



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

FINAL ACCOUNTS 2018/19

Report of the Treasurer to the Fire Authority

Date: 20 December 2019

Purpose of Report:

To present to Members the 2018/19 audited statement of accounts of the Nottinghamshire and City of Nottingham Fire and Rescue Authority.

Recommendations:

- That Members approve the audited Statement of Accounts for 2018/19, as attached at Appendix A.

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1. BACKGROUND

- 1.1 The audited accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The full Fire Authority must approve the audited Statement of Accounts. The unaudited accounts were considered by Finance and Resources Committee in 28 June 2019 and Fire Authority on 26 July 2019.
- 1.2 Under normal circumstances, the accounts should be approved by Fire Authority by 31 July. However, the audit of the accounts has been delayed due to resourcing issues at Ernst Young LLP. The unaudited accounts have been available on the website since 31 May 2019.
- 1.3 The audited accounts have been amended to reflect changes to take account of:
- Revised actuarial calculations on both the firefighters' pension fund and the Local Government Pension Fund to reflect the recent McCloud judgement on the transition arrangements in the 2015 firefighter's pension scheme which have been judged to be age discriminatory;
 - Correction of errors identified during the audit process;
 - Amendments to events after the balance sheet date given the time lapse since the unaudited accounts were made available in May 2019.
- 1.4 This report is issued as a covering paper to the audited final accounts which are appended in full as Appendix A.

2. REPORT

THE CORE STATEMENTS IN THE ACCOUNTS

- 2.1 There are four core statements in the Statement of Accounts, and these are on Pages 22 to 28 of the accounts. The core statements show references to disclosure notes within the accounts which give further information and explanations about the figures within the core statements.
- 2.2 The Movement in Reserves Statement shows the movement in the year on the Authority's various reserves, analysed into "usable" and "unusable" reserves. The usable reserves total £10.340m at 31 March 2019, including the general reserve and earmarked reserves and these are available to be spent by the Authority in the future. This statement also shows how the net deficit on the provision of services is adjusted in accordance with accounting regulations to give the net decrease in the general reserves of £1.377m for the year.

- 2.3 The Comprehensive Income and Expenditure Statement (CIES) shows all of the items of income and expenditure which constitute the accounting cost in the year of providing services. This statement shows a deficit of £35,883m, a significant increase from the £12,020m reported in the unaudited accounts considered by Fire Authority in July. The increase is due to the actuarial revaluation of the pension funds following the McCloud case. The remedy for the McCloud case is yet to be determined and the associated costs are based on estimates.
- 2.4 The firefighters' pension scheme is a national scheme funded by Central Government. The amounts included in the Authority's accounts reflect those costs attributable to this Authority. Any deficit will be funded by Central Government and as such will not be met directly from local tax payers. However, employer superannuation rates may be adjusted in the future if the pension scheme is judged to be unaffordable.
- 2.5 The £35,883m deficit calculated in the CIES is adjusted in accordance with accounting regulations to give the net deficit of £1.377m, which is the required amount from General Fund Reserve to finance expenditure for the year. This remains unchanged from the accounts reported in July.
- 2.6 The Balance Sheet shows the value of the Authority's assets and liabilities at 31 March 2019. The Authority's net assets are matched by the Authority's reserves. Paragraph 2.10 below gives further explanation of the Pensions Reserve on the Balance Sheet.
- 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.
- 2.8 On Pages 104 and 105 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 2019.

THE NARRATIVE STATEMENT

- 2.9 The Narrative Statement gives a useful overview of both the accounts themselves and the Authority'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.

PENSIONS

- 2.10 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 (Pensions Reserve) of £569m on the Balance Sheet. This liability has been recalculated following the recent

McCloud judgement (see Paragraphs 2.3 and 2.4). This has increased from £544m included in the Statement of Accounts considered by Fire Authority in July 2019.

NOTTINGHAMSHIRE FIRE SAFETY LIMITED

2.11 Nottinghamshire Fire Safety Limited is an arm's length trading company, established by the Authority, whose main activity is to sell fire extinguisher maintenance services to external customers. The financial statements for this company are attached as Appendix B. These were noted by Fire Authority at the meeting on 26 July 2019.

3. FINANCIAL IMPLICATIONS

The proposed Annual Audit Fee for 2018/19 was £23,909, although this may be subject to additional fees. The Fee for 2019/20 is expected to remain at £23,909.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been carried out because this is a report of the Authority's financial performance for the 2018/19 financial year rather than a new or amended policy.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

8.1 The production of final accounts is fundamental in demonstrating a sound financial position for any organisation. The "snapshot" provided by annual accounts which can be independently audited, provides both stakeholders and elected Members with a significant level of assurance in this area.

- 8.2 The level of working balances and reserves, as shown in the accounts, will enable the position set out in the medium term financial strategy to be sustained.
- 8.3 Detailed aspects of financial risk management are set out within the body of the report.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report.

10. RECOMMENDATIONS

That Members approve the audited Statement of Accounts for 2018/19, as attached at Appendix A.

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

None

Charlotte Radford
TREASURER TO THE FIRE AUTHORITY