



**Hereford & Worcester Fire Authority**

## **Statement of Accounts 2023/24**

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# Hereford & Worcester Fire Authority

## Statement of Accounts 2023/24

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## NARRATIVE REPORT

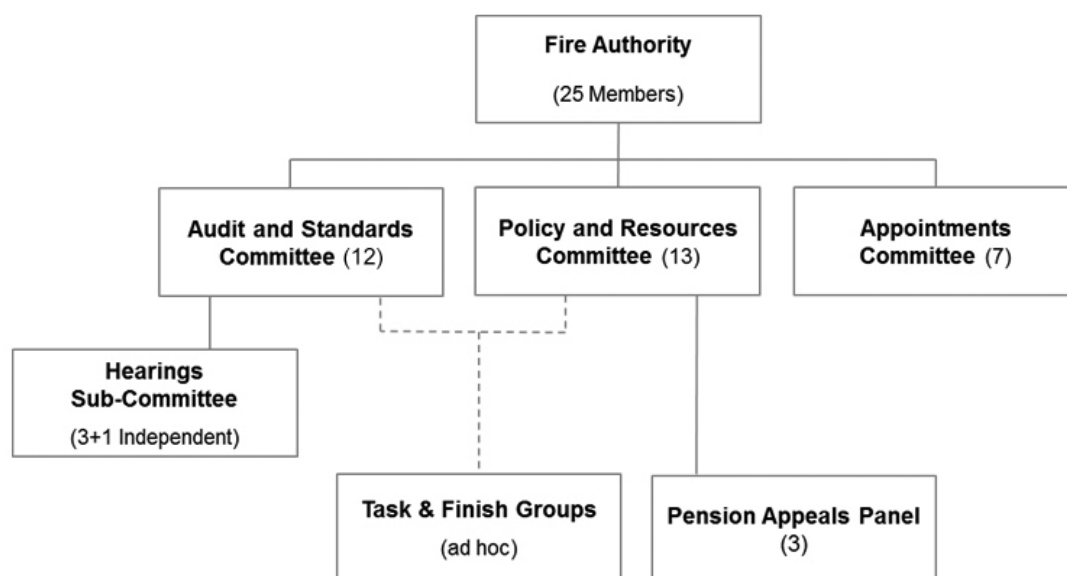
1. Originally formed as an independent corporate body, as a result of Local Government Reorganisation, on 1<sup>st</sup> April 1998, Hereford & Worcester Fire Authority (the Authority) is now constituted under the Fire and Rescue Services Act 2004. The Authority sets its own budget requirement, receives a share of Retained Business Rates, Business Rate Support Grant and Revenue Support Grant, and issues its own Council Tax Precept.
2. The Service covers the whole of Herefordshire and Worcestershire, an area of around 1,500 square miles (392,000 hectares) and a resident population of about three-quarters of a million people (804,075 – ONS mid-2024 population estimate). Of these, three in four live in Worcestershire, with around 105,143 people living in the city of Worcester. Herefordshire is more sparsely populated with a largely rural population, about a third of whom live in the city of Hereford.



3. Our Strategy is the Service's overall statement of intent. With safety firmly at its heart, the statement has a clear core purpose built on strong foundations linked by three driving principles: firefighter safety, community safety and delivery of quality services. It relies on all parts of the service – from frontline firefighting to support staff and community safety volunteers – working together to deliver services and plans.

## The Fire Authority

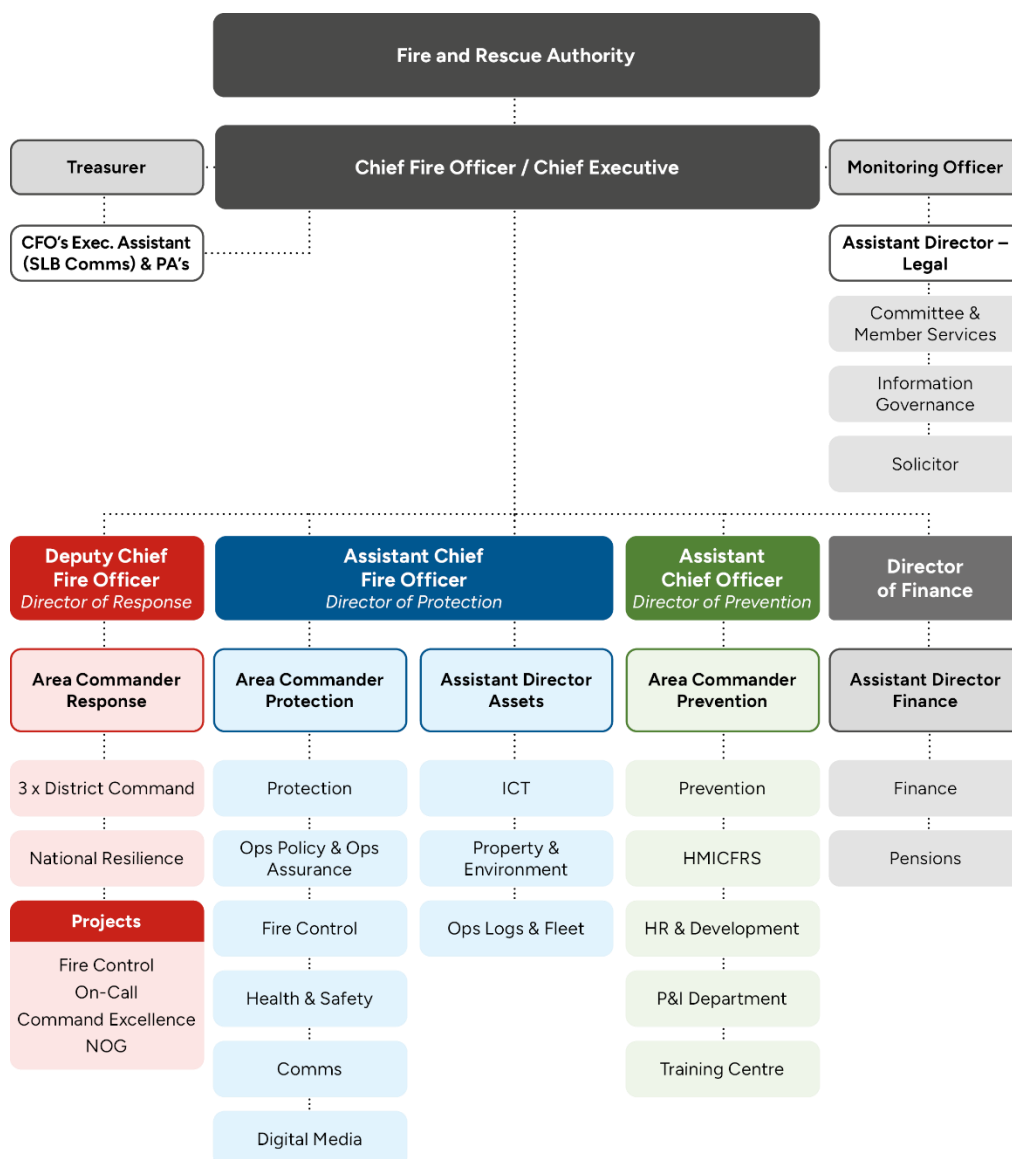
4. Hereford & Worcester Fire Authority is the governing body of the Fire and Rescue Service and is the legal entity responsible for carrying out duties as set out in the Fire and Rescue Services Act 2004, in relation to fire prevention, fire safety, firefighting and rescues (including from road traffic collisions and other emergencies such as flooding). It is made up of 25 local councillors, six appointed by Herefordshire Council and 19 by Worcestershire County Council. Since October 2016 the Fire Authority has also included the West Mercia Police and Crime Commissioner in a non-voting capacity.
5. The Authority currently carries out its duties by directly employing operational and other staff as Hereford and Worcester Fire and Rescue Service.
6. The Authority sets the budget and approves the overall strategic direction for the Service. It also appoints the Chief Fire Officer, Treasurer, Monitoring Officer and Deputy Chief Fire Officer and makes sure the Service has the right people, equipment and training to deliver their services effectively and efficiently in the best interests of the communities of Herefordshire and Worcestershire.
7. The Fire Authority normally meets four times a year and is supported by three committees as shown in the structure chart below. All meetings are open to the public, unless there is a reason that any individual matters under discussion need to remain confidential. Members of the Authority are also kept up to date on fire and rescue matters through an annual programme of seminars, workshops and visits to fire stations and other facilities.



## The Fire and Rescue Service

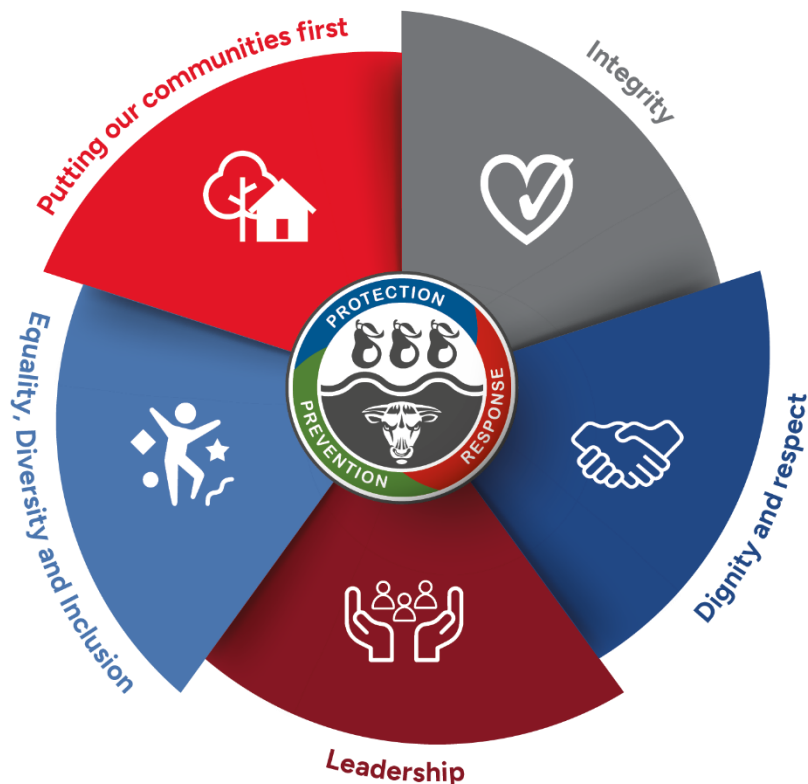
8. The Service is led by the Chief Fire Officer/Chief Executive with the support of the Senior Management Board. The Service employs 764 full-time and part-time staff, most of whom are highly trained firefighters (approximately 78% of the total workforce).
9. In addition to Service Headquarters at Hindlip Hall, in Worcester, there are 25 fire stations across the two counties, a training centre, stores/workshops and a number of locally based training facilities.
10. The Service is structured into four directorates – Response, Protection, Prevention and Finance. Most staff are directly involved in providing prevention, protection, response and resilience services. These services are designed to keep the communities of Herefordshire and

Worcestershire as safe as possible by working with local people, organisations and business to try to make sure emergency incidents do not happen in the first place, as well as by being able to respond quickly and effectively to any emergencies that do happen. These essential services are supported by a wide range of organisational support services such as financial, personnel and legal management functions. The full range of services is shown in the chart below:



## Core Code of Ethics

11. The Fire Authority originally developed and adopted Organisation Wide, Service Values these were approved at the Fire Authority meeting on 12<sup>th</sup> June 2019. The authority then updated and developed this into the Code of Ethics, which the Authority has adopted and embedded, in response to the recommendations in the State of Fire Report for 2019/20. The Code can be seen as building on the Service's existing values and ethical principles rather than replacing them.
12. The Code consists of five clear ethics principles, which provide the basis for promoting behaviour standards. By adopting the Code as our guiding set of values, we are committed to championing ethical behaviours that help to improve organisational culture and workforce diversity, ensuring that communities are supported in the best way.



#### Putting our communities first

We put the interest of the public, the community and service users first.



#### Integrity

We act with integrity including being open, honest and consistent in everything we do.



#### Dignity and respect

We make decisions objectively based on evidence, without discrimination or bias.



#### Leadership

As positive role models, we are accountable for everything we do and challenge all behaviour that falls short of the highest standards.



#### Equality, Diversity and Inclusion

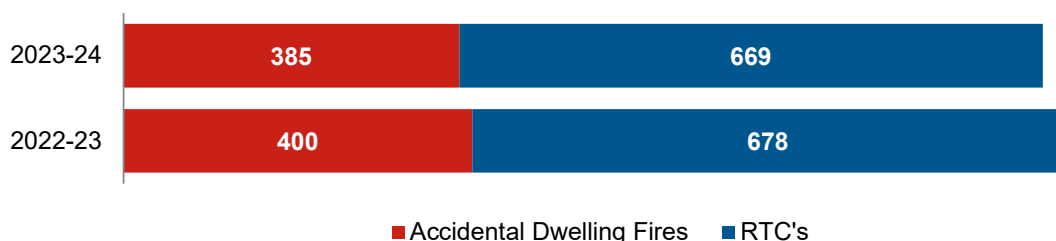
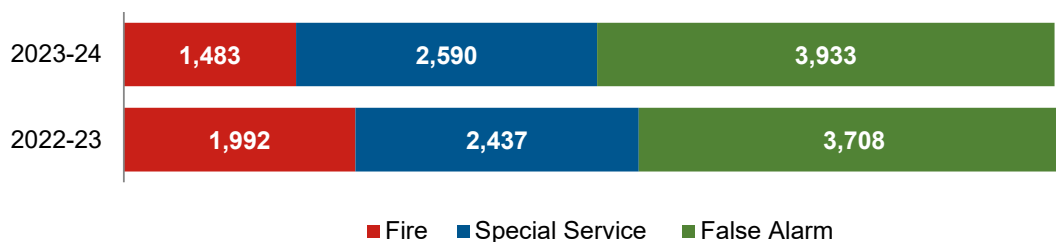
We stand against all forms of discrimination, create equal opportunities, promote equality, foster good relations and celebrate difference.



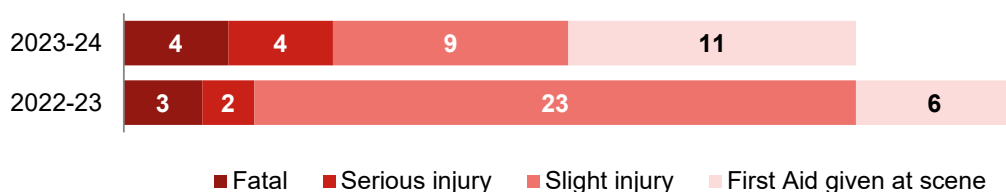
### Our Performance

13. In 2023/24, the service received 16,212 emergency calls to a wide range of incidents including property and countryside fires, road traffic collisions, water and animal rescues, collapsed structures and dealing with hazardous substances. In all we attended 8,006 incidents (8,137 incidents in 2022/23), about 154 a week. This represents an overall annual decrease of 131 incidents over the previous year, though the majority is accounted for by a 25.6% reduction in Fire incidents attended during the year. Analysis shows that most of this decrease is largely a reflection of the series of named storms (13) which brought a significant amount of rainfall making it one of the wettest periods since records began in 1836.
14. False Alarms continue to be the largest proportion of incidents, representing almost one in every two incidents (49.1%), this represents an actual increase in the number of false alarms attended a slight increase of 6.1% on last year. The Service continues to work with businesses to reduce the number of automated false alarms, including working with occupiers to identify where false alarm activations are by repeat offenders. Fire Control Officers also challenge reports of alarms activating to assess whether the activation is false or not, and can quickly pass on information to attending crews.

15. In terms of potential life risk incidents, the Service attended 385 accidental dwelling fires in the two counties during 2023/24. This was a 3.8% decrease compared with the previous year. Unfortunately, four people died in house fires. While any death is a tragedy, the figures remain low given the relative size of the population. Injuries and fatalities in accidental dwelling fires represent approx.3.0 casualties per 100,000 population. The Service also attended 669 road traffic collisions in 2023/24, 9 less than the previous year.



#### Casualties in Accidental Dwelling Fires



### Collaboration and the Policing and Crime Act 2017

16. The Policing and Crime Act 2017 contains a wide range of measures, including a statutory duty on the fire and rescue service to work collaboratively with their local Police and Ambulance Services. There is a high degree of collaboration between this Authority and West Mercia Police.

### The Accounting Statements

17. The Statement of Accounts that follows covers the Authority's financial year ending 31<sup>st</sup> March 2024. The accounts, which are prepared in accordance with International Financial Reporting Standards (IFRS) as guided by the CIPFA Code of Practice on Local Authority Accounting 2023/24, comprise a group of Core Financial Statements:
- Comprehensive Income & Expenditure Statement (CIES)
  - Movement in Reserves Statement (MiRS)
  - Balance Sheet
  - Cash Flow Statement
  - Notes to the Core Statements
18. In addition, there is a Supplementary Financial Statement in respect of the Firefighters' Pension Account.
19. The purpose of the Core Financial Statements is as below:

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

- This 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.
- The Authority raises taxation to cover expenditure in accordance with statutory regulation; this may be different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

## **Movement in Reserves Statement (MiRS)**

- This shows the movement in the year on the different reserves held by the Authority, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 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 & Expenditure Statement (CIES).
- These are different to the statutory amounts required to be charged to the General Fund Balance for grant and Council Tax setting purposes.
- The Net Increase/Decrease before Transfers to Ear-marked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

## **Balance Sheet**

- This shows the value as at the balance sheet date of assets and liabilities recognised by the Authority.
- The net assets of the Authority (assets less liabilities) are matched by the reserves held. 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 (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).
- The second category is those that the Authority is not able to use to provide services. This category of reserves included those that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets were 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**

- This 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 current taxation and grant income.
- 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 to the Authority (i.e. those from whom long term borrowing is taken).

20. The accounting policies adopted by the Authority comply with the relevant recommended accounting practice. The Authority’s policies are explained fully in the Statement of Accounting Policies which is set out on pages 16-25.

21. The Authority's spending is planned and controlled by a process which includes regular reporting to the Service's management team, the Authority's Policy and Resources Committee and the Fire Authority.

### Revenue Budget and Expenditure

22. The Authority's main funding sources are Council Tax, Non-Domestic Rate income and various Government grants which are used to fund the Authority's revenue budget.
23. At the start of 2023/24 the core revenue budget was set at £39.452m with expected funding of £40.100m and a planned transfer of £0.648m to reserves.
24. The revenue expenditure outturn for 2023/24 was £39.908m (an overspend of £0.456m), but the funding out-turn was £40.492m (£0.392m better). A summary of the revenue budget and the final outturn is shown in the table below.

	Budget £m	Out-turn £m	Variance £m
Employee Costs	27.448	27.683	0.235
Running Costs	9.605	10.361	0.756
Capital Financing Costs	2.399	1.864	(0.535)
<b>Total Expenditure</b>	<b>39.452</b>	<b>39.908</b>	<b>0.456</b>
Special Grants	(0.961)	(1.142)	(0.181)
Funding Grants	(8.786)	(8.777)	0.009
Business Rates & Grants	(3.107)	(3.329)	(0.222)
Council Tax	(27.246)	(27.244)	0.002
<b>Total Funding</b>	<b>(40.100)</b>	<b>(40.492)</b>	<b>(0.392)</b>
<b>Net Expenditure</b>	<b>(0.648)</b>	<b>(0.584)</b>	<b>0.064</b>
To/(From) Reserves	0.648	0.548	(0.064)
	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

25. The revenue expenditure out-turn position results in a transfer of £0.548m from reserves rather than a transfer of £0.648m from reserves, a net change of £0.064m.
26. The principal areas of variation, are outlined below:

#### **Expenditure:**

**Employee Related £0.235m over:** The underlying reasons for these variations relate to an increase in resilience register costs and the unpredictability in budgeting for this due to unknown usage factors. It is anticipated that the full year impact of the new Day Crewing arrangements and the Resource Review will have a positive impact on this budget in the future.

**Running Costs £0.723m over:** of which £0.168m is matched by use of earmarked reserves leaving a net figure of £0.555m. The main reason for this relates to significant variations in the Property Services budget where there are significant variations in Utilities, Cleaning and Business Rate Costs

**Capital Financing £0.544m under** This is mainly due to the frequently reported slippage in the capital programme and increased investment returns as a result of increased interest rates.

#### **Funding**

Funding overall was **£0.392m** better than budgeted for the following key reasons:

- **£0.097m:** The Authority's estimated share of the 2023/24 Business Rates Pool gain. This is subject to confirmation following audit of the Billing Authorities and may change in the future. This figure is not budgeted because it is not guaranteed.
- **£0.125m:** Increase in Business Rate Relief from government. This is subject to the business rate collections of the individual Billing Authorities and may change in future as 2023/24 Billing Authorities are audited (Note: some of these audits are several years in arrears)
- **£0.169m:** of the increase in Special Grants relates to the one-off Protection Grant advised to the Authority after the budget and precept setting meeting.
- **£0.001m:** net other variation

### Invest to Improve Projects

27. In addition to the core expenditure of £39.908m (paragraph 24 above), £3.766m was incurred, as approved, on various projects in the multi-year Invest to Improve programme:

	£m
Fire Control Replacement	0.084
Organisational Excellence Project	0.367
On Call Recruitment & Retention Project	0.324
Safety Initiatives	0.025
Additional Fire Protection Activities	0.162
Firefighter Pensions Remedy Administration	0.025
ICT Replacements Reserve	0.428
Capital (building) Projects	1.338
Fire Prevention	0.096
BA Replacement	0.917
<b>Total Expenditure</b>	<b>3.766</b>

28. This expenditure is funded by transfers from various reserves in accordance with the agreed Reserves Strategy.
29. The addition of Invest to Improve expenditure brings total overall expenditure to £43.674m as in the table overleaf:

	Core Expenditure £m	Invest to Improve £m	Total £m
Employee Costs	27.683	0.891	<b>28.574</b>
Running Costs	10.361	0.500	<b>10.861</b>
Capital Financing Costs	1.854	2.375	<b>4.239</b>
<b>Total Expenditure</b>	<b>39.908</b>	<b>3.766</b>	<b>43.674</b>
Special Grants	(1.142)		<b>(1.142)</b>
Funding Grants	(8.777)		<b>(8.777)</b>
Business Rates & Grants	(3.329)		<b>(3.229)</b>
Council Tax	(27.244)		<b>(27.244)</b>
<b>Total Funding</b>	<b>40.492</b>	<b>0.000</b>	<b>40.492</b>
<b>Net Expenditure</b>	<b>(0.584)</b>	<b>3.766</b>	<b>3.182</b>
To/from Reserves	0.584	(3.766)	<b>(3.182)</b>
	<b>0</b>	<b>0</b>	<b>0</b>

30. This gives a total net transfer from reserves of £3.182m.

### Use of Reserves

31. In accordance with the Reserves Strategy a net total of £3.182m was transferred from earmarked reserves as per the table below:

	Revenue Expenditure £m	Invest to Improve Projects £m	Total £m
<b>Future Expenditure Reserves</b>			
from C&C Reserve		(0.084)	<b>(0.084)</b>
from Organisational Excellence Reserve		(0.367)	<b>(0.367)</b>
from On Call Recruitment & Retention Project		(0.324)	<b>(0.324)</b>
from Safety Initiatives Reserve		(0.025)	<b>(0.025)</b>
from Capital (Building) Projects Reserve	0.484	(1.338)	<b>(0.854)</b>
from Pensions Reserve			
from Fire Prevention Reserve		(0.096)	<b>(0.096)</b>
from Taxation Income Guarantee Reserve	(0.046)		<b>(0.046)</b>
To Protection Grant Reserve	0.169	(0.162)	<b>0.007</b>
From Development Reserve	(0.094)		<b>(0.094)</b>
From RPE/BA Replacement Reserve	0.300	(0.917)	<b>(0.617)</b>
From Property Maintenance Reserve	(0.047)		<b>(0.047)</b>
From Pensions Remedy Admin Reserve		(0.025)	<b>(0.025)</b>
from ICT Replacement Reserve		(0.428)	<b>(0.428)</b>
	<b>0.766</b>	<b>(3.766)</b>	<b>(3.000)</b>
<b>Budget Reduction Reserves</b>			
to Budget Reduction Reserve			
From Budget Reduction Reserve	(0.182)		<b>(0.182)</b>
from Tax Income Guarantee Grant Reserve			
	<b>(0.182)</b>	<b>0</b>	<b>(0.182)</b>
<b>Total Transfer from Reserves</b>	<b>0.584</b>	<b>3.766</b>	<b>(3.182)</b>

32. This differs from the net movement of £3.140m reported to the Fire Authority on 26th June 2024, due to some information accounted for after the report date, the impact of these changes is not material on the accounts.

### General Reserve

33. The general reserve stood at £1.538m at 31<sup>st</sup> March 2024, this figure remains unchanged from 31<sup>st</sup> March 2023.

### Going Concern

34. Hereford and Worcester Fire Authority continue to closely monitor the impact of the wider economy on its operations by reacting to reducing finance settlements in recent years and reviewing the levels of operational workforce to ensure it is in line with the Community Risk Management Plan.

35. Management have assessed that the going concern basis was appropriate for the 2023/24 financial statements: no issues were identified and the Medium Term Financial Plan approved by the Authority in February 2024 confirms this view. The Director of Finance's expectation is that this will continue for the foreseeable future. Using reserves the Authority has a balanced budget for the whole of the Medium Financial Plan period and robust and deliverable plans for

a balanced budget going forward. The legislative potential for a replacement of the Fire Authority by a Police, Fire and Crime Commissioner does not affect this assumption as in that there would be a successor body taking on all the assets and liabilities of the Fire Authority.

### **Financial Climate and Impact on Services**

36. **Financial Settlement and Budget for 2024/25** – The Chancellor of the Exchequer delivered the Autumn statement on 22<sup>nd</sup> November 2023 alongside publication of the Office for Budget Responsibility's (OBR) updated economic and fiscal forecasts. The Autumn Statement made no specific reference to the Fire and Rescue Services and there was very little in the way of new funding announcements for local government in general. It was, however, confirmed that the Chancellor would use new powers (The Non-Domestic Rating Act 2023) to de-couple the Business Rates multipliers, to freeze the Small Business Rates multiplier, and to index the Standard Business Rates multiplier. Although this complicates the settlement, it does not significantly affect the overall funding for the Authority, as it was confirmed that Section 31 grant would be paid to local authorities to fully compensate for the loss of income resulting from the decision to freeze the Small Business Rates multiplier for 2024/25. However, the Council Tax referendum principles were changed to reflect a maximum increase of 3%, down from the maximum increase last year of £5 on a Band D property.
37. The final settlement for 2024/25 was somewhat better than had been anticipated in the revised Medium Term Financial Plans, largely due to government setting a minimum increase in funding, excluding council tax, of 4%. This gave grant funding of £0.895m more than expected. However, all of this net increase is tied up in one-off grant which may be an issue for future years, if minimum funding increase measures are changed.
38. This increase was offset by a reduction in Business Rate yield, including a significant collection fund deficit, and council tax-base growth that was not as high as forecast. The latter was however compensated by a surplus on the Council tax collection fund.
39. As no new capital grants from Government have been announced, the Authority is currently planning to fund the 2024/25 and later years' capital plan than through a combination of revenue funding, reserves, capital receipts and borrowing.
40. The Authority has an outline four year Medium Term Financial Plan (MTFP) approved at the Authority meeting in February 2024. The MTFP was developed in conjunction with Authority strategies so as to ensure that future plans are funded and sustainable.
41. **Cost of Living Crisis** – The constant elevated level of inflation not only triggered a wave of high pay demands to compensate workers for the loss of spending power, but it also has the potential to impact on the collection rates of Council Tax and Business Rates by the Billing Authorities. Interest rates remain high which has resulted in the Authority achieving an extra £1m on interest earned on its Treasury deposits for 2023/24 which has helped offset the inflation increases we have seen on our purchases. However, as interest rates begin to fall it is anticipated the Authority will see a reduction in investment income and this has been taken into account within our medium-term financial plan.

### **Firefighters' Pensions**

42. Since 1st April 2006 Firefighters' pensions are paid from a separate pensions account, into which the employees' contributions and a new employer contribution are also paid. The net deficit on this account is funded by direct government grant.
43. The employer contribution and certain costs in relation to injury pensions still fall on the General Fund.

### McCloud/Sargeant – Age Discrimination Case

44. Employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1<sup>st</sup> April 2015. It was eventually ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination.
45. In October 2023 the Government introduced legislation to Remedy this position. In practice further clarification was required on the legislation and little progress was made on implementation in 2023/24. The legislation gives those a choice to those impacted regarding the remedy period 2015 to 2022 but does not require a choice until retirement. Due to the delays in implementation no choices could be made during 2023/24 and no costs are accrued in the 2023/24 Pension Account.

### Matthews – Modified 2006 Pension Scheme (Second Options Exercise)

46. Following the Matthews vs Kent and Medway Towns Fire Authority & others court ruling, On-Call firefighters employed between 1<sup>st</sup> July 2000 and 5<sup>th</sup> April 2006 were allowed to join the Firefighters' Pension Scheme 2006 (FPS2006) as 'special' members.
47. A time limited options exercise took place between 2014 and 2015 to allow eligible individuals to join the FPS, with the benefits awarded to special members largely mirroring the FPS1992, (an amended version of the FPS2006 was to facilitate this as the FPS1992 was already closed). At this point this was limited to service between 7<sup>th</sup> April 2000 and 5<sup>th</sup> April 2006 (although the Regulation erroneously fixed the start date as 7<sup>th</sup> Jul 2000).
48. Following a further legal challenge, it was ruled that whilst it was correct to limit the start date for eligibility to 7<sup>th</sup> April 2000, it was wrong to limit service to this date. As a consequence, any continuous service before 7<sup>th</sup> April 2000 is now potentially in scope
49. Legislation was out in place in October 2023 to permit On-Call firefighters, in scope, to purchase pension entitlement as a special member for this additional period. As with McCloud/Sargeant, necessary clarification of the legislation means that there were no payments in 2023/24. As take up is dependent on individual choice it is not possible to estimate a liability.

### **Capital Programme Budget**

50. During 2023/24 £3.882m was spent on new assets or improvements to existing ones. Expenditure was incurred on the approved vehicle programme, planned major building works, minor property works, small equipment and IT schemes. The majority of the programme was, as planned, funded by borrowing and revenue contributions.
51. During financial year 2023/24, the Authority updated part of its vehicle fleet, completing the replacement of the response vehicles. Capital work also continued on the station replacement programme for Hereford and Broadway. Work was also carried out on the replacement of the Authority's Breathing Apparatus capability.

### **Balance Sheet**

52. At 31<sup>st</sup> March 2023 the Authority held Long Term Assets with a net book value of £43.528m. Professional advice has not identified any further impairment due to changes in the economic climate, and adjusting for disposals, depreciation, revaluation and capital expenditure, Long Term Assets are valued at £45.037m at 31<sup>st</sup> March 2024.
53. Long Term borrowing is only incurred to support capital expenditure and for practical purposes is considered as long-term debt. However, when maturity is within twelve months the borrowing is technically classed as short-term borrowing which can be misleading as it was not borrowed for short term purposes. During 2023/24, there was a reduction of £0.211m in long term

borrowing. As at 31<sup>st</sup> March 2024, total indebtedness of £8.835m (£8.488m long and £0.347m short), remains well below the value of Long Term Assets.

54. The Balance Sheet includes liabilities in respect of the five pension schemes provided for staff.
55. The £0.497m liability on the Local Government Scheme will be covered by the continued level of employer contributions.
56. The Firefighters' schemes are statutory un-funded ones and the significant total liability of £295.632m is a result of this position. There is no requirement, or legal powers, for the Authority to fund this deficit, and any costs not financed by employee or employer contributions are met by direct government grant. More details on pensions can be found on pages 47-57.

### **Corporate Governance Arrangements**

57. The Authority is responsible for ensuring that its business is conducted in accordance with relevant legislation and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, Members and Senior Officers are responsible for putting in place proper procedures for the governance of the Authority's affairs and the stewardship of the resources at its disposal.
58. During 2023/24 the Authority has reviewed the systems and processes it has in place to ensure sound corporate governance and to confirm that they are consistent with the principles outlined in the CIPFA Delivering Good Governance in Local Government Framework 2016 Edition. The latest review of compliance with the code was approved by the Authority Audit and Standards Committee on 23rd April 2024.
59. Many of the elements of the code had been in place since the creation of the Authority such as: Codes of Conduct, Codes of Practice, Policy Statements, Standing Orders, Financial Regulations, Internal Audit arrangements and Risk Management arrangements which have been strengthened as referred to in the Annual Governance Statement on pages 72-76.

### **Strategic Improvement Review**

60. **Integrated Fire Control Collaboration (IFCC)** – The service is now well into a collaborative project with:
  - Shropshire and Wrekin Fire Authority
  - Durham and Darlington Fire Authority
  - Cleveland Fire Authority

to design and implement a command and control function that allows all four services to operate autonomously but be able to combine in periods of crisis and spate to rapidly increase capacity and add resilience. This project is being led by Hereford and Worcester Fire Authority.

### **Post Balance Sheet Events**

61. There are no post balance sheet events to report at the date of issue.

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

### **The Authority's Responsibilities**

1. The Authority is required to:
  - make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has responsibility for the administration of those affairs. In this Authority, that Officer is the Treasurer;
  - manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
  - approve the Statement of Accounts.

### **The Treasurer's Responsibilities**

2. The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to provide a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2024 and its income and expenditure for the year ended 31<sup>st</sup> March 2024.
3. In preparing this Statement of Accounts the Treasurer has:
  - selected suitable accounting policies and then applied them consistently;
  - made judgements and estimates that were reasonable and prudent; and
  - complied with the Code of Practice.
4. The Treasurer has also:
  - kept proper accounting records which were up to date;
  - taken reasonable steps for the prevention and detection of fraud and other irregularities; and
  - ensured the Statement of Accounts provides a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2024 and its income and expenditure for the year ended 31<sup>st</sup> March 2024.
5. I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2024.

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Martin Reohorn CPFA B.Comm (Acc)  
Treasurer to the Fire Authority

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25<sup>th</sup> June 2025

**Issue Date**

6. The date that these financial statements are authorised for issue is 25<sup>th</sup> June 2025. All known material events that have occurred up to and including this date which relate to 2023/24 or before have been reflected in the accounts.

**AUTHORITY APPROVAL**

7. The Statement of Accounts was approved at a meeting of the Fire Authority on 25th June 2025.

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Presiding Chairman of the  
Fire Authority

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25<sup>th</sup> June 2025

## **STATEMENT OF ACCOUNTING POLICIES**

### **General Principles**

1. The Statement of Accounts has been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and International Financial Reporting Standards (IFRS).

### **Accrual of Income and Expenditure**

2. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:
  - Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
  - Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
  - Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
  - Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
  - Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
3. Exceptions to this policy are as follows:
  - Utilities (gas, telephone, electricity etc) and other annual fees, where invoices will be accounted for in the year they fall, providing that only one annual, four quarterly or twelve monthly invoices are charged in any one year.
  - Existing contracts for aerial sites where income will be accounted for in the year it falls providing that only one twelve monthly invoice is charged in any one year. New contracts of a material nature will be treated on a full accruals basis.
  - Employee expenses paid through payroll where the cut-off date for claim is 20<sup>th</sup> of the month, but where twelve months' claims will be included in the Comprehensive Income and Expenditure Statement.
4. Individual invoices of less than £500 are accounted for in the year they fall.

### **Cash and Cash Equivalents**

5. Cash is represented by cash in hand and deposits with financial institutions (through Worcestershire County Council) repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a period of not more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

6. 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, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.
7. 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.
8. Any material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **Events After the Reporting Period**

9. Events after the Balance Sheet date are those events, 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:
  - 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.
  - 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.

## **VAT**

10. Income and expenditure excludes any amounts related to recoverable VAT, as all VAT collected is paid to HM Revenue and Customs and all VAT paid recovered from it.

## **Overheads and Support Services**

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

## **Property, Plant and Equipment (PP&E)**

12. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PP&E) has been capitalised provided it yields benefit to the Authority for more than one year. Capital expenditure enhances the value, usage or life of an asset. Some relatively immaterial items may be financed directly from revenue.
13. PP&E are classified into the groupings required by the Code of Practice on Local Authority Accounting and assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

PP&E assets are subsequently measured at current value as follows:

- Fire stations and other specialised properties – Current value based on Depreciated Replacement Cost (DRC).
- Other non-specialised operational properties – Current value based on Existing Use (EUV).

- Non-operational properties – Fair Value (based on open market value).
  - Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
  - Vehicles, plant and equipment – Depreciated historic cost as a proxy for current value.
  - Assets under construction – Historic cost.
14. The Authority has a de-minimus of £5,000 for vehicle purchases.
15. Assets are held in the Balance Sheet at gross value, net of depreciation and impairment where appropriate.

#### Impairment

16. Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
17. Where impairment losses are identified, they are accounted for as follows:
- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
  - Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.
18. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.
19. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### Component accounting

20. From 1<sup>st</sup> April 2010 Component Accounting, as set out in IAS 16 – Property, Plant & Equipment, requires the Authority to componentise all Property, Plant and Equipment where the components have a distinctly different economic life to enable PP&E to be accurately and fairly included in the Authority's Comprehensive Income and Expenditure Statement (CIES) so that the depreciation charge properly reflects the consumption of the asset.
21. The requirement, however, is prospective and not retrospective, and will therefore be introduced as and when properties are re-valued. It is applied only where an item of PP&E has components whose value makes up more than 25% of the asset value.
22. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped together.
23. Where a component of an existing asset is to be de-recognised and the component amount is not known, then an estimate using a reasonable basis will be used. The component calculation will be established using the replacement cost of the component, indexed back to the original component's inception and adjusted for any subsequent depreciation and impairment.

24. Any surpluses arising on the initial valuation of fixed assets have been credited to the Capital Adjustment Account. Surpluses arising on revaluation are credited to the Revaluation Reserve.

### **Heritage Assets**

25. Heritage assets are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They include historical buildings, civic regalia, orders and decorations (medals), military equipment and works of art.
26. Authorities are required to account for tangible assets in accordance with FRS30 Heritage Assets.
27. Heritage Assets are recognised and measured in accordance with the Authority's policies on PP&E. However, where information on cost or value is not available, and the cost of obtaining reliable information outweighs the benefits to users of the financial statements, the Code does not require the asset to be recognised on the Balance Sheet.
28. The estimated value of such assets is less than £0.015m and the expected cost of an independent valuation is 10% of this figure.

### **Intangible Assets**

29. Intangible assets (e.g. computer software) are defined in IAS 38 - Intangible Assets as an identifiable non-monetary asset without physical substance, and are measured at cost.

### **Basis of Charge for the use of Assets**

30. A depreciation charge is reflected within the Net Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and is calculated on all PP&E and Intangible assets according to the following policy:
- A charge is made for all fixed assets with a finite useful life. This charge is calculated using the straight line method.
  - Land is not normally depreciated.
  - Buildings are depreciated in accordance with IAS 16 – Property, Plant and Equipment, using the estimated life from the most recent valuation report, on a straight line basis over this period.
  - Surplus assets are measured at fair value, estimated at highest and best use from a market participant's perspective.
  - Operational vehicles, plant and equipment have an asset life between 5 and 10 years. Fire appliances have an asset life of between 10 and 15 years. Both classes are depreciated on a straight line basis over these periods.
  - Information technology assets have an average asset life of 5 years and are depreciated on a straight line basis over this period.
  - Other equipment assets have an average life of 5-7 years, but depreciation is based on the expected life of each individual asset type, on a straight line basis.
  - Some equipment assets carried on fire appliances have a 15 year life and are depreciated accordingly.
  - Newly acquired assets are depreciated from the year of acquisition.
  - Assets in the course of construction are not depreciated until the year that they are brought into use.

- Intangible assets are amortised over their average economic life (5 years).

## Financing of Capital Expenditure

31. Capital expenditure is funded by government grants, capital receipts, revenue contributions and in the long term borrowing. The interest on external borrowing is charged to the CIES. A provision for repayment of external borrowing, in accordance with the Minimum Revenue Provision, is set aside each year as a contribution to the Capital Adjustment Account.

## Redemption of Debt

32. The Authority finances a proportion of its capital investment by raising loans. In accordance with the Local Government and Housing Act 1989, the Income and Expenditure Account is charged annually with a sum to provide for the eventual repayment of those loans. This sum is known as the Minimum Revenue Provision (MRP).
- Since 2008/09, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, has required the Authority to determine an appropriate MRP policy, which has been broadly to set aside sufficient funds over the life of the assets funded from net borrowing.
  - All expenditure from 2008/09 onwards - MRP using an approximate Asset life basis:
    - Buildings over 50 years – per depreciation policy.
    - IT equipment over 5 years - reflecting average life.
    - Other equipment over 7 years – reflecting actual average usage within the FRS.
    - Vehicles – on actual estimated life of each vehicle.
  - Vehicle expenditure before 2008/09 – MRP on a proxy Asset Life basis using original cost, less accumulative MRP, over the remaining useful life of the individual vehicle.
  - Expenditure before 2008/09, (other than vehicles) - MRP on a proxy Asset Life basis using original cost, less accumulative MRP over average asset life as above.

## Investment Property

33. Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
34. The Authority does not acquire properties with the intent for them to be used for investment purposes, but will generate income from assets that are no longer required for operational purposes if this is appropriate.
35. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.
36. Rentals received in relation to investment properties are credited to the Financing Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **Joint Operation**

37. A Joint Operation involves the parties that have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control of decisions and use of the assets and obligations for the liabilities relating to the arrangement. The Fire Authority recognises, if material, on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

## **Leases**

38. Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.
39. During 2023/24 the Authority held only operating leases under the definition of IAS 17 leases. The Authority's operating leases are not capitalised and rentals are charged directly to the CIES in the year to which they relate.

## **Operating leases**

### **The Authority as Lessee**

40. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### **The Authority as Lessor**

41. Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiation and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **Non Current Assets held for Sale**

42. A non-current asset is reclassified as an Asset Held for Sale where it is probable that the carrying amount of the asset will be recovered through a sale transaction rather than through its continual use.
43. The asset is re-valued and carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

## **Capital Receipts**

44. Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003, as amended by subsequent Statutory Instruments. Individual receipts of less than £10,000 are credited direct to the CIES.

## **Inventories**

45. Stocks, where material, are shown in the Balance Sheet valued at the average purchase price, except that:
- Vehicle fuel is valued at latest invoice price, which is considered appropriate for this type of stock.

- Other immaterial stocks, e.g. stationery, are treated as current expenditure and charged directly to the CIES.

## **Pension Arrangements**

46. The disclosure requirements are included in the main financial statements as notes to the accounts in accordance with IAS 19 – Employee Benefits and CIPFA recommended practice. This is further explained in paragraphs 47 and 48 below.

### Types of pension schemes

47. As part of the terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.
48. The Authority participates in five schemes:
- The Firefighters' Pension Scheme (FFPS) (the "1992 Scheme"). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.
  - The New Firefighters' Pension Scheme (NFPS) (the "2006 Scheme") – this is also a statutory un-funded defined benefit final salary scheme.
  - The Firefighters' Care Scheme (FF CARE) (the "2015 scheme") – is open to all uniformed staff (except Fire Control) and is a statutory un-funded defined benefit Career Average Revalued Earnings Scheme. Members starting after the 1<sup>st</sup> April 2015, and members of the 1992 and 2006 Final Salary Schemes will move into the 2015 scheme, unless protection applies.
  - Following the McCloud/Sargeant age discrimination case all members of the 1992/2006 schemes who were moved (or were due to be moved) to the 2015 scheme will now get a retrospective choice as to which scheme their 2015 to 2022 service will be included in.
  - The Firefighters' Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The Firefighters' schemes are unfunded meaning that there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet the actual pensions' payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, open to staff not covered by the Firefighters' schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
  - In accordance with IAS 19 the Authority recognises the cost of retirement benefits within the Net Cost of Services, in the CIES, when they are earned, rather than when benefits are actually paid as pensions. However, the charge to be made to the Council Tax, via the precepts, is based on the amount payable in the year. The difference is reversed out in the General Fund.
  - When the actuary's valuation (for IAS19 purposes) of the Authority's share of the LGPS Pension Fund assets have exceeded the pension fund liabilities results in a net asset on the balance sheet, an Asset Ceiling adjustment is applied in accordance with IFRIC (international Financial Reporting Interpretations Committee) 14. IFRIC14

states that an organisation shall only recognise a net asset on its balance sheet to the extent that the asset represents real economic benefit to the organisation.

### **Interest on Balances**

49. During the year surplus money was invested and the interest earned credited to the CIES.

### **Government Grants and Contributions**

50. Government grants and contributions are recognised in the CIES when conditions attached to a grant or contribution have been satisfied. Government grants and contributions that have not been satisfied are carried in the Balance Sheet as creditors.
51. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant is yet to be used to finance capital, it is held on the Capital Grant Unapplied Reserve. When it has been used, it is transferred to the Capital Adjustment Account.

### **Financial Liabilities**

52. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.
53. Gains and losses on the repurchase or early settlement of borrowing would be credited and debited to Net Operating Expenditure in the CIES in the year of repurchase/settlement.
54. However, if repurchase had taken place as part of restructuring of the loan portfolio that involved the modification or exchange of existing instruments, the premium or discount would be deducted from or added to (respectively) the amortised cost of the new or modified loan and the write down to the CIES would be spread over the life of the loan by an adjustment to the effective interest rate.
55. Where premiums and discounts are charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not yet undertaken such a restructuring of debt and has therefore not yet adopted a policy for its treatment.

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

56. The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.
57. The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities' Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.
58. The IFRS treatment differs from the statutory accounting arrangement, where the Authority precepts directly on the Billing Authority and has no direct debtor or creditor relationship with individual council tax-payers.

### **Employee Benefits**

#### **Accumulating Compensating Absences**

59. A review of the cost of holiday entitlements (in the form of annual leave, lieu and flexi-time) earned by employees but not taken before the year-end which employees can carry forward

into the next year. If the value is of a significant amount an accrual is charged to the CIES.

### **Termination Benefits**

60. 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

### **Post Employment Benefits**

61. These are 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. Such changes will be debited or credited to the Pensions Reserve.

### **Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

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

#### **Contingent Liabilities**

63. 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 whether it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.
64. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Assets**

65. 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 certain future events not wholly within the control of the Authority.
66. 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.

#### **Reserves**

67. At 31<sup>st</sup> March 2024 a general reserve is held to meet expenditure which may arise from unforeseen events.
68. In addition, the Authority holds a variety of earmarked reserves to meet specific known future costs. The value and nature of the current reserves are disclosed in the Notes to the Core Financial Statements on pages 58-61.

## Capital Accounting Reserves

69. There are two capital accounting reserves as part of the system of capital accounting, these reserves are not available to spend. These are:

- **The Capital Adjustment Account**

This account records the consumption (of the historical cost) of a fixed asset over the life of the asset. It also records the amounts set aside from revenue resources or capital receipts to finance capital expenditure on fixed assets or for the repayment of external loans and other capital financing transactions.

- **The Revaluation Reserve**

This reserve records the unrealised net gains and losses from revaluations made after 1<sup>st</sup> April 2007, with the proviso that losses are charged to the Comprehensive Income and Expenditure Statement if the loss is attributable to impairment (the consumption of economic benefits). In the event of such a charge to the CIES, accounting entries are made to ensure that there is no effect on the council tax precept requirement.

## Operating Segments

70. The CIPFA Code of Practice on Local Authority Accounting 2023/24 guidance on applying IFRS, requires that where an organisation considers and manages financial, operating and performance information in material segments, then additional financial information must be provided on these segments.
71. Due to the nature of its operation, as a single purpose Authority, the Authority and the Service management team manage the organisation as an entity, and do not have relevant operating segments to report upon.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2022/23			2023/24		
	Notes	Gross Expd £'000	Gross Income £'000	Net Expd £'000	Gross Expd £'000	Gross Income £'000	Net Expd £'000
<b>Gross Expenditure, Gross Income and Net Expenditure on Continuing Operations</b>							
Employee Costs		28,971	(962)	<b>28,009</b>	25,707	(926)	<b>24,781</b>
Employee Costs – Past Service Costs		3		<b>3</b>			
Running Costs		10,308	(553)	<b>9,755</b>	10,996	(424)	<b>10,572</b>
Capital Financing		3,484	0	<b>3,484</b>	2,544		<b>2,544</b>
<b>Cost of Services</b>		<b>42,766</b>	<b>(1,515)</b>	<b>41,251</b>	<b>39,247</b>	<b>(1,350)</b>	<b>37,897</b>
<b>Other Operating Expenditure</b>	8	524	(6,540)	<b>(6,016)</b>	74	(5,995)	<b>(5,921)</b>
<b>Financing &amp; Investment Income and Expenditure</b>	9	12,082	(1,114)	<b>10,968</b>	15,283	(2,014)	<b>13,269</b>
<b>Taxation &amp; Non-Specific Grant Income</b>	10		(37,130)	<b>(37,130)</b>		(39,761)	<b>(39,761)</b>
<b>Deficit/(Surplus) on Provision of Services</b>		<b>55,372</b>	<b>(46,299)</b>	<b>9,073</b>	<b>54,604</b>	<b>(49,120)</b>	<b>5,484</b>
<b>Deficit/(Surplus) on revaluation of non-current assets</b>	30-31		(1,077)	<b>(1,077)</b>		0	<b>0</b>
<b>Remeasurement of the net defined benefit liability/(asset)</b>	68		(123,581)	<b>(123,581)</b>		(1,567)	<b>(1,567)</b>
<b>Other Comprehensive Income and Expenditure</b>				<b>(124,658)</b>			<b>(1,567)</b>
<b>Total Comprehensive Income and Expenditure – Deficit/(Surplus)</b>				<b>(115,585)</b>			<b>3,917</b>

**MOVEMENT IN RESERVES STATEMENT FOR THE 12 MONTHS ENDING 31<sup>st</sup> MARCH 2024**

Note	General Fund 89 £'000	Ear-marked Rev Res 90-92 £'000	Sub Total £'000	Unapplied Grant 93 £'000	Cap Receipts Reserve 94 £'000	Total Usable 88 £'000	Revaln. Reserve 96-97 £'000	Capital Adj Acct 98-101 £'000	Pensions Reserve 102-103 £'000	Coll Fund Adj Acct 104 £'000	Acc. Abs. Adj Acct 105 £'000	Total Unusable 95 £'000	All Reserves £'000
<b>Balance at 31-Mar-2023</b>	<b>1,538</b>	<b>14,332</b>	<b>15,870</b>	<b>0</b>	<b>7,070</b>	<b>22,940</b>	<b>6,817</b>	<b>15,188</b>	<b>(292,819)</b>	<b>(86)</b>	<b>(225)</b>	<b>(271,125)</b>	<b>(248,185)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(3,917)</b>		<b>(3,917)</b>			<b>(3,917)</b>							<b>(3,917)</b>
<b>Other Comprehensive Income &amp; Expenditure</b>													
Surplus on revaluation of non-current assets													
Movement in Pensions Reserve	(1,567)		(1,567)			(1,567)			1,567			1,567	0
<b>Reversal of items in the CIES</b>													
<i>to be removed for determining movement in General Fund</i>													
Relating to Depreciation/Amortisation	2,298		2,298			2,298		(2,298)				(2,298)	0
Relating to Depreciation on un-realised gains													
Relating to Revaluation/Impairment gains/losses													
Relating to Revaluation losses on Investment Assets													
Relating to Retirement Benefits	10,548		10,548			10,548			(10,548)			(10,548)	0
Relating to Non-current assets w/off on disposal	74		74			74		(74)				(74)	0
Relating to Non-current assets w/off on disposal of Revaluation Reserve Balance							(19)	19				0	0
Relating to Capital Receipts	(428)		(428)		428	0							
Relating to Unapplied Capital Grants/Contributions													
Relating to Grants used to Finance Capital Expenditure													
Relating to Capital Receipts used to Finance Capital Expenditure													
Relating to Council Tax Income	(116)		(116)			(116)				116		116	0
Relating to Non-domestic rates income	(288)		(288)			(288)				288		288	0
Relating to Compensated absences	19		19			19					(19)	(19)	0
<b>Insertion of items in the CIES</b>													
<i>to be included for determining movement in General Fund</i>													
Employers Contribution to Pension Schemes	(5,673)		(5,673)			(5,673)			5,673			5,673	0
Statutory Provision for Debt Repayment	(1,750)		(1,750)			(1,750)		1,750				1,750	0
Revenue Financing of Capital	(2,382)		(2,382)			(2,382)		2,382				2,382	0
<b>Transfers Between Earmarked Reserves</b>	<b>3,182</b>	<b>(3,182)</b>	<b>0</b>										
<b>Balance at 31-Mar-2024</b>	<b>1,538</b>	<b>11,150</b>	<b>12,688</b>	<b>0</b>	<b>7,498</b>	<b>20,186</b>	<b>6,798</b>	<b>16,967</b>	<b>(296,127)</b>	<b>318</b>	<b>(244)</b>	<b>(272,288)</b>	<b>(252,102)</b>

**SUMMARY OF MOVEMENTS**

<b>Balance at 31-Mar-2023</b>	<b>1,538</b>	<b>14,332</b>	<b>15,870</b>	<b>0</b>	<b>7,070</b>	<b>22,940</b>	<b>6,817</b>	<b>15,188</b>	<b>(292,819)</b>	<b>(86)</b>	<b>(225)</b>	<b>(271,125)</b>	<b>(248,185)</b>
<b><u>Movement in Reserves during 2023/24</u></b>													
(Deficit)/Surplus on Provision of Services	(3,917)	0	(3,917)			(3,917)						0	(3,917)
Other Comprehensive Income & Expenditure	(1,567)	0	(1,567)			(1,567)			1,567			1,567	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(5,484)</b>	<b>0</b>	<b>(5,484)</b>	<b>0</b>	<b>0</b>	<b>(5,484)</b>	<b>0</b>	<b>0</b>	<b>1,567</b>	<b>0</b>	<b>0</b>	<b>1,567</b>	<b>(3,917)</b>
Adjustments between accounting basis and funding basis under regulations	2,302		2,301		428	2,730	(19)	1,779	(4,875)	404	(19)	(2,730)	0
<b>Net change before Earmarked Reserve Transfers</b>	<b>(3,182)</b>		<b>(3,182)</b>	<b>0</b>	<b>428</b>	<b>(2,754)</b>	<b>(19)</b>	<b>1,779</b>	<b>(3,308)</b>	<b>404</b>	<b>(19)</b>	<b>(1,163)</b>	<b>(3,917)</b>
Earmarked Reserves Transfers	3,182	(3,182)	0			0						0	0
<b>Net Movement in Year</b>	<b>0</b>	<b>(3,182)</b>	<b>(3,182)</b>	<b>0</b>	<b>428</b>	<b>(2,754)</b>	<b>(19)</b>	<b>1,779</b>	<b>(3,308)</b>	<b>404</b>	<b>(19)</b>	<b>(1,163)</b>	<b>(3,917)</b>
<b>Balance at 31-Mar-2024 Carried Forward</b>	<b>1,538</b>	<b>11,150</b>	<b>12,688</b>	<b>0</b>	<b>7,498</b>	<b>20,186</b>	<b>6,798</b>	<b>16,967</b>	<b>(296,127)</b>	<b>318</b>	<b>(244)</b>	<b>(272,288)</b>	<b>(252,102)</b>

**MOVEMENT IN RESERVES STATEMENT FOR THE 12 MONTHS ENDING 31<sup>st</sup> MARCH 2023**

Note	General Fund 89 £'000	Ear-marked Rev Res 90-92 £'000	Sub Total £'000	Unapplied Grant 93 £'000	Cap Receipts Reserve 94 £'000	Total Usable 88 £'000	Revaln. Reserve 96-97 £'000	Capital Adj Acct 98-101 £'000	Pensions Reserve 102-103 £'000	Coll Fund Adj Acct 104 £'000	Acc. Abs. Adj Acct 105 £'000	Total Unusable 95 £'000	All Reserves £'000
<b>Balance at 31-Mar-2022</b>	<b>1,538</b>	<b>15,476</b>	<b>17,014</b>	<b>3</b>	<b>7,070</b>	<b>24,087</b>	<b>5,840</b>	<b>16,386</b>	<b>(409,558)</b>	<b>(362)</b>	<b>(163)</b>	<b>(387,857)</b>	<b>(363,770)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	115,585		<b>115,585</b>			<b>115,585</b>						<b>0</b>	<b>115,585</b>
<b>Other Comprehensive Income &amp; Expenditure</b>													
Surplus on revaluation of non-current assets	(1,077)		<b>(1,077)</b>			<b>(1,077)</b>	1,077					<b>1,077</b>	<b>0</b>
Movement in Pensions Reserve	(123,581)		<b>(123,581)</b>			<b>(123,581)</b>			123,581			<b>123,581</b>	<b>0</b>
<b>Reversal of items in the CIES</b>													
<i>to be removed for determining movement in General Fund</i>													
Relating to Depreciation/Amortisation	2,282		<b>2,282</b>			<b>2,282</b>		(2,282)				<b>(2,282)</b>	<b>0</b>
Relating to Depreciation on un-realised gains							(99)	99				<b>0</b>	<b>0</b>
Relating to Revaluation/Impairment gains/losses	960		<b>960</b>			<b>960</b>		(960)				<b>(960)</b>	<b>0</b>
Relating to Revaluation losses on Investment Assets													
Relating to Retirement Benefits	12,423		<b>12,423</b>			<b>12,423</b>			(12,423)			<b>(12,423)</b>	<b>0</b>
Relating to Non-current assets w/off on disposal	506		<b>506</b>			<b>506</b>		(506)				<b>(506)</b>	<b>0</b>
Relating to Non-current assets w/off on disposal of Revaluation Reserve Balance							(1)	1				<b>0</b>	<b>0</b>
Relating to Capital Receipts	(374)		<b>(374)</b>		374	<b>0</b>							
Relating to Unapplied Capital Grants/Contributions	(83)		<b>(83)</b>	83		<b>0</b>							
Relating to Grants used to Finance Capital Expenditure				(86)		<b>(86)</b>		86				<b>86</b>	<b>0</b>
Relating to Capital Receipts used to Finance Capital Expenditure					(374)	<b>(374)</b>		374				<b>374</b>	<b>0</b>
Relating to Council Tax Income	112		<b>112</b>			<b>112</b>				(112)		<b>(112)</b>	<b>0</b>
Relating to Non-domestic rates income	(388)		<b>(388)</b>			<b>(388)</b>				388		<b>388</b>	<b>0</b>
Relating to Compensated absences	62		<b>62</b>			<b>62</b>					(62)	<b>(62)</b>	<b>0</b>
<b>Insertion of items in the CIES</b>													
<i>to be included for determining movement in General Fund</i>													
Employers Contribution to Pension Schemes	(5,581)		<b>(5,581)</b>			<b>(5,581)</b>			5,581			<b>5,581</b>	<b>0</b>
Statutory Provision for Debt Repayment	(1,660)		<b>(1,660)</b>			<b>(1,660)</b>		1,660				<b>1660</b>	<b>0</b>
Revenue Financing of Capital	(330)		<b>(330)</b>			<b>(330)</b>		330				<b>330</b>	<b>0</b>
<b>Transfers Between Earmarked Reserves</b>	1,144	(1,144)	<b>0</b>			<b>0</b>							<b>0</b>
<b>Balance at 31-Mar-2023</b>	<b>1,538</b>	<b>14,332</b>	<b>15,870</b>	<b>0</b>	<b>7,070</b>	<b>22,940</b>	<b>6,817</b>	<b>15,188</b>	<b>(292,819)</b>	<b>(86)</b>	<b>(225)</b>	<b>(271,125)</b>	<b>(248,185)</b>

**SUMMARY OF MOVEMENTS**

<b>Balance at 31-Mar-2022</b>	<b>1,538</b>	<b>15,476</b>	<b>17,014</b>	<b>3</b>	<b>7,070</b>	<b>24,087</b>	<b>5,840</b>	<b>16,386</b>	<b>(409,558)</b>	<b>(362)</b>	<b>(163)</b>	<b>(387,857)</b>	<b>(363,770)</b>
<b><u>Movement in Reserves during 2022/23</u></b>													
(Deficit)/Surplus on Provision of Services	115,585		<b>115,585</b>			<b>115,585</b>							<b>115,585</b>
Other Comprehensive Income & Expenditure	(124,658)		<b>(124,658)</b>			<b>(124,658)</b>	1,077		123,581			<b>124,658</b>	<b>0</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(9,073)</b>	<b>0</b>	<b>(9,073)</b>	<b>0</b>	<b>0</b>	<b>(9,073)</b>	<b>1,077</b>	<b>0</b>	<b>123,581</b>	<b>0</b>	<b>0</b>	<b>124,658</b>	<b>115,585</b>
Adjustments between accounting basis and funding basis under regulations	7,929		<b>7,929</b>	(3)	0	<b>7,926</b>	(100)	(1,198)	(6,842)	276	(62)	<b>(7,926)</b>	<b>0</b>
<b>Net change before Earmarked Reserve Transfers</b>	<b>(1,144)</b>	<b>0</b>	<b>(1,144)</b>	<b>(3)</b>	<b>0</b>	<b>(1,147)</b>	<b>977</b>	<b>(1,198)</b>	<b>116,739</b>	<b>276</b>	<b>(62)</b>	<b>116,732</b>	<b>115,585</b>
Earmarked Reserves Transfers	1,144	(1,144)	<b>0</b>			<b>0</b>							<b>0</b>
<b>Net Movement in Year</b>	<b>1</b>	<b>(1,144)</b>	<b>(1,144)</b>	<b>(3)</b>	<b>0</b>	<b>(1,147)</b>	<b>977</b>	<b>(1,198)</b>	<b>116,739</b>	<b>276</b>	<b>(62)</b>	<b>116,732</b>	<b>115,585</b>
<b>Balance at 31-Mar-2023 Carried Forward</b>	<b>1,538</b>	<b>14,332</b>	<b>15,870</b>	<b>0</b>	<b>7,070</b>	<b>22,940</b>	<b>6,817</b>	<b>15,188</b>	<b>(292,819)</b>	<b>(86)</b>	<b>(225)</b>	<b>(271,125)</b>	<b>(248,185)</b>

## BALANCE SHEET

	Notes	31-Mar-2023 £'000	31-Mar-2024 £'000
Property Plant & Equipment	30-33	43,302	44,862
Intangible Assets	34-37	226	175
<b>Long Term Assets</b>		<b>43,528</b>	<b>45,037</b>
Inventories		295	348
Short Term Debtors	59	7,399	6,162
Cash & Cash Equivalents	60-61	7,998	5,881
<b>Current Assets</b>		<b>15,692</b>	<b>12,391</b>
Short Term Borrowing	47-48	(211)	(347)
Short Term Creditors	62	(4,934)	(3,950)
<b>Current Liabilities</b>		<b>(5,145)</b>	<b>(4,297)</b>
Provisions	106	(190)	(202)
Long Term Borrowing	47-48	(8,835)	(8,488)
Other Long Term Liabilities - Pensions	63-86	(292,819)	(296,127)
Other Long Term Liabilities	87	(416)	(416)
<b>Long Term Liabilities</b>		<b>(302,260)</b>	<b>(305,233)</b>
<b>Net Liabilities</b>		<b>(248,185)</b>	<b>(252,102)</b>
Usable Reserves	88-94	22,940	20,186
Unusable Reserves	95-105	(271,125)	(272,288)
<b>Total Reserves</b>		<b>(248,185)</b>	<b>(252,102)</b>

The unaudited accounts were issued on 14<sup>th</sup> April 2025 and the audited accounts were authorised for issue on 25<sup>th</sup> June 2025.

## CASH-FLOW STATEMENT

	Notes	2022/23 £'000	2023/24 £'000
<b>Net (surplus) or deficit on the provision of services</b>		<b>9,073</b>	<b>5,484</b>
Adjustments to net surplus or deficit on the provision of services for non cash movements	114	(10,344)	(7,339)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	115	457	428
<b>Net cash flows from operating activities</b>		<b>(814)</b>	<b>(1,427)</b>
Investing Activities	117	1,802	3,333
Financing Activities	118	1,365	211
<b>Net increase or decrease in cash and cash equivalents</b>		<b>2,353</b>	<b>2,117</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(10,351)</b>	<b>(7,998)</b>
Net increase or decrease in cash and cash equivalents in the period		2,353	2,117
<b>Cash and cash equivalents at the end of the reporting period</b>	60	<b>(7,998)</b>	<b>(5,881)</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

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

1. The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) will introduce several changes in accounting policies which will be required from 1<sup>st</sup> April 2024. The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- a. IFRS 16 Leases issued in January 2016.
- b. Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2020.
- c. Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d. Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- e. International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- f. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

The implementation of IFRS 16 Leases will have a significant impact on the 2024/25 accounts, the standard provides a single lessee accounting model that requires lessees to recognise assets and liabilities for all leases, unless the lease term is less than one year or the underlying asset has a low value. Transition work is currently underway and a timetable put in place to monitor implementation. The estimated likely impact on the opening balances of the 2024/25 accounts is the recognition of liabilities and corresponding right of use assets of approximately £3.318m.

## Expenditure and Funding Analysis – 2023/24

2. This shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The statement shows how expenditure is allocated for decision making purposes between the Authority's reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully on the Comprehensive Income and Expenditure Statement.

	Net Expd on General Fund Mngt Accts £'000	Re- Allocation Note 3 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 4 £'000	Net Expd in the CIES £'000
Employee Costs	28,574	(843)	27,731	(2,950)	24,781
Running Costs	10,861	(289)	10,572		10,572
Capital Financing	4,239	140	4,379	(1,835)	2,544
<b>Net Cost of Services</b>	<b>43,674</b>	<b>(992)</b>	<b>42,682</b>	<b>(4,785)</b>	<b>37,897</b>
Funding	(40,492)	40,492	0		
Other Income and Expenditure		(39,500)	(39,500)	7,087	(32,413)
<b>Surplus or Deficit on Provision of Services</b>	<b>3,182</b>	<b>0</b>	<b>3,182</b>	<b>2,302</b>	<b>5,484</b>
Transfer from Reserves	(3,182)				
<b>Net Movement on General Fund</b>	<b>0</b>		<b>3,182</b>		
Deficit/(Surplus) on revaluation of non-current assets					0
Remeasurement of the net defined benefit/(liability)					(1,567)
<b>Other Comprehensive Income and Expenditure</b>					<b>(1,567)</b>
<b>Deficit/(Surplus) Comprehensive Income and Expenditure</b>					<b>(3,917)</b>
Opening General Fund and Earmarked Reserve Balance at 31 March 2023	15,870				
Less Deficit on General Fund in year	(3,182)				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2024</b>	<b>12,688</b>				

## Note to the Expenditure and Funding Analysis – 2023/24

3. Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total Cost for the provision of services. This table analyses the difference.

	Other Employee Costs £'000	Interest £'000	Special Grants £'000	Other Adjs £'000	Total Adjs £'000
Employee Costs	(76)		(842)	75	(843)
Running Costs	76		(292)	(73)	(289)
Capital Financing		142		(2)	140
	0	142	(1,134)	0	(992)
Income		(142)	1,134		992
	0	0	0	0	0

## Adjustments relating to the Expenditure and Funding Analysis – 2023/24

4. Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amount.

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Capital Grant Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		(2,969)		19	(2,950)
Capital Financing	(1,835)				(1,835)
Pensions Past Service Cost					0
<b>Net Cost of Services</b>	<b>(1,835)</b>	<b>(2,969)</b>	<b>0</b>	<b>19</b>	<b>(4,785)</b>
Other Income and expenditure	(354)	7,844		(403)	7,087
<b>Surplus or Deficit on Provision of Services</b>	<b>(2,189)</b>	<b>4,875</b>	<b>0</b>	<b>(384)</b>	<b>2,302</b>
Other Comprehensive Income and Expenditure		(1,567)			(1,567)
<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit</b>	<b>(2,189)</b>	<b>3,308</b>	<b>0</b>	<b>(384)</b>	<b>735</b>

## 5. Expenditure and Funding Analysis – 2022/23

	Net Expd on General Fund Mngt Accts £'000	Re- Allocation Note 6 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 7 £'000	Net Expd in the CIES £'000
Employee Costs	26,646	(871)	25,775	2,234	28,009
Pension Past Service Cost	0	0	0	3	3
Running Costs	10,060	(305)	9,755	0	9,755
Capital Financing	2,389	(157)	2,232	1,252	3,484
<b>Net Cost of Services</b>	<b>39,095</b>	<b>(1,333)</b>	<b>37,762</b>	<b>3,489</b>	<b>41,251</b>
Funding	(37,951)	37,951			
Other Income and Expenditure		(36,618)	(36,618)	4,440	(32,178)
<b>Surplus or Deficit on Provision of Services</b>	<b>1,144</b>	<b>0</b>	<b>1,144</b>	<b>7,929</b>	<b>9,073</b>
Transfer from Reserves	(1,144)				
<b>Net Movement on General Fund</b>	<b>0</b>		<b>1,144</b>		
Deficit/(Surplus) on revaluation of non-current assets				(1,077)	(1,077)
Remeasurement of the net defined benefit/(liability)				(123,581)	(123,581)
<b>Other Comprehensive Income and Expenditure</b>				<b>(124,658)</b>	<b>(124,658)</b>
<b>Deficit/(Surplus) Comprehensive Income and Expenditure</b>				<b>(116,729)</b>	<b>(115,585)</b>
Opening General Fund and Earmarked Reserve Balance at 31 March 2022	17,014				
Less Deficit on General Fund in year	(1,144)				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2023</b>	<b>15,870</b>				

## 6. Note to the Expenditure and Funding Analysis – 2022/23

Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total Cost for the provision of services. This table analyses the difference between the management account format and the CIES format.

	Other Employee Costs £'000	Interest £'000	Special Grants £'000	Other Adjs £'000	Total Adjs £'000
Employee Costs	(67)		(846)	42	(871)
Running Costs	67		(333)	(39)	(305)
Capital Financing		(154)		(3)	(157)
	<b>0</b>	<b>(154)</b>	<b>(1,179)</b>	<b>0</b>	<b>(1,333)</b>
Income		154	1,179		1,333
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 7. Adjustments relating to the Expenditure and Funding Analysis – 2022/23

Adjustments from General Fund to arrive at the CIES amounts:

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Capital Grant Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		2,172		62	2,234
Capital Financing	1,252				1,252
Pensions Past Service Cost		3			3
<b>Net Cost of Services</b>	<b>1,252</b>	<b>2,175</b>	<b>0</b>	<b>62</b>	<b>3,489</b>
Other Income and expenditure	132	4,667	(83)	(276)	4,440
<b>Surplus or Deficit on Provision of Services</b>	<b>1,384</b>	<b>6,842</b>	<b>(83)</b>	<b>(214)</b>	<b>7,929</b>
Other Comprehensive Income and Expenditure	(1,077)	(123,581)			(124,658)
<b>Difference between General Fund Surplus and Comprehensive Income and Expenditure Statement Deficit</b>	<b>307</b>	<b>(116,739)</b>	<b>(83)</b>	<b>(214)</b>	<b>(116,729)</b>

## 8. Analysis of Other Operating Expenditure in CIES

	2022/23 £'000	2023/24 £'000
Gross Expenditure		
(Gain)/loss on disposal of non-current assets	132	74
LGPS pensions administrative costs	18	0
	<b>150</b>	<b>74</b>
Gross Income		
Firefighter Scheme Pension Grant	(6,166)	(5,567)
Proceeds from sale of assets	0	(428)
Forfeited deposit – sale of land	0	0
	<b>(6,166)</b>	<b>(5,995)</b>
<b>Total Other Operating Expenditure/(Income)</b>	<b>(6,016)</b>	<b>(5,921)</b>

## 9. Analysis of Financing and Investment Income and Expenditure

	2022/23 £'000	2023/24 £'000
Interest payable and similar charges	401	364
Interest receivable and similar income	(248)	(506)
Pensions net interest cost and expected return on pensions assets	10,815	13,411
	<b>10,968</b>	<b>13,269</b>

## 10. Analysis of Taxation and Non-Specific Grant Income

	2022/23 £'000	2023/24 £'000
Council Tax income	25,709	27,360
National Non-Domestic Rates (NNDR) income and expenditure	7,107	8,014
Rural Service Grant	115	128
Pension Grant	1,568	1,568
Revenue Support Grant (RSG)	2,144	2,362
Transparency Grant	8	8
Services Grant	392	230
Funding Guarantee Grant	0	91
Other Contributions	4	0
Capital Grants and Contributions	83	0
	<b>37,130</b>	<b>39,761</b>

## 11. Members' Allowances

The Authority paid the following amounts to Members as Allowances and expenses during the year.

	2022/23 £'000	2023/24 £'000
Basic Allowances	30	32
Special Allowances	20	20
Expenses	2	2
	<b>52</b>	<b>54</b>

A breakdown of the amounts paid to individual Members is available on the Authority's website, this can be accessed using the following link.  
<https://hwfire.cmis.uk.com/hwfire/documents/documentLibrary.aspx>

## 12. Exit Packages

A resource review commenced on 12<sup>th</sup> December 2023 following approval by the Fire Authority. This review was carried out to improve service wide resilience and staffing levels. At the time of project initiation, the review identified that the impact on staffing would be mainly on retained staffing and so the overall financial impact would not be material.

## 13. Officers Emoluments

During the year the number of staff who received remuneration in excess of £50,000 (excluding employers pension contributions) is as detailed in the following table. The table represents total payments to individual staff members during the year (including the taxable use of Authority assets – vehicles) and includes a number of operational staff working significant amounts of overtime. Senior officer salaries have been impacted by the timing of pay increases and the relevant back pay. This table encompasses all staff including those reported under the Senior Officer disclosure.

£	2022/23 No. of Staff	2023/24 No. of Staff
50,000 - 54,999	35	30
55,000 - 59,999	22	31
60,000 - 64,999	13	26
65,000 - 69,999	8	6
70,000 - 74,999	2	12
75,000 - 79,999	5	0
80,000 - 84,999	1	5
85,000 - 89,999	2	2
90,000 - 94,999	1	1
95,000 - 99,999	0	2
100,000 - 104,999	1	0
105,000 - 109,999	0	1
110,000 - 114,999	0	0
115,000 - 119,999	1	1
120,000 – 124,999	0	0
125,000 – 129,999	0	1
130,000 – 134,999	0	0
135,000 – 139,999	1	0
140,000 - 144,999	0	0
145,000 - 149,999	0	0
150,000 - 154,999	0	0
155,000 - 159,999	0	0
160,000 - 164,999	0	1
	<b>92</b>	<b>119</b>

The post of Assistant Chief Fire Officer to 22/07/2022 and the post of Deputy Chief Fire Officer from 23/07/2023 were held by the same officer.

Senior Officers – included in table above

2023/24 Post Title		Salary £	Benefit in Kind £	Sub-Total £	Pension Contrib. £	Total incl Pension £
Chief Fire Officer/Chief Executive – J Pryce	U	160,262		<b>160,262</b>	46,118	<b>206,380</b>
Deputy Chief Fire Officer	U	128,306		<b>128,306</b>	34,648	<b>162,954</b>
Assistant Chief Fire Officer	U	118,947		<b>118,947</b>	33,100	<b>152,047</b>
Assistant Chief Officer	NU	94,703	1,239	<b>95,942</b>	17,937	<b>113,879</b>
Director of Finance/Treasurer	NU	102,703	5,660	<b>108,363</b>	19,411	<b>127,774</b>
Head of Legal Services	NU	50,931	1,239	<b>52,170</b>	9,626	<b>61,796</b>
U : Uniformed; NU : Non-Uniformed		<b>655,852</b>	<b>8,138</b>	<b>663,990</b>	<b>160,840</b>	<b>824,830</b>

2022/23 Post Title		Salary £	Benefit in Kind £	Sub-Total £	Pension Contrib. £	Total incl Pension £
Chief Fire Officer/Chief Executive	U	135,805		<b>135,805</b>	39,074	<b>174,879</b>
Deputy Chief Fire Officer to 16/8/2022	U	40,965	6,095	<b>47,060</b>	11,048	<b>58,108</b>
Deputy Chief Fire Officer from 23/07/2022	U	75,206	2,704	<b>77,910</b>	20,281	<b>98,191</b>
Assistant Chief Fire Officer to 22/07/2022	U	31,551		<b>31,551</b>	9,075	<b>40,626</b>
Assistant Chief Fire Officer from 01/05/2022	U	93,546		<b>93,546</b>	22,884	<b>116,430</b>
Assistant Chief Officer from 01/03/2023	NU	6,999	103	<b>7,102</b>	1,264	<b>8,366</b>
Director of Finance/Treasurer	NU	84,545	8,352	<b>92,897</b>	15,725	<b>108,622</b>
Head of Legal Services	NU	50,411	1,239	<b>51,650</b>	9,376	<b>61,026</b>
U : Uniformed; NU : Non-Uniformed		<b>519,028</b>	<b>18,493</b>	<b>537,521</b>	<b>128,727</b>	<b>666,248</b>

14. Pension contributions in the above tables relate to average scheme contribution rates and not an individual pension pot. Uniformed staff are members of the Firefighters Pension Scheme (FFPS), all other senior officers are members of the Local Government Scheme (LGPS).

15. The majority of the Benefit in Kind relates to the provision of cars.

### Related Party Transactions

16. The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or 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.

17. **Central Government** has a significant influence over the general operations of the Authority – it is responsible for setting the statutory framework within which the Authority operates, provides a proportion of 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 are set out in table 10 on page 36.

18. **Members** of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances paid is shown in Note 11 on page 36. No Members of the Authority or members of their immediate family or household declared any positions of influence.

19. **Officers** – No Senior Officers within the Service or members or their immediate family or household declared any positions of influence.

### External Audit Fees

20. During 2023/24 Hereford & Worcester Fire Authority incurred the fees below in respect of external audit and statutory inspection services, to auditors appointed under the Local Audit and Accountability Act 2014.

	2022/23 £'000	2023/24 £'000
<b>Fees payable to Grant Thornton UK LLP:</b> in respect of external audit services 2022/23 Accounts	50	
<b>Fees payable to Bishop Fleming:</b> in respect of external audit services 2023/24 Accounts		98
	<b>50</b>	<b>98</b>

## Leases

21. The Authority does not have any leases that meet the accounting requirement to be treated as Finance Leases.

## Operating Leases

### Authority as Lessee

22. The Authority has entered into operational leases for the provision of ancillary vehicles. The total rentals paid to lessors on these operating leases in the year totalled £2,203.(2022/23 £2,695).
23. The Authority has entered into two lease agreements with the Police & Crime Commissioner for West Mercia, as part of collaborative working. These are detailed as follows:
- On the 3<sup>rd</sup> April 2014 the Authority entered into a lease arrangement for the provision of a joint Fire/Police Station in Bromsgrove. The lease is for a term of 30 years with the option for the Authority to extend for a further 30 years. The total rent paid in 2023/24 was £239,996 (2022/23 was £239,996).
  - On the 1<sup>st</sup> November 2018, the Authority entered into a lease arrangement for the provision of a Headquarters Facility at Hindlip Hall. The lease is based on a peppercorn arrangement.
24. The future lease payments under non-cancellable operating leases in future years are:

	31-Mar- 2023 £'000	31-Mar- 2024 £'000
Not later than one year	240	240
Later than one year and not later than 5 years	960	960
Later than 5 years	3,840	3,600
	<b>5,040</b>	<b>4,800</b>

25. The introduction of IFRS16 is a significant change governing the treatment of leases. This change will improve balance sheet transparency and replaces the previous standard, IAS17, which allowed some discretion in determining whether a lease was as 'operating lease', which could be held off balance sheet or a 'finance lease' which could not.
26. Under IFRS16 most leases now have to be treated as a finance lease, improving the transparency of the accounts. Hereford and Worcester Fire Authority have not chosen to implement IFRS16 until the statutory deadline of 1<sup>st</sup> April 2024, and therefore have not included them within the 2023/24 financial statements.

## Estimated Impact on 1<sup>st</sup> April 2024 Statement of Financial Position

	£'000
Additional Right of Use Assets recognised for operating leases	3,318
Additional Lease obligation recognised for operating leases	(3,318)
	0

### Capital Expenditure

27. Details of capital expenditure incurred during the year are as follows:

	2022/23 £'000	2023/24 £'000
New Buildings & Adaptations	844	1,903
Vehicles (including fitted equipment)	1,673	265
IT and Communication Equipment	65	634
Other Equipment	291	1,080
Intangible Assets	74	0
<b>Total Capital Expenditure</b>	<b>2,947</b>	<b>3,882</b>

28. Capital expenditure was financed as follows:

	2022/23 £'000	2023/24 £'000
Net Borrowing	2,157	1,500
Capital Receipts	374	0
Capital Grant	86	0
Revenue Contributions	330	2,382
	<b>2,947</b>	<b>3,882</b>

29. Capital Financing Requirement

	2022/23		2023/24	
	Owned £'000	Total £'000	Owned £'000	Total £'000
<b>Opening CFR</b>	<b>20,923</b>	<b>20,923</b>	<b>21,420</b>	<b>21,420</b>
<b>Capital investment</b>				
Operational assets	3,414	<b>3,414</b>	3,226	<b>3,226</b>
Assets not yet Operational	(467)	<b>(467)</b>	656	<b>656</b>
Revenue Expenditure Funded from Capital under Statute (REFCUS)				
Adjustment relating to AUC written off 22/23	0	<b>0</b>	(74)	<b>(74)</b>
<b>Sources of Finance</b>				
Capital receipts	(374)	<b>(374)</b>	0	<b>0</b>
Government grants and other contributions	(86)	<b>(86)</b>	0	<b>0</b>
Sums set aside from Revenue				
- Direct Revenue Financing	(330)	<b>(330)</b>	(2,382)	<b>(2,382)</b>
	<b>2,157</b>	<b>2,157</b>	<b>1,500</b>	<b>1,500</b>
<b>Sums set aside from Revenue</b>				
- Minimum Revenue Provision	(1,660)	<b>(1,660)</b>	(1,750)	<b>(1,750)</b>
<b>Increase/(Decrease) in CFR</b>	<b>497</b>	<b>497</b>	<b>(324)</b>	<b>(324)</b>
<b>Closing CFR</b>	<b>21,420</b>	<b>21,420</b>	<b>21,096</b>	<b>21,096</b>

	2022/23		2023/24	
	Owned £'000	Total £'000	Owned £'000	Total £'000
<b>Explanation of movements in year</b>				
Increase/(Decrease) in underlying need to borrow unsupported by government financial assistance	497	497	(324)	(324)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>497</b>	<b>497</b>	<b>(324)</b>	<b>(324)</b>

## Property, Plant and Equipment

### 30. Movements in 2023/24

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2023</b>	<b>32,816</b>	<b>28,367</b>	<b>1,304</b>	<b>1,348</b>	<b>63,835</b>
Additions	1,471	879		1,498	3,848
Revaluation increases/(decreases) recognised in the Revaluation Reserve					
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services					
Reclassifications	403	472		(875)	0
Reclassifications – to Intangible Assets					
Disposals/derecognition	(66)	(1,032)			(1,098)
<b>At 31 March 2024</b>	<b>34,624</b>	<b>28,686</b>	<b>1,304</b>	<b>1,971</b>	<b>66,585</b>
<b>Accumulated Depreciation and Impairment at 01 April 2023</b>	<b>0</b>	<b>(20,533)</b>	<b>0</b>	<b>0</b>	<b>(20,533)</b>
Reclassifications					
Depreciation Charge for 2023/24	(604)	(1,609)			(2,213)
Depreciation written out to Revaluation Reserve					
Depreciation written out to the Surplus/Deficit on Provision of Services					
Disposals/derecognition		1,023			1,023
<b>At 31 March 2024</b>	<b>(604)</b>	<b>(21,119)</b>	<b>0</b>	<b>0</b>	<b>(21,723)</b>
<b>Balance Sheet amount at 01 April 2023</b>	<b>32,816</b>	<b>7,834</b>	<b>1,304</b>	<b>1,348</b>	<b>43,302</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>34,020</b>	<b>7,567</b>	<b>1,304</b>	<b>1,971</b>	<b>44,862</b>

31. Comparative Movements in 2022/23

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2022</b>	<b>33,517</b>	<b>25,953</b>	<b>499</b>	<b>2,352</b>	<b>62,321</b>
Additions	477	1,642		1,171	3,290
Revaluation increases/(decreases) recognised in the Revaluation Reserve**	689				689
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services**	(1,110)				(1,110)
Reclassifications	55	1,480		(1,535)	0
Reclassifications – to Surplus Assets	(805)		805		0
Reclassifications – to Intangible Assets				(104)	(104)
Disposals/derecognition	(7)	(708)		(537)	(1,251)
<b>At 31 March 2023</b>	<b>32,816</b>	<b>28,366</b>	<b>1,304</b>	<b>1,348</b>	<b>63,835</b>
<b>Accumulated Depreciation and Impairment at 01 April 2022</b>	<b>0</b>	<b>(19,557)</b>	<b>0</b>	<b>0</b>	<b>(19,557)</b>
Reclassifications					
Depreciation Charge for 2022/23	(538)	(1,648)			(2,186)
Depreciation written out to Revaluation Reserve	388				388
Depreciation written out to the Surplus/Deficit on Provision of Services	150				150
Disposals/derecognition		672			672
<b>At 31 March 2023</b>	<b>0</b>	<b>(20,533)</b>	<b>0</b>	<b>0</b>	<b>(20,533)</b>
<b>Balance Sheet amount at 01 April 2022</b>	<b>33,516</b>	<b>6,396</b>	<b>499</b>	<b>2,352</b>	<b>42,764</b>
<b>Balance Sheet amount at 31 March 2023</b>	<b>32,816</b>	<b>7,833</b>	<b>1,304</b>	<b>1,348</b>	<b>43,302</b>

\*\* the table for 2022/23 has been amended to reflect the revaluations to the revaluation reserve and surplus /deficit to the provision of service into the correct category, amended from the Surplus Assets column to Land and Buildings.

32. Property, Plant and Equipment are represented in the Balance Sheet at current value, with the exception of additions occurring since the last revaluation, which are held at historic cost, net of depreciation where appropriate. Assets disposed of have been written-out at their net book value.
33. PP&E valued at fair value on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). A full valuation of property assets was carried out, as at 31<sup>st</sup> March 2023 using the independent professional services of West Mercia Police. For financial year 2023/24 these were not revalued further.

## Intangible Assets

34. 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 or Property, Plant and Equipment.
35. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 5 years.
36. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.85m charged to revenue in 2023/24 was charged to the capital financing line.
37. The movement on Intangible Asset balances during the year is as follows:

	2022/23 £'000	2023/24 £'000
<b>Balance at start of year:</b>	<b>145</b>	<b>226</b>
- Gross carrying amount	1,135	1,312
- Accumulated amortisation	(990)	(1,087)
<b>Net Carrying Amount at Start of Year</b>	<b>145</b>	<b>226</b>
Assets Under Construction	0	34
Additions	73	0
Reclassification	104	0
Disposals	0	0
Accumulated amortisation on disposal	0	0
Amortisation for the period	(96)	(85)
<b>Net Carrying Amount at End of Year</b>	<b>226</b>	<b>175</b>
Comprising:		
- Gross carrying amount	1,312	1,347
- Accumulated amortisation	(1,087)	(1,171)
	<b>226</b>	<b>175</b>

## Heritage Assets

38. The Authority has a number of items which can be classed as heritage assets, due to their cultural and historical associations to the Fire Service. These assets have been held within the Authority and its predecessors for a number of years having been originally donated. The Authority does not seek to acquire assets of this nature and has no intention of disposing of the assets held.
39. These assets are held at Authority fire stations and other buildings throughout the two counties. The estimated value of these assets is not material to the financial statements.
40. As there are no valuations held for these assets and valuations could not be obtained at a cost which is commensurate with the benefits to the users of the financial statements, in accordance with the code therefore these assets are not recognised in the Balance Sheet.

## Financial Instruments

41. The classification of financial instruments included in the Balance Sheet and their carrying amounts are shown overleaf. (Additional information in respect of the long term loans is given at notes 45-46):

Financial Assets	31-Mar-23		31-Mar-24	
	Current £'000	Total £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>				
Short Term Deposits with WCC	6,700	<b>6,700</b>	5,400	<b>5,400</b>
Cash and Cash Equivalents	1,298	<b>1,298</b>	481	<b>481</b>
Trade Debtors	1,328	<b>1,328</b>	1,511	<b>1,511</b>
<b>Total Financial Assets</b>	<b>9,326</b>	<b>9,326</b>	<b>7,392</b>	<b>7,392</b>
Non-financial Assets	6,366	<b>6,366</b>	4,999	<b>4,999</b>
<b>Total Current Assets</b>	<b>15,692</b>	<b>15,692</b>	<b>12,391</b>	<b>12,391</b>

Financial Liabilities	31-Mar-23			31-Mar-24		
	Long Term £'000	Current £'000	Total £'000	Long Term £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>						
PWLB Borrowing	(8,835)	(211)	<b>(9,046)</b>	(8,488)	(347)	<b>(8,835)</b>
Trade Creditors		(2,373)	<b>(2,373)</b>		(1,528)	<b>(1,528)</b>
<b>Total Financial Liabilities</b>	<b>(8,835)</b>	<b>(2,584)</b>	<b>(11,419)</b>	<b>(8,488)</b>	<b>(1,875)</b>	<b>(10,363)</b>
Non-financial Liabilities	(293,425)	(2,561)	<b>(295,986)</b>	(296,745)	(2,422)	<b>(299,167)</b>
<b>Total Liabilities</b>	<b>(302,260)</b>	<b>(5,145)</b>	<b>(307,405)</b>	<b>(305,233)</b>	<b>(4,297)</b>	<b>(309,530)</b>

#### Fair Value of Assets and Liabilities carried at amortised cost

42. All the Authority's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.
43. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. The fair values of (i) other short term trade and other receivables or payables is taken to be the invoiced or billed amount, and (ii) cash and cash equivalents are assumed to equal the book values.
44. The fair value of the loans at 31<sup>st</sup> March 2024 was £8.170m (£8.241m at 31<sup>st</sup> March 2023), the fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:
- Estimated ranges of interest rates at 31<sup>st</sup> March 2024 of 3.1% to 4.75% for loans from the PWLB
  - No early repayment or impairment is recognised

IFRS13 - Fair Value Measurement requires disclosure of the valuation method used to derive a fair value. There are three levels of inputs and the Authority has adopted a Level 2 input basis i.e. - inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

45. The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest

rate payable is higher than the prevailing rates at the balance sheet date (new loan rates).

### Financial Instruments Gains and Losses

46. The gains and losses recognised in the CIES in relation to financial instruments are shown below:

	Interest Expense 2022/23 £'000	Interest Income 2022/23 £'000	Interest Expense 2023/24 £'000	Interest Income 2023/24 £'000
<b>Financial Liabilities (at amortised cost)</b>				
PWLB Borrowing	401		365	
Cash and Cash Equivalents	0		0	
<b>Total</b>	<b>404</b>		<b>365</b>	
<b>Financial Assets (at amortised cost)</b>				
Short Term Deposits		(204)		(397)
Cash and Cash Equivalents		(44)		(110)
<b>Total</b>		<b>(248)</b>		<b>(507)</b>

### Long and Short Term Borrowing

47. Additional information in respect of Long Term Loans shown in the table below is given in paragraph 46 above.

	31-Mar-23			31-Mar-24		
	Long Term £'000	Short Term £'000	TOTAL £'000	Long Term £'000	Short Term £'000	TOTAL £'000
<b>Loan Source</b>						
Public Works Loans Board	8,835	211	9,046	8,488	347	8,835
	<b>8,835</b>	<b>211</b>	<b>9,046</b>	<b>8,488</b>	<b>347</b>	<b>8,835</b>
<b>Analysis by Maturity</b>						
Less than 1 year		211	211		347	347
Between 1 and 2 years	347		347	0		0
Between 2 and 5 years	0		0	0		0
Between 5 and 10 years	4,000		4,000	4,000		4,000
Over 10 years	4,488		4,488	4,488		4,488
<b>Total of Loans</b>	<b>8,835</b>	<b>211</b>	<b>9,046</b>	<b>8,488</b>	<b>347</b>	<b>8,835</b>

48. Other than the maturing long term loan, there are no short term borrowings.

### **Financial Instruments – Exposure to Risk**

49. 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.
  - Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

50. The CIPFA Code of Practice on Treasury Management has been adopted by the Authority, and under the Service Level Agreement with Worcestershire County Council the County Council is obliged to, and does, adopt the Code also. In this way risks are actively managed.

### Credit Risk

51. Under the Treasury Management SLA, the Authority invests surplus cash with WCC, but in return for receiving an average investment rate based on the Council's portfolio of investments the Authority shares risk in proportion to its value of the total portfolio. Credit risk also arises from credit exposures to the Authority's customers.
52. Amounts invoiced to customers are of relatively low value and are actively pursued by the in-house legal service.
53. The following analysis summarises the Authority's potential maximum exposure to credit risk based on actual experience in terms of deposits and percentage of debt which has been written off as unrecoverable in the last three years in terms of debtors (total £0.000m).

	31-Mar-24 £'000	Written off in last 3 years £'000	Historical Default
Short Term deposits with WCC	5,400	0	
Customers	156	0	0%
<b>Total</b>	<b>5,556</b>	<b>0</b>	

54. Of the £0.156m invoiced to customers at 31<sup>st</sup> March 2024 the following table analyses the due dates.

	£'000
Not yet due	0
Less than 1 month overdue	0
1 to 2 months overdue	152
more than 2 months overdue	4
	<b>156</b>

### Liquidity Risk

55. The Authority is able to access borrowings from the Public Works Loan Board (PWLb) so there is no significant risk that it will be unable to meet its commitments relating to financial liabilities. The risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of borrowings due to mature at intervals as shown below.

Period of Maturity	Upper Limit %	Lower Limit %
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	95	25

56. This strategy allows the Authority time to restructure debt when interest rates are favourable. The strategy is to maintain sufficient cash balances to meet daily revenue

requirements without recourse to short term borrowing other than in exceptional circumstances.

## Market Risk

57. The Authority does not invest in equity shares and therefore has no exposure to loss arising from movements in share prices.

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

## 59. Debtors

	31-Mar-23 £'000	31-Mar-24 £'000
Central Government Bodies	486	563
Other Local Authorities	616	765
Public Corporations and Trading Funds	3,932	2,107
Other entities and individuals	2,366	2,727
	<b>7,399</b>	<b>6,162</b>

## Cash and Cash Equivalents

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

	31-Mar-23 £'000	31-Mar-24 £'000
Cash held by the Authority	6	6
Bank Current Accounts	1,292	475
Short term deposits with WCC	6,700	5,400
	<b>7,998</b>	<b>5,881</b>

61. The only financial asset held by the Authority is the short term deposit via Worcestershire County Council, there are no other investments.

## 62. Creditors

	31-Mar-23 £'000	31-Mar-24 £'000
Central Government Bodies	765	867
Other Local Authorities	1,662	1,238
Other entities and individuals	2,507	1,845
	<b>4,934</b>	<b>3,950</b>

## Pension Arrangements

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

64. The Authority participates in five schemes:

- The Firefighters' Pension Scheme (FFPS) (the "1992 Scheme"). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.

- The 2006 Firefighters' Pension Scheme (NFPS) (the "2006 Scheme") – is open to all uniformed staff (except Fire Control) and is also a statutory un-funded defined benefit final salary scheme, with differing benefits.
  - The 2015 Firefighters' Pension Scheme (FFCARE) – this is a career average scheme, and is available to operational firefighters appointed on or after 1<sup>st</sup> April 2015. Serving firefighters will also have been transferred into the scheme unless they have protected status under one of the existing schemes.
  - The Firefighters' Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The four Firefighters' schemes are unfunded meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet the actual pensions payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, open to staff not covered by the Firefighters' schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
65. The retirement benefits are recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax precept is based on the cash payable in the year, (as described in paragraph 66 below) so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement (MiRS).
66. Charges made to the Income and Expenditure Account for council tax precept purposes are as below:
- LGPS – the employer's contribution payable to the Pension Fund.
  - FFPS/NFPS – the notional employer's contribution payable into the Pension Account as explained in paragraphs 42-43 on page 11 of the Narrative Report.
  - FFCS – the actual injury pensions and any RDS ill-health pensions payable.
67. Transactions made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (MiRS) during the year are shown in the tables opposite:

	LGPS 2023/24 £'000	FFPS 2023/24 £'000	NFPS 2023/24 £'000	FF CARE 2023/24 £'000	FFCS 2023/24 £'000	TOTAL 2023/24 £'000
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	934		(10)	1,710	70	<b>2,704</b>
Past Service Cost						
<b>Other Operating Expenditure comprising:</b>						
Administration Expenses						
Pensions Grant		(10,711)	(330)	5,474		<b>(5,567)</b>
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	1	11,150	780	870	610	<b>13,411</b>
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>935</b>	<b>439</b>	<b>440</b>	<b>8,054</b>	<b>680</b>	<b>10,548</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	185	3,460	270	840	(220)	<b>4,535</b>
Return on plan assets (excluding the amount included in the net interest expense)	(1,821)					<b>(1,821)</b>
Actuarial (gains) and losses arising in financial assumptions	(484)					<b>(484)</b>
Actuarial (gains) and losses arising in demographic assumptions	(644)	(4,360)	(330)	(670)	(240)	<b>(6,244)</b>
Asset Ceiling Adjustment	2,447					<b>2,447</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>618</b>	<b>(461)</b>	<b>380</b>	<b>8,224</b>	<b>220</b>	<b>8,981</b>

	LGPS 2023/24 £'000	FFPS 2023/24 £'000	NFPS 2023/24 £'000	FF CARE 2023/24 £'000	FFCS 2023/24 £'000	TOTAL 2023/24 £'000
<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	(935)	(439)	(440)	(8,054)	(680)	<b>(10,548)</b>
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	317	900	60	(170)	460	<b>1,567</b>
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,033	5		3,849		<b>4,886</b>
Retirement Benefits payable to Pensioners					786	<b>786</b>
<b>Net Charge to General Fund</b>	<b>1,033</b>	<b>5</b>	<b>0</b>	<b>3,849</b>	<b>786</b>	<b>5,673</b>

	LGPS 2022/23 £'000	FFPS 2022/23 £'000	NFPS 2022/23 £'000	FF CARE 2022/23 £'000	FFCS 2022/23 £'000	TOTAL 2022/23 £'000
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	1,743	10	(20)	5,870	150	<b>7,753</b>
Past Service Cost	3	8,840	1,060	(9,900)		<b>3</b>
<b>Other Operating Expenditure comprising:</b>						
Administration Expenses	18					<b>18</b>
Pensions Grant		(11,211)	(344)	5,389		<b>(6,166)</b>
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	425	8,170	680	1,100	440	<b>10,815</b>
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,189</b>	<b>5,809</b>	<b>1,376</b>	<b>2,459</b>	<b>590</b>	<b>12,423</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	3,006	20,030	1,040	470	810	<b>25,356</b>
Return on plan assets (excluding the amount included in the net interest expense)	568					<b>568</b>
Actuarial (gains) and losses arising in financial assumptions	(19,725)	(84,550)	(9,930)	(20,740)	(3,850)	<b>(138,795)</b>
Actuarial (gains) and losses arising in demographic assumptions		(5,550)	(860)	(4,010)	(290)	<b>(10,710)</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(13,962)</b>	<b>(64,261)</b>	<b>(8,374)</b>	<b>(21,821)</b>	<b>(2,740)</b>	<b>(111,158)</b>

	LGPS 2022/23 £'000	FFPS 2022/23 £'000	NFPS 2022/23 £'000	FF CARE 2022/23 £'000	FFCS 2022/23 £'000	TOTAL 2022/23 £'000
<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	(2,189)	(5,809)	(1,376)	(2,459)	(590)	<b>(12,423)</b>
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	16,151	70,070	9,750	24,280	3,330	<b>123,581</b>
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,086	63	21	3,671		<b>4,841</b>
Retirement Benefits payable to Pensioners					740	<b>740</b>
<b>Net Charge to General Fund</b>	<b>1,086</b>	<b>63</b>	<b>21</b>	<b>3,671</b>	<b>740</b>	<b>5,581</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

	Funded Liability LGPS 2023/24 £'000	Un- funded Liability FFPS 2023/24 £'000	Un- funded Liability NFPS 2023/24 £'000	Un- funded Liability FFCARE 2023/24 £'000	Un- funded Liability FFCS 2023/24 £'000	TOTAL 2023/24 £'000
Present value of the defined benefit obligation	35,267	244,356	17,220	21,263	12,791	330,897
Fair Value of Plan assets (including asset ceiling adjustment)	(34,770)					(34,770)
<b>Net liability arising from defined benefit obligation</b>	<b>497</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>296,127</b>

	Funded Liability LGPS 2022/23 £'000	Un- funded Liability FFPS 2022/23 £'000	Un- funded Liability NFPS 2022/23 £'000	Un- funded Liability FFCARE 2022/23 £'000	Un- funded Liability FFCS 2022/23 £'000	TOTAL 2022/23 £'000
Present value of the defined benefit obligation	31,974	244,822	16,840	16,888	13,357	323,881
Fair Value of Plan assets	(31,062)					(31,062)
<b>Net liability arising from defined benefit obligation</b>	<b>912</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>292,819</b>

## Assets and Liabilities in relation to post-employment benefits

### 68. Reconciliation of the present value of scheme liabilities:

	Funded Liabilities (LGPS) 2023/24 £'000	Un- funded Liabilities (FFPS) 2023/24 £'000	Un- funded Liabilities (NFPS) 2023/24 £'000	Un- funded Liabilities (FF CARE) 2023/24 £'000	Un- funded Liabilities (FFCS) 2023/24 £'000	TOTAL 2023/24 £'000
<b>at 1 April</b>	<b>31,974</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>323,881</b>
Current Service Cost	934		(10)	1,710	70	2,704
Past Service Cost						
Interest Cost	1,508	11,150	780	870	610	14,918
Employee Contributions	347					347
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	185	3,460	270	840	(220)	4,535
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(484)					(484)
Actuarial (Gains) and Losses arising on changes in financial assumptions	(644)	(4,360)	(330)	(670)	(240)	(6,244)
Asset Ceiling Adjustment	2,447					2,447
Pensions Grant		(10,711)	(330)	5,474	0	(5,567)
Employer contributions firefighter scheme/benefits paid LGPS scheme	(1,000)	(5)		(3,849)	(786)	(5,640)
<b>at 31 March</b>	<b>35,267</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>330,897</b>

	<b>Funded Liabilities (LGPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (FFPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (NFPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (FF CARE) 2022/23 £'000</b>	<b>Un-funded Liabilities (FFCS) 2022/23 £'000</b>	<b>TOTAL 2022/23 £'000</b>
<b>at 1 April</b>	<b>46,470</b>	<b>309,146</b>	<b>25,235</b>	<b>42,380</b>	<b>16,837</b>	<b>440,068</b>
Current Service Cost	1,743	10	(20)	5,870	150	<b>7,753</b>
Past Service Cost	3	8,840	1,060	(9,900)	0	<b>3</b>
Interest Cost	1,291	8,170	680	1,100	440	<b>11,681</b>
Employee Contributions	293					<b>293</b>
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	3,006	20,030	1,040	470	810	<b>25,356</b>
Actuarial (Gains) and Losses arising on changes in demographic assumptions		(5,550)	(860)	(4,010)	(290)	<b>(10,710)</b>
Actuarial (Gains) and Losses arising on changes in financial assumptions	(19,725)	(84,550)	(9,930)	(20,740)	(3,850)	<b>(138,795)</b>
Pensions Grant		(11,211)	(344)	5,389		<b>(6,166)</b>
Employer contributions firefighter scheme/benefits paid LGPS scheme	(1,107)	(63)	(21)	(3,671)	(740)	<b>(5,602)</b>
<b>at 31 March</b>	<b>31,974</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>323,881</b>

69. Reconciliation of fair value of scheme assets:

	<b>Funded Assets (LGPS) 2022/23 £'000</b>	<b>Funded Assets (LGPS) 2023/24 £'000</b>
<b>Fair value at 1 April</b>	<b>30,761</b>	<b>31,062</b>
Interest Income	866	1,507
<b>Remeasurement gain/loss</b>		
Return on plan assets (excluding the amount included in the net interest expense)	(568)	1,821
Asset Ceiling Adjustment		(2,447)
Other (administration expenses)	(18)	0
Employer Contributions	835	1,033
Employee Contributions	293	347
Benefits Paid	(1,107)	(1,000)
<b>at 31 March</b>	<b>31,062</b>	<b>32,323</b>

70. Asset Ceiling Adjustment

As at 31<sup>st</sup> March 2024, the LGPS pension valuation by the Authority's actuary, Hymans Robertson, determined that the fair value of the scheme assets exceeded the present value of the plan obligations, reporting an unadjusted net asset of £1.95m. IFRIC14 states that an organisation should only recognise a net pension asset on the balance sheet to the extent that the asset represents real economic value to the organisation. Where a pension plan asset exists, it should be measured at the lower of (i) the surplus on the defined benefit plan or (ii) the asset ceiling which represents the present value of any economic value available to the Authority in the form of refunds or reduced future contributions.

In 2023/24, the actuary assessed the value of this economic benefit available to the authority to be nil. An asset ceiling adjustment of £2.447m was applied to reduce the value on the balance sheet from a £1.95m net asset to a £0.497m net liability.

The actuary's calculation of the asset ceiling followed the interpretation of IFRIC14 and is set out below:

	<b>Funded Assets (LGPS) 31-Mar-23 £'000</b>	<b>Funded Assets (LGPS) 31-Mar-24 £'000</b>
Present value of the defined benefit obligation	31,974	32,820
Fair Value of Plan assets	(31,062)	(34,770)
<b>Unadjusted Net liability arising from defined benefit obligation</b>	<b>912</b>	<b>(1,950)</b>
Asset Ceiling Adjustment		2,447
<b>Adjusted Net Liability arising from defined benefit obligation</b>	<b>912</b>	<b>497</b>
Of which:		
Present value of the defined benefit obligation		35,267
Fair Value of Plan assets		(34,770)
<b>Adjusted Net Liability arising from defined benefit obligation</b>		<b>497</b>

An asset ceiling adjustment was not applied in in 2022/23.

71. The expected rate of return on assets (LGPS only) is based on market expectations, at the beginning of the period, for investment returns over the life of the entire life of the related obligation. The assumption used is the average of the assumptions shown in table 84 appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class as shown in table 85. Note that rates quoted are gross of expenses.
72. The objective of the Local Government Pension scheme is to keep employers' contributions at as constant a rate as possible. The Worcestershire County Council Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on 31<sup>st</sup> March 2022.
73. The Authority anticipates it will pay approximately £1.038m in contributions to the Local Government Pension scheme in 2024/25.
74. The Firefighter scheme employer contribution rates are set by the Home Office and the current rates are in place from April 2019 until March 2024.
75. Expected employers' contributions for the firefighters' pension schemes in the year to 31<sup>st</sup> March 2025 are approximately £5.110m.
76. No adjustment has been made to the expected employer contributions to allow for the implications of the appeal relating to McCloud/Sargeant which reviews the lawfulness of the transitional protection arrangements, as it is not possible to assess the impact at this time.

77. Reconciliation of Movements in Net Pensions Liability:

	<b>Funded Liabilities (LGPS) 2023/24 £'000</b>	<b>Un-funded Liabilities (FFPS) 2023/24 £'000</b>	<b>Un-funded Liabilities (NFPS) 2023/24 £'000</b>	<b>Un-funded Liabilities (FF CARE) 2023/24 £'000</b>	<b>Un-funded Liabilities (FFCS) 2023/24 £'000</b>	<b>TOTAL 2023/24 £'000</b>
<b>at 1 April</b>	<b>912</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>292,819</b>
Current Service Cost	934		(10)	1,710	70	2,704
Past Service Cost						
Employer Contributions	(1,033)	(5)		(3,849)	(786)	(5,673)
Pensions Grant		(10,711)	(330)	5,474		(5,567)
Administration Expenses						
Interest on Liabilities	1,508	11,150	780	870	610	14,918
Interest on Assets	(1,507)					(1,507)
Net remeasurement gains and losses	(317)	(900)	(60)	170	(460)	(1,567)
<b>at 31 March</b>	<b>497</b>	<b>244,356</b>	<b>17,220</b>	<b>21,263</b>	<b>12,791</b>	<b>296,127</b>

	<b>Funded Liabilities (LGPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (FFPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (NFPS) 2022/23 £'000</b>	<b>Un-funded Liabilities (FF CARE) 2022/23 £'000</b>	<b>Un-funded Liabilities (FFCS) 2022/23 £'000</b>	<b>TOTAL 2022/23 £'000</b>
<b>at 1 April</b>	<b>15,709</b>	<b>309,146</b>	<b>25,235</b>	<b>42,380</b>	<b>16,837</b>	<b>409,307</b>
Current Service Cost	1,743	10	(20)	5,870	150	7,753
Past Service Cost	3	8,840	1,060	(9,900)		3
Employer Contributions	(835)	(63)	(21)	(3,671)	(740)	(5,330)
Pensions Grant		(11,211)	(344)	5,389		(6,166)
Administration Expenses	18					18
Interest on Liabilities	1,291	8,170	680	1,100	440	11,681
Interest on Assets	(866)					(866)
Net remeasurement gains and losses	(16,151)	(70,070)	(9,750)	(24,280)	(3,330)	(123,581)
<b>at 31 March</b>	<b>912</b>	<b>244,822</b>	<b>16,840</b>	<b>16,888</b>	<b>13,357</b>	<b>292,819</b>

## 78. Scheme History

	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-24 £'000
<b>Present value of liabilities:</b>			
LGPS : Local Government Pension Scheme	46,470	31,974	35,267
FFPS : Firefighters' 1992 Scheme	309,146	244,822	244,356
NFPS : Firefighters' 2006 Scheme	25,235	16,840	17,220
FFCARE: Firefighters' 2015 Scheme	42,380	16,888	21,263
FFCS : Firefighters' Injury Scheme	16,837	13,357	12,791
	<b>440,068</b>	<b>323,881</b>	<b>330,897</b>
<b>Fair value of assets in the LGPS</b>	30,761	31,062	34,770
	<b>30,761</b>	<b>31,062</b>	<b>34,770</b>
<b>Net Liabilities of the scheme:</b>			
LGPS : Local Government Pension Scheme	15,709	912	497
FFPS : Firefighters' 1992 Scheme	309,146	244,822	244,356
NFPS : Firefighters' 2006 Scheme	25,235	16,840	17,220
FFCARE: Firefighters' 2015 Scheme	42,380	16,888	21,263
FFCS : Firefighters' Injury Scheme	16,837	13,357	12,791
<b>Total</b>	<b>409,307</b>	<b>292,819</b>	<b>296,127</b>

79. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £296.129m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £252.102m.

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

- Finance is only required to be raised to cover Firefighters' pensions when the pension is actually paid.

### Basis for Estimating Liabilities

81. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

82. Estimates for the LGPS have been made by Mercer Limited (an independent firm of actuaries), and for the firefighters' schemes by GAD, the Government Actuary's Department.

83. The average duration of the derived benefits obligations are as follows:

	LGPS	FFPS	NFPS	FF CARE	FFCS
2022/23	19 years	14 years	26 years	28 years	N/A
2023/24	n/a	14 years	26 years	28 years	N/A

84. The principal assumptions used by the Actuaries are shown below:

	LGPS 2023/24	FFPS 2023/24	NFPS 2023/24	FFCARE 2023/24	FFCS 2023/24
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	21.3	21.3	21.3	21.3	21.3
Female	23.6	21.3	21.3	21.3	21.3
<b>Longevity at 65 for future pensioners</b>					
Male	22.6	22.9	22.9	22.9	22.9
Female	25.5	22.9	22.9	22.9	22.9
Rate of inflation (CPI)	2.75%	2.60%	2.60%	2.60%	2.60%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	3.85%	3.85%	3.85%	3.85%
Rate of increase in salaries	4.25%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	2.75%	3.85%	3.85%	3.85%	3.85%
Rate of increase in pensions	2.75%	2.60%	2.60%	2.60%	2.60%
Rate for discounting scheme liabilities	4.85%	4.75%	4.75%	4.75%	4.75%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

	LGPS 2022/23	FFPS 2022/23	NFPS 2022/23	FFCARE 2022/23	FFCS 2022/23
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	22.0	21.2	21.2	21.2	21.2
Female	24.2	21.2	21.2	21.2	21.2
<b>Longevity at 65 for future pensioners</b>					
Male	23.3	22.9	22.9	22.9	22.9
Female	26.1	22.9	22.9	22.9	22.9
Rate of inflation (CPI)	2.70%	2.60%	2.60%	2.60%	2.60%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	3.85%	3.85%	3.85%	3.85%
Rate of increase in salaries	4.20%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	2.70%	3.85%	3.85%	3.85%	3.85%
Rate of increase in pensions	2.80%	2.60%	2.60%	2.60%	2.60%
Rate for discounting scheme liabilities	4.80%	4.65%	4.65%	4.65%	4.65%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

85. The Firefighters' schemes have no assets to cover their liabilities. The LGPS assets consist of the following categories by proportion of the total assets held – shown in the following tables.

Asset Category	Sub Category	31-Mar-23
Equities	UK Quoted	0.1%
	Overseas Quoted	22.3%
	UK Managed Funds	12.6%
	UK Managed Funds – Overseas Equities)	36.6%
	Overseas Managed Fund	0.7%
Bonds	UK Corporate	0.0%
	Overseas Corporate	0.0%
	Other Bonds	0.0%
	LGPS Central Global Pooled Funds	1.2%
	UK Government Fixed	1.4%
Property	Overseas Government	0.0%
	European Property Funds	0.0%
	UK Property Debt	1.1%
	Overseas Property Debt	0.7%
	UK Property Funds	6.8%
Alternatives	Overseas REITs	0.0%
	UK Infrastructure	5.8%
	European Infrastructure	3.9%
	US Infrastructure	3.2%
	US Stock Options	0.5%
Cash	Overseas Stock Options	-0.3%
	Corporate Private Debt	1.9%
	Cash Instruments	0.1%
	Cash Accounts	0.7%
	Net Current Assets	0.7%
<b>Total</b>		<b>100.0%</b>

In 2023/24, the Authority employed a new actuary, Hymans Robertson. The analysis of the LGPS scheme assets provided by the new actuary, was not directly comparable to the analysis provided by the previous actuary, although it remained compliant with the CIPFA Code of Practice's disclosure requirements. The 2023/24 analysis is set out in the table below:

	31-Mar-24			
	Quoted £'000	Unquoted £'000	Total £'000	% of Total Assets
<b>Equity Securities</b>				
Other	3,748.50		<b>3,748.50</b>	10.73
<b>Debt Securities</b>				
UK Government	959.00		<b>959.00</b>	2.75
<b>Private Equity</b>				
All		15.00	<b>15.00</b>	0.04
<b>Real Estate</b>				
UK Property		1,921.50	<b>1,921.50</b>	5.50
Overseas Property		812.50	<b>812.50</b>	2.33
<b>Investment Fund and Unit Trusts</b>				
Equities	19,290.50		<b>19,290.50</b>	55.22
Bonds	1,101.30		<b>1,101.30</b>	3.15
Infrastructure		5,873.70	<b>5,873.70</b>	16.81
Other		634.70	<b>634.70</b>	1.82
<b>Cash and Cash Equivalents</b>				
Other		575.30	<b>575.30</b>	1.65
<b>Total Assets</b>	<b>25,099.30</b>	<b>9,832.70</b>	<b>34,932.00</b>	<b>100.00</b>

It should be noted that: (i) the total assets listed in the above table have not been reduced for the impact of IFRIC14, therefore the total is different to that in Note 69, and (ii) from 2024/25 onwards the prior year comparators will be presented in the same format as the 2023/24 analysis shown above.

### Injury Awards

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

### **Other Long Term Liabilities**

87. The Authority has entered into an agreement with West Mercia Police to construct a new combined Police/Fire facility in Redditch. In order to facilitate this project, the Authority entered into a further agreement for a deferred land exchange: in February 2023, Redditch Borough Council transferred a piece of land to the Authority, in exchange for a piece of land owned by the Authority. Under the terms of this agreement, the reciprocal exchange will not occur until the construction of the new joint facility is complete and the new premises occupied in the autumn of 2024. The table below shows the estimated value of the asset which has not yet been transferred to Redditch Borough Council.

	31-Mar-23 £'000	31-Mar-24 £'000
Other Long Term Liabilities	416	416
	<b>416</b>	<b>416</b>

### **Usable Reserves**

88. Movements in the Authority’s usable reserves are summarised in the Movement in Reserves Statement and Notes and are described below:

	Note	31-Mar-23 £'000	31-Mar-24 £'000
General Fund	89	1,538	1,538
Earmarked Reserves	90-92	14,332	11,150
Unapplied Grants and Contributions	93	0	0
Capital Receipts Reserve	94	7,070	7,498
		<b>22,940</b>	<b>20,186</b>

89. General Fund Balance

	2022/23 £'000	2023/24 £'000
<b>Balance at 01 April</b>	<b>1,538</b>	<b>1,538</b>
Transfers from CIES	0	0
<b>Balance at 31 March</b>	<b>1,538</b>	<b>1,538</b>

### Earmarked Reserves

90. Earmarked revenue reserves are held for a variety of purposes. The nature and value of these is outlined below:

- **C&C Reserve** – to fund the cyclical upgrade/replacement of the mobilising system. The current system was largely funded by specific government grant.
- **ICT Replacements Reserve** – to fund replacement of key ICT systems principally equipment, safety monitoring and tracking, Intel (Intelligence on Operational Risks) and station end equipment for alerting.
- **ESMCP Reserve** – to fund the as yet unknown, costs associated with the implementation of the Emergency Services Mobile Communications Project (ESMCP), the new national radio/communications system, as and when the significantly delayed project requires.
- **Organisational Excellence Reserve** – to embed National Operational Guidance (NOG), enhance Command Training and achieve statutory accreditation of the Fire Investigation function.
- **On Call Recruitment Reserve** – to provide an in-depth sustained and targeted approach to On-Call recruitment over the next four years.
- **RPE Reserve** – to fund the future costs of replacing Respiratory Protective Equipment (RPE).
- **Broadway Reserve** – to fund the replacement of the Fire Station at Broadway.
- **Capital Projects Reserve** – to provide funds to complete the North Herefordshire Training Facility and continue to move training facilities from the cramped site at Droitwich.
- **Property Maintenance Reserve** – to be utilised in future years to ensure the completion of planned station maintenance.
- **Pension Tribunal Reserve** – to meet the potential costs of HMRC challenge relating to employment of Fire fighters on the retained fire fighter duty system who had retired from whole time posts before reaching the age of 55.
- **Development Reserve** – to provide funding for capacity building or “invest to save” type initiatives to prepare for future grant reductions.
- **Sustainability Reserve** – for targeted actions with the Environmental Sustainability Plan
- **Fire Prevention Reserve** – monies set aside for targeted increases in prevention activities.
- **Pensions Reserve** – to meet the potential back cost of any matters arising from pensions.
- **Protection Grants Reserve** – specific government grant to improve protection arrangements, being used over next two years to embed and extend capabilities.
- **Equipment Reserve** – to fund additional equipment required within the service, when it falls due, (including the remaining costs of mobile data terminals and fire-ground radios) as well as allowing investment in new equipment on an “invest to save” basis.
- **Safety Initiatives Reserve** – monies set aside for targeted increases in protection activities.
- **Budget Reduction Reserve** – this reserve is held as part of the MTFP in response to the extreme uncertainty about future funding. It can meet short term costs as necessary or be released for future investment if future funding becomes sustainable.
- **Budget Reduction (Covid) Reserve** – as above, but specifically showing monies received as special Covid grants being used to offset loss of tax income in the next few years.
- **Tax Income Grant Reserve** – Government grant to support tax losses over next three years (and included in the Medium Term Financial Plan).
- **Operational Activity Reserve** – to fund exceptional activity costs arising from spate conditions e.g. prolonged fires in the Malvern Hills or flooding.
- **Insurance Reserve** – this reserve is created to fund the excess on any long-tail claims.

91. A summary of movements is shown below.

	<b>Balance At 31-Mar-23 £'000</b>	<b>Transfer from/to General Fund £'000</b>	<b>Fire Authority Reallocation £'000</b>	<b>Balance at 31-Mar-24 £'000</b>
<b>Future Expenditure Reserves</b>				
C&C Reserve	1,449	(84)		1,365
ICT Replacements Reserve	1,239	(428)		811
ESMCP Reserve	1,032			1,032
Organisational Excellence Reserve	559	(367)		192
On Call Recruitment Reserve	671	(324)		347
RPE Reserve	1,000	(625)		375
Broadway Reserve	0			0
Capital Projects Reserve	3,388	(858)		2,530
Property Maintenance Reserve	534	(47)		487
Pensions Tribunal Reserve	400			400
Development Reserve	310	(94)		216
Sustainability Reserve	286			286
Fire Prevention Reserve	156	(96)		60
Pensions Reserve	245	(25)		220
Protection Grants Reserve	228	11		239
Equipment Reserve	190			190
Safety Initiatives Reserve	138	(24)		114
	<b>11,825</b>	<b>(2,961)</b>	<b>0</b>	<b>8,864</b>
<b>Budget Reduction Reserves</b>				
Budget Reduction Reserve	1,731	(175)		1556
Budget Reduction (Covid) Reserve	0			0
Tax Income Guarantee Grant Reserve	46	(46)		0
	<b>1,777</b>	<b>(221)</b>	<b>0</b>	<b>1,556</b>
<b>Other Specific Reserves</b>				
Operational Activity Reserve	600			600
Insurance Reserve	130			130
	<b>730</b>	<b>0</b>	<b>0</b>	<b>730</b>
	<b>14,332</b>	<b>(3,182)</b>	<b>0</b>	<b>11,150</b>

92. The comparative movements for 2022/23 are summarised below:

	Balance At 31-Mar-22 £'000	Transfer from/to General Fund £'000	Fire Authority Reallocation £'000	Balance at 31-Mar-23 £'000
<b>Future Expenditure Reserves</b>				
C&C Reserve	1,527	(78)		1,449
ICT Replacements Reserve	1,315	(76)		1,239
ESMCP Reserve	1,032			1,032
Organisational Excellence Reserve	908	(349)		559
On Call Recruitment Reserve	995	(324)		671
RPE Reserve	1,000			1,000
Broadway Reserve	942	(237)	(705)	0
Capital Projects Reserve	2,475	208	705	3,388
Property Maintenance Reserve	534			534
Pensions Tribunal Reserve	400			400
Development Reserve	310			310
Sustainability Reserve	310	(24)		286
Fire Prevention Reserve	230	(74)		156
Pensions Reserve	260	(15)		245
Protection Grants Reserve	249	(21)		228
Equipment Reserve	190			190
Safety Initiatives Reserve	138			138
	12,815	(990)	0	11,825
<b>Budget Reduction Reserves</b>				
Budget Reduction Reserve	1,234	(105)	602	1,731
Budget Reduction (Covid) Reserve	602		(602)	0
Tax Income Guarantee Grant Reserve	95	(49)		46
	1,931	(154)	0	1,777
<b>Other Specific Reserves</b>				
Operational Activity Reserve	600			600
Insurance Reserve	130			130
	730	0	0	730
	15,476	(1,144)	0	14,332

93. Unapplied Grant and Contributions

	Hereford Hub Contribution £'000	West Mercia Police Contribution £'000	Shropshire Fire & Rescue Contribution £'000	Salix Grant £000	TOTAL £'000
<b>Balance at 31 March 2022</b>	(3)	0	0	0	(3)
Grants and Contributions Received in Year				(83)	(83)
Used to Finance Capital Expenditure in 2022/23	3			83	86
<b>Balance at 31 March 2023</b>	0	0	0	0	0
Grants and Contributions Received in Year					0
Used to Finance Capital Expenditure in 2023/24					0
<b>Balance at 31 March 2024</b>	0	0	0	0	0

94. Capital Receipts

	2022/23 £'000	2023/24 £'000
<b>Balance at 01 April</b>	<b>(7,070)</b>	<b>(7,070)</b>
Net Proceeds from Sale of Fixed Assets	(374)	(428)
Used to Finance Capital Expenditure	374	0
<b>Balance at 31 March</b>	<b>(7,070)</b>	<b>(7,498)</b>

95. Unusable Reserves

	Note	31-Mar-23 £'000	31-Mar-24 £'000
Revaluation Reserve	96-97	6,817	6,798
Capital Adjustment Account	98-101	15,188	16,967
Pensions Reserve	102-103	(292,819)	(296,127)
Collection Fund Adjustment Account	104	(86)	318
Accumulated Absences Adjustment Account	105	(225)	(244)
		<b>(271,125)</b>	<b>(272,288)</b>

Revaluation Reserve

96. 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:

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

97. The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>5,840</b>	<b>6,817</b>
Upward revaluation of assets	1,275	0
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(198)	0
Reverse charge to Provision of Service where Revaluation Reserve in place	0	0
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>6,917</b>	<b>6,817</b>
Difference between fair value depreciation and historical cost depreciation	(99)	0
Accumulated gains on assets sold	(1)	(19)
Accumulated gains on assets derecognised		
Amounts written off to the Capital Adjustment Account		
<b>Balance at 31 March</b>	<b>6,817</b>	<b>6,798</b>

## Capital Adjustment Account

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

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>16,386</b>	<b>15,188</b>
<ul style="list-style-type: none"> <li>Charges for depreciation and impairment of non-current assets</li> </ul>	(2,186)	(2,213)
<ul style="list-style-type: none"> <li>Revaluation gains/(losses) on Property, Plant and Equipment</li> </ul>	(960)	0
<ul style="list-style-type: none"> <li>Amortisation of intangible assets</li> </ul>	(96)	(85)
<ul style="list-style-type: none"> <li>Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal in the Comprehensive Income and Expenditure Statement</li> </ul>	(506)	(74)
	<b>12,638</b>	<b>12,816</b>
<ul style="list-style-type: none"> <li>Adjusting amounts written out to the Revaluation Reserve</li> </ul>		
- difference in depreciation on historical & current cost basis	99	19
- accumulated gains on assets sold	1	0
	<b>12,738</b>	<b>12,835</b>
<u>Capital financing applied in the year:</u>		
<ul style="list-style-type: none"> <li>Use of the Capital Receipts Reserve to finance new capital Expenditure</li> </ul>	374	0
<ul style="list-style-type: none"> <li>Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing</li> </ul>	86	0
<ul style="list-style-type: none"> <li>Statutory provision for the financing of capital investment charged against the General Fund balance.</li> </ul>	1,660	1,750
<ul style="list-style-type: none"> <li>Capital expenditure charged against the General Fund balance</li> </ul>	330	2,382
<b>Balance at 31 March</b>	<b>15,188</b>	<b>16,967</b>

### Pensions Reserve

102. 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.
103. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing for 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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>(409,558)</b>	<b>(292,819)</b>
Actuarial gains or losses on pensions assets & liabilities	123,581	1,567
Asset Ceiling Adjustment	0	
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(12,423)	(10,548)
Employer's pensions contributions and direct payments to pensioners payable in the year	5,581	5,673
<b>Balance at 31 March</b>	<b>(292,819)</b>	<b>(296,127)</b>

### Collection Fund Adjustment Account

104. 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 rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>(362)</b>	<b>(86)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements:		
Council Tax	(112)	116
Non-Domestic Rates	388	288
<b>Balance at 31 March</b>	<b>(86)</b>	<b>318</b>

### Accumulated Absences Account

105. The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March.

Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>(163)</b>	<b>(225)</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory provisions	(62)	(19)
<b>Balance at 31 March</b>	<b>(225)</b>	<b>(244)</b>

### Provision - NNDR Appeals Provision

106. This is a provision to reflect the Authority's share of the appeals made by NNDR payers at billing authorities.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>198</b>	<b>190</b>
Transfer from CIES	(8)	12
<b>Balance at 31 March</b>	<b>190</b>	<b>202</b>

### Contingent Liabilities

107. A contingent liability is a possible present conditional obligation arising from past events and whose existence will be confirmed only by the occurrence of future uncertain events not wholly within the Fire Authority's control.
108. There is one Employment Tribunal appeal awaiting a decision. If the appeal is unsuccessful, a further remedy hearing will be listed with the award likely to be in excess of £100,000.

### Contingent Assets

109. A contingent asset has arisen which relates to the National Communications Project (Firelink) provided by Motorola trading as Airwave. The Competition Appeal Tribunal took the decision in December 2023 to uphold the Competition and Market Authority's (CMA) decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges.
110. 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 Fire and Rescue Authorities (FRAs) in England.
111. Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied.

112. As a result, and on the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice FRAs in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire Authority 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, or returned to Motorola depending on the outcome of the court application. As at 31<sup>st</sup> March 2024 Hereford and Worcester FRA's share of the credit is estimated to be £0.117m.

### Specific Government Grants

113. The following grants are included as income within the CIES on page 26.

	2022/23 £'000	2023/24 £'000
Fire Revenue Grant - New Dimensions/Firelink	969	933
Protection Uplift Grant	170	169
Electrical Safety First Grant	5	0
Emergency Services Mobile Communications Project	22	18
Redmond Review	13	14
	<b>1,179</b>	<b>1,134</b>

### Cashflow Statement – Operating Activities

114. The surplus or deficit on the provision of services has been adjusted for the following non-cash movements

	2022/23 £'000	2023/24 £'000
Depreciation	(2,185)	(2,213)
Downward revaluations	(960)	0
Amortisations	(96)	(85)
Increase/decrease in creditors	(497)	1,052
Increase/decrease in debtors	1,010	(1,183)
Increase/decrease in inventories	48	52
Movement in pensions liability	(7,093)	(4,875)
Carrying amount of non-current assets sold or derecognised	(579)	(75)
Other non-cash items charged to the net surplus or deficit on the provision of services	8	(12)
	<b>(10,344)</b>	<b>(7,339)</b>

115. The net surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2022/23 £'000	2023/24 £'000
Receipt of Capital Grant	83	0
Proceeds of sales of Property, Plant & Equipment – Capital Receipts	374	428
	<b>457</b>	<b>428</b>

116. The cashflows for operating activities include the following items:

	2022/23 £'000	2023/24 £'000
Interest Paid	(401)	(365)
Interest Received	88	432
	<b>(313)</b>	<b>67</b>

#### 117. Cashflow Statement – Investing Activities

	2022/23 £'000	2023/24 £'000
Purchase of Property, Plant & Equipment	2,259	3,761
Capital grant received	(83)	0
Proceeds of sales of Property Plant & Equipment - Capital Receipts	(374)	(428)
	<b>1,802</b>	<b>3,333</b>

#### 118. Cashflow Statement – Financing Activities

	2022/23 £'000	2023/24 £'000
Long Term Loans Raised	0	0
Long Term Loans Repaid	1,365	211
	<b>1,365</b>	<b>211</b>

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

119. The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made based on past experience, current trends and other relevant factors. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
120. The items in the balance sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below. The list does not include items which are carried at fair value based on recently observed market prices, such as land and buildings, for which the Authority relies on independent advice from specialist valuers.

#### Pensions Liability

121. The Actuaries have provided an assessment of the effect of changes in the assumptions used in estimating the pension and assets included in the Accounts according to the requirements of IAS19.
- There are a range of actuarial assumptions which is acceptable under IAS19, particularly in respect of expected salary increases and demographic factors. The assumptions made are the responsibility of the Authority, after taking the advice of the Actuaries. There are risks and uncertainties associated with whatever assumptions are adopted, as the assumptions are effectively projections of future investment returns and demographic experience many years into the future. Inevitably this involves a great deal of uncertainty about what constitutes a “best estimate” under IAS19. The Actuaries interpret this as meaning that the proposed assumptions are neutral, i.e. there is an equal chance of actual experience being better or worse than the assumptions.

- The assumptions used are largely prescribed and reflect market conditions at 31<sup>st</sup> March 2024. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions made by the relevant Actuary is shown in the table.
- With regard to the LGPS, it is also relevant to note that IAS19 requires the discount to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. Therefore, the balance sheet position may change significantly due to relative changes in the equity and AA corporate bond markets at the reporting date.

122. Approximate increase in Net Liability

<b>Change in financial assumptions 2023/24: 1992 Firefighters' Scheme</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(16,000)	(6.5)
0.5% Increase in rate of salaries	1,000	0.5
0.5% Increase in rate of pensions/deferred revaluation	16,000	6.5
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	6,000	2.5

<b>Change in financial assumptions 2023/24: 2006 Firefighters' Schemes</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(1,000)	(18.0)
0.5% Increase in rate of salaries	1,000	5.0
0.5% Increase in rate of pensions/deferred revaluation	1,000	15.5
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	0	4.0

<b>Change in financial assumptions 2023/24: 2015 Firefighters' Schemes</b>	<b>£'000</b>	<b>%</b>
0.5% Increase in rate of discounting scheme liabilities	(3,000)	(12.5)
0.5% Increase in rate of salaries	1,000	5.0
0.5% Increase in rate of pensions/deferred revaluation	2,000	15.5
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	0	2.0

<b>Change in financial assumptions 2023/24: LGPS</b>	<b>£'000</b>	<b>%</b>
0.1% Increase in real discount rate	652	2.0
0.1% Increase in rate of increase in salaries	25	0.0
0.1% Increase in the Pension Increase/Revaluation Rate (CPI)	639	2.0
1 Year Increase in member life expectancy	1,313	4.0

Property, Plant and Equipment

123. 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.
124. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £12,000 for every year that useful lives had to be reduced.

## **Critical Judgements in Applying Accounting Policies**

125. In applying the accounting policies set out in the Accounts, 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:

### Government Funding

126. There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be significantly impaired as a result of a need to close facilities and reduce levels of service provision.

### Property Value

127. In order to satisfy The Code of Practice, which explicitly states that revaluations must be 'sufficiently regular to ensure that the carrying amount is not materially different from the current value at the end of the reporting period', all land and buildings have undergone a valuation assessment on 31<sup>st</sup> March 2024. All the operational stations are classed as a specialised building using the Depreciated Replacement Cost (DRC) method

## **Events After the Balance Sheet Date**

128. When an event after the Balance Sheet date and up to the date when the Statement of Accounts is authorised for issue, which
- provides evidence of conditions that existed at the Balance Sheet date, an adjusting event occurs: the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event.
  - is indicative of conditions that arose after the Balance Sheet date: the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the accounts.
129. There are no non-adjusted events to report.
130. Events taking place after 14<sup>th</sup> April 2025 are not reflected in the financial statements or notes.

## SUPPLEMENTARY FINANCIAL STATEMENT

### Firefighters' Pension fund

1. Since 2006/07 Firefighters' pensions are paid out of a separate account into which the employee's contributions and an employer's contribution are paid. Any deficit on this account is made up by direct government grant.
2. A detailed explanation of the schemes can be found on pages 47-48, but although they are all statutory, national un-funded defined benefit schemes, they are administered locally by each Authority.
3. The financial arrangements for the schemes were established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.
4. The employer's contribution is borne by the General Fund for Council Tax Precept setting purposes.
5. Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by Home Office and subject to triennial revaluation by the Government Actuary's Department.
6. In accordance with the requirements of IAS19 the employer's contribution is replaced by the current service cost of pensions in the CIES, and reversed out again in the MiRS.
7. Although the scheme remains an un-funded one, Government has determined that this account is deemed a Pension Fund separate from the income and expenditure account and is thus reported on separately. As an un-funded scheme there are no assets and the difference between income and expenditure is met by the direct government grant.
8. The accounts are prepared in accordance with the same Code of Practice and accounting policies as outlined in the Statement of Accounting Policies set out on pages 16-25.
9. Any Government grant payable is paid in two instalments, 80% of the estimated annual amount at the start of the year, and the actual balance paid following completion of the accounts for the year.
10. The following Statement shows the income and expenditure for the year. It does not take account of liabilities to pay pensions and other benefits after the year end. These are calculated in accordance with IAS 19 and are included in the Balance Sheet on page 29 and detailed in the Notes to the Core Financial Statements on pages 49-58.

## Firefighters' Pension Fund Account

	2022/23 £'000	2023/24 £'000
<b>Contributions receivable</b>		
Fire & Rescue Authority		
Contributions in relation to pensionable pay	(3,671)	(3,848)
Other	(84)	(5)
Firefighters' Contributions	(1,642)	(1,723)
	<b>(5,397)</b>	<b>(5,576)</b>
Transfers in from other schemes	(189)	(35)
<b>Benefits Payable</b>		
Pensions	9,167	10,435
Commutations & lump sum retirement benefits	2,563	743
<b>Payments to and on account of leavers</b>		
Transfers out to other schemes	22	0
<b>Net amount payable for the year</b>	<b>6,166</b>	<b>5,567</b>
<b>Top-up grant payable by government</b>	(6,166)	(5,567)
	<b>0</b>	<b>0</b>

## Firefighters' Pension Fund Statement of Net Assets

The following balances are held in relation to the Pensions Fund.

	31-Mar-23 £'000	31-Mar-24 £'000
<b>Current Assets</b>		
Debtors		
Employer Contributions Due	73	78
Employee Contributions Due	35	36
Top Up receivable from the government	3,081	1,109
Prepayments		
Pensions paid in advance	743	884
Creditors		
Amounts due to General Fund	(3,932)	(2,107)
	<b>0</b>	<b>0</b>

## ANNUAL GOVERNANCE STATEMENT 2023/24

### 1. Scope of Responsibility

- 1.1 The Fire Authority (the Authority) has a statutory responsibility to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. To do this the Authority must ensure that proper arrangements exist for the governance of its affairs. This includes maintaining a sound system of internal control and ensuring that robust arrangements for the management of risk are in place.

### 2. The Purpose of the Governance Framework

- 2.1 Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
- 2.2 The system of internal control is designed to manage risk to a reasonable level (rather than to eliminate all risk). The Authority maintains a sound system to protect against risks and mitigate their impact. The systems are regularly reviewed and updated.

### 3. Key Elements of the Governance Framework and Internal Control System

- 3.1 The Authority has adopted a Code of Corporate Governance, which sets out how the Authority promotes good governance. A copy of the code is available at [hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx](http://hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx) or may be obtained from Hereford & Worcester Fire Authority Headquarters, Hindlip Park, Worcester, WR3 8SP.
- 3.2 The Authority has the following protocols and processes in place which demonstrate the core principles as required by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016:

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

- **Members' Code of Conduct and Registers of Interests** – a local Code of Conduct for all Members is in place and a Register of Financial Interests for each Member is published on the Authority's website.
- **Core Code of Ethics for Fire & Rescue Services** – the Authority has adopted the Core Code of Ethics for Fire and Rescue Services in England, which was developed in partnership by the National Fire Chiefs Council (NFCC), the Local Government Association and the Association of Police Crime Commissioners
- **Equality, Diversity & Inclusion Plan** – sets out the Authority's commitment to our equality objectives by being an inclusive organisation which recognises and diverse backgrounds, beliefs and needs of our staff and the communities we serve. There is an Equality, Diversity & Inclusion Officer in post and three Fire Authority Members are appointed as Equality, Diversity & Inclusion Champions
- **Code of Conduct for Staff and Register of Staff Interests** - requires employees to perform their duties with honesty, integrity, impartiality and objectivity.
- **Whistleblowing Policy** - in place for receiving and investigating complaints from staff and/or contractors.

- **Independent Staff reporting line** - The Authority has implemented an independent and confidential reporting line for staff concerns using 'Say So' – 0800 321 3546/ [www.say-so.co.uk](http://www.say-so.co.uk).
- **Complaints Systems** - in place for receiving and investigating complaints from the public. Anyone who feels unable to raise their concern via use the complaints process can alternatively contact Say-So Plus', a confidential online facility for members of the public. A procedure is also in place for complaints relating to alleged breaches of the Code of Conduct by Members.
- **Anti-Fraud, Bribery and Corruption Policy** – the Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside the organisation.
- **Monitoring Officer** - provides advice on the scope of the powers and responsibilities of the Authority. The Monitoring Officer has a statutory duty to ensure lawfulness and fairness of decision making and also to receive allegations of breaches of the Code of Conduct by Authority Members.

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement demonstrated through:**

- **Public Participation at Authority meetings** – members of the public can register to speak and raise any topic at full Authority meetings as long as it is relevant to the duties and power of the Fire Authority.
- **Public Consultation** - public consultation on the Community Risk Management Plan 2021-25 took place between 6 July 2020 and 25 September 2020. This included public focus groups and an on-line questionnaire sent to key stakeholders, including councillors, parish and town councils, libraries, housing associations and trusts, voluntary organisations, faith and community groups, as well as other fire and rescue services, emergency services and representative bodies. Further public consultation on changes to the Attendance Performance Measure was undertaken during 2022 and the outcomes were considered by the Authority in December 2022, resulting in changes to be implemented from April 2023. In January 2024 the Authority consulted on the proposed Resource Review and the results of this will be considered at the Authority's meeting in June 2024.
- **Internal engagement** – the Authority is committed to ensuring effective engagement with its staff. In addition to consultation and negotiation with recognised trade union bodies, for example via the Joint Consultative Committee (JCC), staff groups such as Women@HWFire and the Neurodiverse Staff Network provide forums for engagement with staff. . In 2023, the Service conducted a staff survey as well as commissioning an independent, external, Cultural Audit.
- **Active engagement with partners** – the Authority is represented on Local Strategic Partnerships, the Safer Roads Partnership and local Community Safety Partnerships. The Authority has also worked closely with West Mercia Police with regards to sharing buildings and assets and has set up a strategic alliance with Shropshire Fire and Rescue Service.

**Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits demonstrated through:**

- **Annual Service Review 2022/23** – assesses the performance of the Service during the last year and how the Authority delivered against the CRMP (below).
- **Annual Service Plan 2023/24** - incorporates the future outlook and objectives for the year.

- **Community Risk Management Plan 2021-2025 (CRMP)** – sets out how we will deliver sustainable services for our communities.
- **Core Strategies** - the Service has published core strategies for Prevention, Protection and Response showing how the commitments in the CRMP will be delivered. These have been reviewed and updated during 2022. They are complimented by enabling strategies such as the People Strategy.
- **Strategic Projects Programme** – a programme of major projects identified as being critical to the success of the organisation because they ensure its on-going resilience in the coming years. The projects in the programme include new fire stations, the roll out of vital new technology upgrades as part of national projects, and pivotal work with local partner organisations.
- **Fleet Strategy**– provides a structured approach to vehicle management that ensures the Authority continues to provide and maintain an effective fleet of vehicles to ensure that staff can undertake their jobs effectively.
- **Property Strategy**– to ensure premises are sustainable, safe and meet operational need
- **ICT Strategy** - provides a comprehensive picture of how the Authority will use ICT to support the services it provides
- **Environmental Sustainability Plan 2021-2025** – sets out how we will continue to improve the ways in which we use our resources to ensure the least harm to our environment
- **Resource Review** – public consultation undertaken January – March 2024. Outcomes due to be reported to the Fire Authority meeting June 2024.

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes demonstrated through:**

- **Performance Management Framework** – a comprehensive set of key performance indicators measures the quality of service for users. Performance is monitored on a quarterly basis by the Authority's Policy & Resources Committee and Strategic Leadership Board to ensure that services are delivered in accordance with the Authority's objectives and best use of resources.
- **Medium Term Financial Plan** - sets out the resources needed to deliver services.
- **Strategic Risk Register** - identifies controls to mitigate inherent identified risks and is monitored on an on-going basis with exception reporting to the Strategic Leadership Board and to the Audit & Standards Committee.
- **Departmental Risk Registers** - reviewed by managers on a quarterly basis.

**Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it demonstrated through:**

- **Constitution** - defines the roles and responsibilities of the Authority, Committees, Members and Officers and the protocols to be followed.
- **Fire Authority Members** – all new Members are provided with an induction and information is available for all Members to further develop fire-specific knowledge during their tenure.
- **Strategic Leadership Board (SLB)** – involves all Principal Officers and Assistant Directors in supporting the Chief Fire Officer to lead the Service.

- **Statutory Officers Group (SOG)** – involves the Principal Officers, Treasurer and Monitoring Officer who meet on a regular basis to review any matters arising from SLB relating to the governance of the organisation
- **People Strategy 2022 - 2025**- sets out how the Authority is supporting its workforce to become more resilient and diverse, to develop their skills and maximise their wellbeing at work.
- **Staff Development Process** – Individual Appraisals are in place for all staff to enable personal objectives to be set which contribute to the overall aims of the Authority. This process has been reviewed and updated during 2022/23. Competency training records and a course management system are also in place.

**Core Principle F: Managing risks and performance through robust internal control and strong public financial management demonstrated through:**

- **Audit & Standards Committee** - reviews arrangements for identifying and managing the Authority's business risks and the approval of policies in respect of the Authority's governance framework.
- **Chief Financial Officer (Treasurer)** - ensures the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with s.151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015. The Chief Financial Officer is also governed by professional standards set by CIPFA.
- **Risk Management Strategy** - ensures that the Authority identifies strategic risks and applies the most cost effective control mechanisms to manage those risks.
- **Business Continuity Plans** – these plans were implemented during the Covid-19 pandemic and in readiness for possible industrial action by firefighters to ensure the delivery of core functions.

**Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability demonstrated through:**

- **Transparency Information** - published on the website in accordance with the Local Government Transparency Code to **promote openness and accountability through reporting on local decision making, public spending and democratic processes.**
- **Agendas, minutes and decisions** – published on the website and includes the rationale and considerations on which decisions are based.
- **Internal Auditors** - Worcestershire Internal Audit Shared Service Audit Team provides the internal audit function for the Authority and reports quarterly to the Audit & Standards Committee.
- **External Auditors** - Grant Thornton UK LLP provides the external audit services to the Authority and reports regularly to the Audit & Standards Committee.
- **Annual Statement of Assurance** - provides staff, partners and local communities with an assurance that the Authority is doing everything it can to keep them safe and that it is providing value for money.
- **His Majesty's Inspectorate of Constabulary and Fire & Rescue Services** – provides an additional external perspective on the effectiveness and efficiency of services provided.

#### **4. Review of Effectiveness**

- 4.1 The Authority has prepared the Annual Governance Statement in accordance with the “Delivering Good Governance in Local Government Framework 2016” published by CIPFA/SOLACE. As part of the process the Audit & Standards Committee will consider the self-assessment review of its corporate governance arrangements against the CIPFA/SOLACE framework to ensure that the Authority’s governance arrangements are working correctly and are relevant to the current environment.
- 4.2 The Authority is satisfied that its financial management arrangements conform with the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government. In addition, the key financial systems are continually reviewed by the Internal Auditor. There were no major weaknesses identified in the 2023/24 financial year.
- 4.3 Budget Monitoring reports have been presented to the Policy and Resources Committee and have shown that the Authority’s finances continue to be well controlled. Budget pressures in the medium term are well understood and a report with options for future efficiencies will be brought forward for consideration at a future date.

#### **5. Significant Governance Issues**

- 5.1 Due to the delays to the 2021/22 Audit (which ultimately made no change to the Accounts) and consequential and sequential impacts, the 2022/23 Accounts were produced late and are not yet audited. This did not give rise to any underlying governance risks as the core Accounts were produced and out-turn duly reported. However, there will be a consequential impact on the production of the 2023/24 Statement of Accounts due to capacity, but this is expected to be minimal and back on track by 2024/25. Again, there are no underlying governance issues

[Signed on original]

[Signed on original]

**Jon Pryce**  
**Chief Fire Officer/Chief Executive**

**Cllr Kit Taylor**  
**Chairman of the Fire Authority**

**Date: 23<sup>rd</sup> April 2024**

## **GLOSSARY OF TERMS**

### **Accrual**

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

### **Asset Ceiling Adjustment**

Under IAS19 the accounting standard relating to pensions, a net asset restriction (or additional liability) may be imposed where the present value of the defined benefit obligation is less than the fair value of the plan assets as at 31<sup>st</sup> March. The surplus that can be recognised is the lower of the identified surplus or the asset ceiling”.

The asset ceiling is defined as the “present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan”. As no refunds are available from the LGPS scheme that the Authority is party to, the asset ceiling is limited to the economic benefit available as a reduction in future contributions. An additional liability must be recognised when agreed past service contributions are not available to the fund after they are paid (either as a refund or reduction in future contributions).

### **Capital Adjustment Account**

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

### **Capital Expenditure**

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

### **Capital Receipts**

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

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **Capital Financing Requirement**

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

### **Collection Fund Adjustment Account**

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

### **Council Tax**

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

### **Creditors**

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

### **Current Assets**

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

### **Current Liabilities**

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

**DCLG**

The Department of Communities and Local Government – the Government department which had responsibility for the Fire and Rescue Service until 5<sup>th</sup> January 2016. Responsibility for Fire then transferred to the Home Office.

**Debtors**

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

**Depreciation**

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

**Finance Lease**

Leases which transfer the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the non current assets in the balance sheet.

**Government Grants**

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

**Heritage Assets**

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

**Home Office**

The Government department with responsibility for the Fire and Rescue Service from 5<sup>th</sup> January 2016.

**Impairment**

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

**International Accounting Standards (IAS)****International Financial Accounting Standards (IFRS)****International Financial Reporting Interpretations Committee (IFRIC)**

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

**Long Term Borrowing**

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

**Minimum Revenue Provision (MRP)**

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

**Non Current Assets**

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

**Operating Lease**

Leases where the ownership of the asset remains with the lessor, and the annual rental is charged to the revenue account.

**Operational Assets**

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

**PCC**

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

**Revaluation Reserve**

Contains revaluation gains recognised since 1<sup>st</sup> June April 2007 only, the date of its formal implementation.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset. These costs may be charged as expenditure to the relevant service in the CIES in the year.

**Revenue Support Grant**

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

**RICS**

Royal Institution of Chartered Surveyors.

**Stocks**

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

**Useful Life**

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

**Virement**

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

**VPS**

Royal Institution of Chartered Surveyors – Valuation Technical and Performance Standard

**VPGA**

Royal Institution of Chartered Surveyors – Valuation Practice Global Alert.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEREFORD AND WORCESTER FIRE AUTHORITY**

## **Report on the Audit of the Financial Statements**

### **Disclaimer of opinion on the financial statements**

We were appointed to audit the financial statements of Hereford and Worcester Fire Authority (the 'Authority') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of material accounting policy information and include the Firefighters' Pension Fund statements comprising the Firefighters' Pension Fund Account, and the Firefighters' Pension Fund Statement of Net Assets. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Authority to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

In order for the Authority to have met this backstop date, the Authority should have published its draft financial statements by 16 January 2025 thereby still allowing local government electors their 30 working days for public inspection of the statements. The Authority published its unaudited financial statements on 16 April 2025. We have therefore not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that it publishes audited financial statements for the year ended 31 March 2024 as soon as reasonably practicable after the backstop date.

As a result, we were unable to determine whether any adjustments might have been identified in respect of recorded or unrecorded items within the financial statements.

### **Other information**

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for disclaimer of opinion section, we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except that on 19 February 2025 we made written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014. These were in respect of its governance arrangements and, in particular, the production of 'true and fair' draft financial statements in line with the statutory deadlines. We recommended that the Authority:

- should produce 'true and fair' draft financial statements for 2023-24 as soon as reasonably practicable (per section 4 of the Accounts and Audit (Amendment) Regulations 2024) and by a deadline to be agreed with the auditor;
- in future years must produce 'true and fair' draft financial statements which are signed off by its Treasurer in line with statutory requirements and deadlines; and
- should consider whether its Accounting System is fit for purpose if it prevents the production of draft financial statements before the prior year figures are fully audited.

## **Responsibilities of the Authority and the Treasurer**

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct and audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations.**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the Basis for disclaimer of opinion section of our report.

## **Report on other legal and regulatory matters**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter except that:

- we identified a significant weakness in the Authority's governance arrangements for the year ended 31 March 2024. This weakness was first identified in the 2022-23 Auditor's Annual Report and related to the significant delay to the production of the financial statements for the year ended 31 March 2023 after the statutory reporting deadline. The deadline for publishing the draft 2023-24 financial statements was 31 May 2024 with the Authority publishing its draft financial statements on 16 April 2025 resulting in it not being able to meet the statutory 'backstop date' of 28 February 2025 as referred to in the Basis for disclaimer of opinion section of this report. The Authority has therefore not responded to the significant weakness raised in 2022-23 in a timely or appropriate way. We have therefore made written recommendations under section 24 of the Local Audit and Accountability Act 2014 which are reported within 'Matters on which we are required to report by exception' section of this report.

## **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024 and related statutory guidance. We considered whether the Authority has proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

### **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Hereford and Worcester Fire Authority for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

## **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and Authority's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Signed on Original

Alex Walling, Key Audit Partner  
for and on behalf of Bishop Fleming LLP  
Chartered Accountants and Statutory Auditors

Bristol

26 June 2025