5.5 The Authority approved a budget for 2024/25 in February 2023 which required £139k use of General Fund Reserves. This includes an approved council tax increase of 2.95% and a Guaranteed Core Spending Power increase of 4%. Monitoring of expenditure against the budget is reported to Finance and Resources Committee.

#### **Medium Term Financial Strategy and 2025/26 Budget**

- 5.6 Budgets for 2025/26 to 2027/28 are due to be agreed by Fire Authority in February 2025. When the current budget was set in February 2024 there was an expected deficit position for 2025/26 in the region of £1.9m.
- 5.7 The Futures 25 Efficiency Strategy was initially outlined at Policy and Strategy Committee in May 22 with the high level aims of identifying savings, as well as supporting increased productivity through investment in systems and process improvements. Updates were received by the Authority in July 2023 and February 2024. An Efficiency Roadmap has also been developed to support the 2025/26 budget onwards to deliver savings and ensure alignment of the new CRMP with the MTF5.
- 5.8 The Fire Authority approved the creation of a Future 25 Programme earmarked reserves to provide resources to implement any necessary changes coming out of the Futures 25 programme and a Budget Pressure reserve to support future year budgets. Given these earmarked reserves and anticipated savings from the Future 25 programme and the Efficiency Roadmap, the service is confident that it will be financially secure going forward.

#### **Pensions**

##### **McCloud**

- 5.9 The McCloud remedy is ongoing regarding the transition arrangements in the 2015 firefighter's pension scheme which were found to be discriminatory on the grounds of age in December 2018. All members have now been moved to the 2015 pension scheme as from 1 April 22. The transition arrangements effective between 1 April 2015 and 31 March 22 need to be removed and members given the choice between their legacy scheme and the 2015 scheme between this period.
- 5.10 Following the ruling and lack of progress, the Fire Brigades Union (FBU) commenced legal proceedings in the High Court for three test cases against Fire and Rescue Authorities. Two of these cases were against this Authority as they related to former Nottinghamshire Fire and Rescue Service (NFRS) employees. A settlement agreement on these cases was reached on 8 October 2021.
- 5.11 In the interim, the Home Office issued some guidance to assist implementation of the remedy and a Memorandum of Understanding was agreed between the Local Government Association and the Fire Brigades Union in October 21. However, in November 21 the Home Office withdrew its guidance stating that there could be significant financial risk if Authority's decided to proceed implementing Memorandum of Understanding.

- 5.12 With the ongoing threat of legal action, Policy and Strategy Committee approved the continuation of implementing the Memorandum of Understanding on 1 April 22, acknowledging the financial risks that it may face.
- 5.13 New pension legislation was passed in October 23 which provides more certainty about how the remedy is to be applied. The service have a further 18 months to ensure that it is properly implemented. There remains unresolved complications and uncertainties around interest and tax implications.

#### **Matthews**

- 5.14 On-call firefighters employed between 1 July 2000 and 4 April 2006 were retrospectively allowed to join 2006 Firefighters' Pension Scheme in 2014 following the Matthews court case. Following a further European Court of Justice case (O'Brien) the UK Government have recognised the right for on-call firefighters employed before 1 July 2000 to elect to join the pension scheme from the start of their employment. Revised legislation was passed in October 23 and the service have a further 18 months to implement the remedy.
- 5.15 The Local Government Association is working alongside Fire Services to implement the changes and, an exercise is now underway to contact individuals who are affected. It will be necessary to estimate data for some individuals whose employment records are likely to have been deleted in order to comply with data protection legislation.
- 5.16 Nationally there are known issues with the Government Actuary's Department (GAD) calculator that is used to calculate the financial implications for individuals of the remedy and there are unresolved complications and uncertainties around interest and tax implications which are currently delaying implementation.
- 5.17 The corporate risk register includes a high risk in relation to the service ability implementing the pension remedies for McCloud and Matthews by the 31 March 2025. The Authority approved the creation of a £200k earmarked reserve to cover potential pension related remedy costs in April 2022 which remains in full, and the pension remedies have been identified as a contingent liability in the Accounts.

#### **Internal Audit**

- 5.18 The 2024/25 Internal Audit Plan is to be approved by Fire Authority in July 2024. It includes provision for 6 audits during 24/25. These are procurement, corporate governance, replacement mobilising system, data protection, firefighters' remuneration system and compliance with the National Fire Standard for Leading the Service.

#### **External Audit**

- 5.19 Delayed local audit opinions are a huge concern across the public sector. These delays have been caused by the increased amount of regulatory requirement and the lack of audit resources within the public sector as a whole and is not limited to NFRS.

- 5.20 In February 2024 the Department of Levelling Up, Housing and Communities opened a consultation on 'Addressing the local audit backlog in England', which closed on the 7th March 2024. The consultation proposed a backstop date for all accounts up to and including financial year 2022/23 to be cleared by 30 September 2024 and proposed to allow auditors to issue a modified or disclaimed opinions due to the backstop. A response to the consultation has not yet been published.
- 5.21 In light of the consultation EY are not progressing any further work on the 2021/22 and 2022/23 Statement of Accounts, they are continuing to progress their work for their commentary on Value For Money (VFM) for 2021/22 and 2022/23 and this is expected to be reported to the Fire Authority in July 2024.
- 5.22 KPMG have commenced their interim audit work for the 2023/24 Statement of Accounts and VFM commentary. They are planning to undertake the final audit work in July/August 2024. However, they will not be able to conclude their audit opinion on the Statement of Accounts until the 2021/22 and 2022/23 audit opinions are issued. Potentially, they may need to complete additional work around the opening balances if modified or disclaimed opinions are given for the 2021/22 and 2022/23 accounts due to the proposed backstop.

### **HMICFRS**

- 5.23 The service is expecting to receive the report on the findings from the third round of inspection and will undertake actions to implement any Areas For Improvement.
- 5.24 The latest HMICFRS State of Fire report was issued in May 2024, and a thematic inspection report on the handling of misconduct allegations in fire and rescue services is to be released. These reports will be reviewed, and any learning and action needed will be embedded within the Service.

## **6 CONCLUSION**

- 6.1 Nottinghamshire Fire and Rescue Authority has well developed and evolving governance arrangements in place that are fit for purpose.
- 6.2 The Service's policies and procedures continue to be updated and reviewed (3.14).
- 6.3 The Local Code of Corporate Governance was adopted by the Authority in February 2017 and CIPFA's Financial Management Code was adopted by the Authority in July 2021 (sections 1.3 and 3.26 - 3.27). The Authority's compliance against the Financial Management Code was reviewed by Internal Audit in 2021/22 – the report acknowledged that effective controls were in place regarding self-assessment, leadership, accountability, long term sustainability and value for money.
- 6.4 Whilst the 2021/22 and 2022/23 Statement of Accounts are yet to be audited, the External Auditors, Ernst & Young (EY), issued unqualified audits for the first 3 years of their contract (2018/19 and 2020/21), which indicates that the financial systems in place are robust (see sections 4.37 – 4.45).



- 6.5 Despite the delays to the audit of the Statement of Accounts and Value for Money Audits by the Authority's external auditors (EY), the Service's internal auditors (Nottinghamshire County Council) have completed a comprehensive audit programme which provides a high level of assurance. The Internal Audit Annual Report provided a judgement of Substantial Assurance regarding the arrangements in place for corporate governance, risk management and the control environment (see sections 4.27 - 4.36).
- 6.6 Five internal audits have been completed within the year, 4 being graded as having Substantial Assurance and 1 having Limited Assurance, where limited assurance was received 6 recommendations have been agreed by management. Five other external reviews have taken place (see section 4.49), which in the main received reasonable or substantial assurance and action plans are being implemented for any required improvements.
- 6.7 The Internal Audit Charter was adopted by Finance and Resources Committee in June 2022 (section 4.30). The annual Internal Audit Plan is reviewed by SLT and approved by Finance and Resources Committee (4.31). All recommendations arising from internal audit reviews are actioned and monitored by SLT and Finance and Resources Committee (4.32).
- 6.8 The Service's second full HMICFRS inspection provided a rating of Good against all 11 areas of assessment (sections 4.47 - 4.48).
- 6.9 The Service continues to address any governance issues as they arise and commits to keeping governance arrangements under review (see sections 4.6 – 4.7).

Signed.....

Councillor Michael Payne  
**CHAIR OF THE FIRE AUTHORITY**

Signed.....

Craig Parkin  
**CHIEF FIRE OFFICE**

**Links to Supporting Documents**

Efficiency and Productivity Plan

Governance Update

Website

## Glossary

### **Accruals**

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

### **Budget**

A statement of the policy of the Authority expressed in financial terms. The budget is the financial element of a range of plans adopted by the Authority which include the Medium Term Financial Strategy and the Community Safety Plan.

### **Capital Expenditure**

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

### **Capital Receipts**

Income derived from the sale of capital assets.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The principal accountancy body dealing with Local Authority and Public Sector finance.

### **Contingent Liability**

A possible obligation arising from past events whose existence will be confirmed by the occurrence of an uncertain future event not wholly within the Authority's control. It can also be a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or where the amount of the obligation is uncertain.

### **Creditors**

Amounts owed by the Authority for which no payment has been made at the end of the financial year.

### **Debtors**

Amounts due to the Authority for which no payment has been received at the end of the financial year.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of an asset during an accounting period.

### **Finance Leasing**

A method of financing the acquisition of assets. Legally the assets are owned by the lessor, although the risks and rewards of ownership of the asset pass to the lessee. The assets are shown on the Balance Sheet of the Authority.

### **Financial Instrument**

Any contract which gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments are: trade payables, borrowings, bank deposits, trade receivables and investments.

### **Non-Current Assets**

Tangible or intangible assets which yield benefits to the Authority for a period of more than one year. Tangible assets include land and buildings and certain specialist vehicles and equipment. Intangible assets include software.

### **Impairment**

A reduction in the value of an asset, which is additional to the expected depreciation of that asset. Impairment may be a result of, for example, physical damage or reducing prices.

### **Operating Leasing**

A method of financing the acquisition of assets, notably vehicles, plant and equipment which involves the payment of an annual rental for a period which is usually less than the useful life of the asset.

### **Provision**

A liability or loss which is likely or certain to be incurred but where the date and precise amount are uncertain.

### **Reserve**

An amount set aside for purposes outside the definition of provisions. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for general contingencies.

### **Revenue Contribution to Capital Outlay**

A fixed asset purchased directly from revenue contributions.

### **Revenue Expenditure and Income**

That expenditure and income which relates to the day to day activities of the Authority.