



Shropshire and Wrekin
Fire and Rescue Authority

Statement of Accounts

2023/24

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Narrative Report

Introduction

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

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

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

The County of Shropshire

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

Governance

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

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

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

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

Shropshire Fire and Rescue Service

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

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

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

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

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

The Legislative Framework

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

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

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

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

Operational Context

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

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

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

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

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

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

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

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

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

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

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

Our Performance

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

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

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

Financial Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

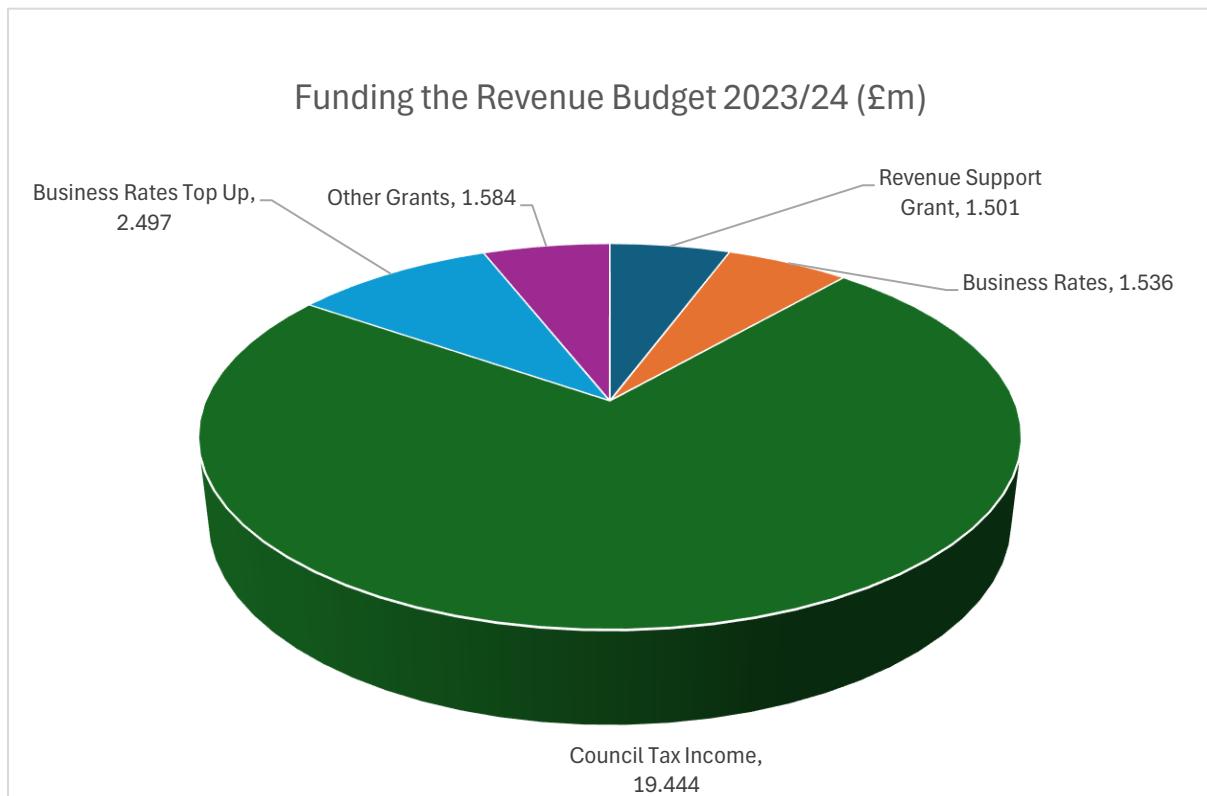
The Authority continues to monitor and review its strategic planning options and is well placed to react to future funding decisions.

Revenue Budget and Expenditure

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In February 2023, Shropshire and Wrekin Fire Authority approved a revenue budget of £26.562m for 2023/24. This budget quantified the Service's strategic and operational plans, and the further subdivision into business areas also enabled individual business plans to be quantified, and achievements monitored.

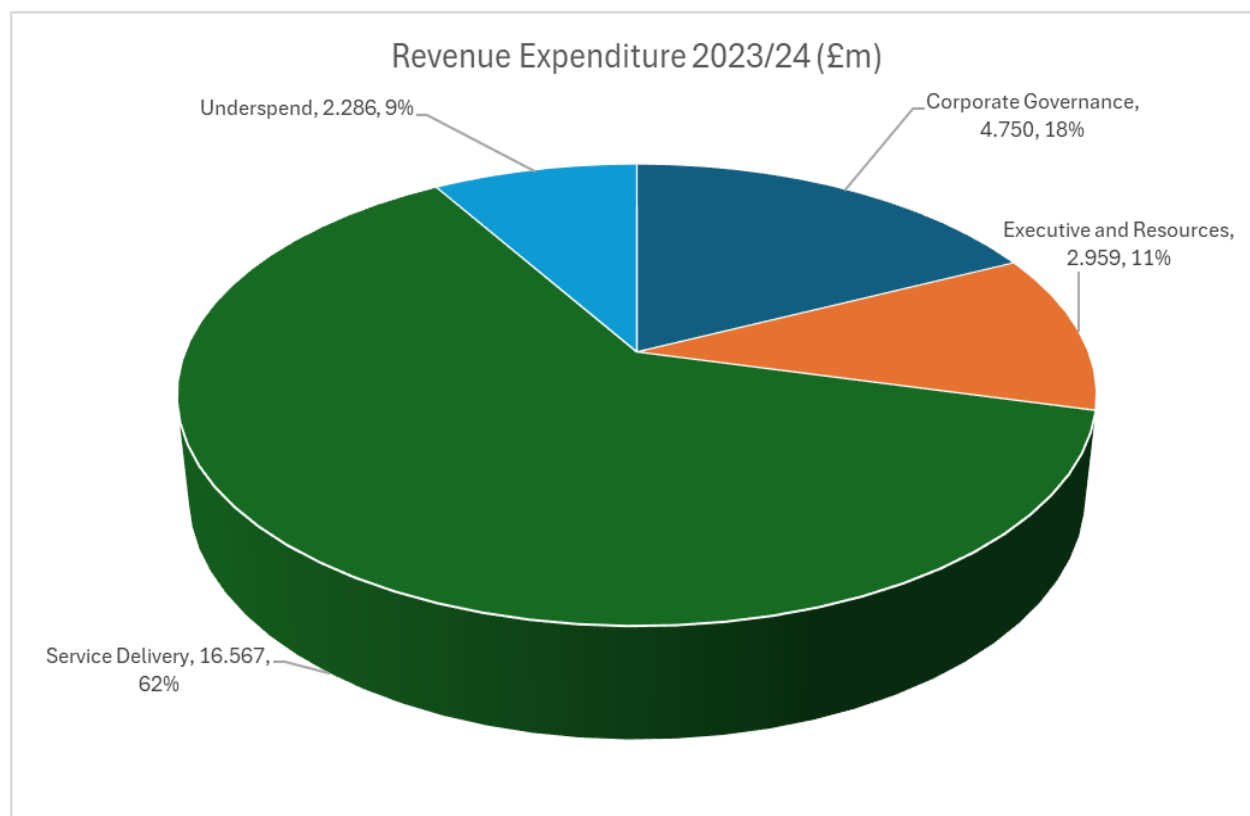
The revenue budget for 2023/24 was funded as follows:



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

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



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

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Slipped Income and Expenditure	£'000
Prevention initiatives	26
Protection grants and costs	31
Total	57

Income	£'000
Additional grant received	148
	148

Capital Expenditure

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

Scheme	£'000
Building Improvements	5,675
Vehicles and equipment	605
IT Infrastructure	229
Total	6,509

Expenditure on capital projects has been funded from:

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

Reserves - Overview of the Reserves Strategy

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

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

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

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

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

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

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

The Year Ahead

Potential transfer of governance - West Mercia Police and Crime Commissioner

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

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

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

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

Fire Alliance – Hereford and Worcester Fire and Rescue Authority

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

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

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

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

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

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

IRMP3 – major improvements at Telford

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

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

McCloud Sargeant – Age Discrimination case

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

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

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

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

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

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

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

Matthews – Modified 2006 Pension Scheme

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

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

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

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

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

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

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

Strategic Improvement Reviews

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

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

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

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

Resource review - This review is considering the Service's specialist capability including managing the threat from lithium batteries, working & rescues from height

and climate change. The review focusses particularly on flooding, water availability, and the increase in frequency of wildfire.

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

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

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

The Financial Statements

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

The purpose of these core financial statements is given below.

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

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

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

Balance Sheet - This shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are held in two categories:

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

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

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

Annual Governance Statement

Scope of Responsibility

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

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

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

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

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

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

The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Shropshire and Wrekin Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact, should they be realised, and to manage them efficiently, effectively and economically.

Annual Governance Statement

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

The Governance Framework

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

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

Review of Effectiveness

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

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

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

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

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

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

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

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

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

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

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

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

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

The Role of the Chief Financial Officer

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

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

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

The Chief Financial Officer's role is discharged through:

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

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

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

CIPFA Financial Management Code

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

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

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

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

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

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

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

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

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

Annual Governance Statement

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

Significant Internal Control Issues

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

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

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

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

People

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

Implementation of fitness support facilities via the refurbishment programme.

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

Processes

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

Systems/IT Infrastructure

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

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

Building Facilities

Annual Governance Statement

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

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

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

Appliances and Equipment

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

Collaboration

Oversee the replacement of the new Command and Control system.

Operations

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

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

Further Developments – 2024/25

In April 2024, a number of allegations were made against the Fire Authority and members of its leadership team. This led to senior members of staff being absent from the Service.

In line with the Authority's scheme of delegation, responsibilities were amended so that decision making and authorisation on behalf of the Service were delegated to the Assistant Chief Fire Officer (ACFO) Corporate Services, as the most senior role at that time.

In addition, some interim arrangements were put in place, to ensure that internal controls were maintained. These changes were approved by Service Management Team and communicated and agreed with the Chair and the Vice Chair of the Authority, and Internal Audit.

These changes included:

- Amendment of the Authority's bank signatories mandate to include the ACFO;
- Delegation of authorisation of invoices and orders to the Head of Finance, with a regular sign off by the ACFO;
- Virements previously approved by the Chief Fire Officer undertaken by the ACFO.

Investigations were undertaken as a result of the allegations made against senior officers and these have been completed. As a result of the investigations, a number of areas for consideration were identified:

- the Service and the Fire Authority must ensure that their policies and procedures reflect best practice and are fit for purpose;

Annual Governance Statement

- this review should include levels of decision making and delegation, across the Service and the Authority;
- these policies and procedures must be adhered to in relation to the investigation of complaints and disciplinary matters;
- greater assurance should be provided to all employees that complaints can be reported through the confidential reporting line, and will remain anonymous.

In June 2024, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook an inspection of the Service.

The inspection gave a rounded assessment of the Service, including how the operational service provides service to the public, how effective and efficient its use of resources is, and how well the service looks after its people.

The Service received one 'good' rating, three 'adequate' ratings, six 'requires improvement' ratings and one 'inadequate' rating.

Principal findings from assessment of the Service are:

- The service isn't managing its resources well, which is a cause of concern in relation to the scrutiny of financial decisions, transparency around the funding of capital projects, and performance management arrangements.
- The service needs to do more to improve its culture as, despite commissioning an independent review, it hasn't progressed any of the recommendations, and some behaviour isn't in line with service values
- The service hasn't made enough progress on equality, diversity and inclusion, and has issues with equality impact assessments and lack of confidence in processes tackling bullying, harassment and discrimination, and for promotion
- The service needs to do more to make sure it has the right skills and capacity to successfully manage change in the future, including in areas such as estates, information and communication technology (ICT) and project management.

Officers and members have accepted the findings of the inspection and a plan has been submitted to HMICFRS to demonstrate how the Service and the Authority will action its cause for concern, around making best use of resources.

The aim of the plan is to achieve the following outcomes:

- There are appropriate strategic oversight arrangements in place to manage risks, performance and improvements plans effectively
- The corporate risk register is actively used to mitigate and manage known risks
- There are effective processes in place to support performance management
- There is access to accurate data and analysis to support effective performance management

Annual Governance Statement

- The corporate risk register is actively used to mitigate and manage known risks
- There are effective processes in place to support performance management
- There is access to accurate data and analysis to support effective performance management
- There are robust processes for reporting accurate and suitably detailed finance and risk information to the Fire Authority.

In addition to the project management approach taken to the actions within the plan, governance and scrutiny will be achieved through monitoring and review by the Service Management Team, as well as quarterly updates to the Fire Authority and its committees.

The report highlights areas for improvement in a number of areas, including the Service's values and culture. It states that the Service should make sure all staff understand and demonstrate its values, and that senior managers are visible and demonstrate the Service's values through their behaviours.

All officers and members of the Service and the Fire Authority accept the findings of the HMICFRS' report and are committed to making the improvements that are required to restore confidence in the Service.

Signed:		
Cllr Roger Evans	Simon Hardiman	James Walton
Chair of Standards, Audit and Performance Committee	Chief Fire Officer	Treasurer

Statement of Responsibilities

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

Certificate of the Treasurer

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

TREASURER James Walton

Dated: 25 February 2025

The Authority's Responsibilities

The Authority is required:

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

Approved by the Authority

The Statement of Accounts was approved at a meeting of the Standards Audit and Performance Committee on 11 December 2024.

Chair of the Standards, Audit and Performance Committee

Dated:

- ★ A signed copy of the Statement is held at Brigade Headquarters

Independent auditor's report to the members of Shropshire and Wrekin Fire and Rescue Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Shropshire and Wrekin Fire and Rescue 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 significant accounting policies and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and notes to the Pension Fund Accounts. 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.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to

continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared 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.

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Fire and Rescue Services Act 2004, the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006).

We enquired of management and the Standards, Audit and Performance committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Standards, Audit and Performance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to manual journal entries which altered the Authority's financial performance and potential management bias in determining accounting estimates for the valuation of land and buildings and the pension fund liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on manual journal entries,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings and the pension fund liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than

the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls and significant accounting estimates related to the valuation of land and buildings and the pension fund liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

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 on 6 February 2025 we identified a significant weakness in the Authority's governance arrangements and arrangements for improving economy, efficiency and effectiveness. This was in relation to the findings of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) and the cause for concern raised in November 2024. We recommended that the Authority develop a comprehensive action plan to address the cause for concern and areas for improvement raised. We also recommended that progress on delivery should be reported publicly to Members regularly.

On 6 February 2025 we also identified three further significant weaknesses in the Authority's governance arrangements. These were in relation to:

- The Authority's leadership and culture as some of the Authority's leadership did not demonstrate appropriate behaviours and set an appropriate 'tone from the top' during 2023/24. We recommended that the Authority develop and implement an action plan to address the five

"Areas for Improvement" identified by HMICFRS' November 2024 inspection report under "Promoting the right values and culture". We also recommended that the Authority undertake a review of its leadership and 'tone from the top' and consider whether a wider review is required of its culture.

- The transparency of the Authority's decision making as value for money considerations in decisions which lead the Authority to incurring significant additional costs were not always documented and formally considered by Members. We recommended that the Authority ensure that key decisions are formally considered by Members of the Authority. We also recommended that this should include documented evidence of value for money considerations in decisions which lead to the Authority incurring significant additional costs.
- The capacity of the Authority's Statutory Officers to respond to the increasing demands on these roles. We recommended that the Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands on these roles.

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 undertake 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. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its 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 Shropshire and Wrekin Fire and Rescue Authority for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. 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 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard J J Anderson

Richard Anderson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham
26 February 2025

Statement of Accounting Policies

1 General Principles

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

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

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

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

2 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

3 Provisions

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

4 Council Tax and Non Domestic Rates (NDR)

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for

Statement of Accounting Policies

the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Council Tax Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

5 Contingent Liabilities

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

Contingent Assets

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

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

6 Reserves

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

The Authority holds the following reserves:

- **General Fund** – this is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the

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Authority are to be met, except to the extent that statutory rules might provide otherwise. Any balance of funds at the end of the year is held as a General Fund balance.

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

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- **Service Transformation Programme (STP) Staff Reserve** – the STP is a high level programme of activities, which will be completed to ensure that the Service is best placed to meet the challenges it is likely to face over the coming years. Funding for projects identified as part of the programme have been taken into account in the revenue budget and the capital programme. This reserve was set up to cover the staff elements of the projects.
- **Income Volatility Reserve** – A number of changes were introduced in 2013/14 which affected the way in which the Fire Authority is funded, and the levels of funding that will be achieved. This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Service Plan.
- **Service Delivery Reserve** – this reserve was set up to fund initiatives in service delivery and prevention.
- **Training Reserve** - there have been, and will continue to be, movements and changes in the structure of the Service, which will inevitably require additional training and development of staff. This reserve was created to enable this training and development to be carried out, without adding additional pressure to the revenue budget.
- **Operational Equipment Reserve** - this reserve was established to help provide some stability in this area of the revenue budget. Where a need for new equipment is identified, contributions can be made from the reserve, and any ongoing requirements for the equipment can be established.
- **Building Maintenance Reserve** - The revenue budget in this area is used to fund preventative or controlled maintenance in line with the Authority's Asset Management Plan, and also covers unexpected reactive maintenance. This reserve was created to deal with exceptional, unexpected repairs that do not require a regular revenue budget.

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

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- **Revaluation Reserve** – this replaced the Fixed Asset Replacement Account (FARA), and represents net gains on assets that have been revalued after 1 April 2007.
- **Capital Adjustment Account** – the opening balance on this account was created from the balances on the FARA and the Capital Financing Account. It reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- **Collection Fund Adjustment Account** – This account manages the differences arising from the recognition of income in the Comprehensive Income and Expenditure Statement as it falls due from the council tax payers and business rates payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Funds.
- **Accumulated Absences Account** – This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not yet taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to and from the account.

7

Employee Benefits

Benefits Payable During Employment

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

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

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

Termination Benefits

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

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officer or group of officers or making an offer to encourage voluntary redundancy.

Post Employment Benefits

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

Firefighters Pension Schemes

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

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

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

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

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

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

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

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

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

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

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

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

Accounting for Pensions

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

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs.

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- **Net Interest on the defined liability (asset)** – ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements** comprising:
 - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- **Contributions paid to the pension funds** – cash paid as employer's contributions to the pension schemes.

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

8 **Property Plant and Equipment**

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated

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with the item will flow to the Fire Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

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

Measurement

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

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

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

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

Valuation

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

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

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

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

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

Statement of Accounting Policies

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Statement of Accounting Policies

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

Depreciation is provided on the following bases:

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

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposal

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

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

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

Charges to Revenue for Non Current Assets

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

- Depreciation attributable to the assets used by each service

Statement of Accounting Policies

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

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

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into effect on 31 March 2008. These regulations updated the requirement to make provision for the repayment of debt (MRP).

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

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

9 Financial Assets

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

10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial

Statement of Accounting Policies

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

Fair Value Measurement

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

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

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

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

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

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

11 Inventories

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

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12 Investments

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

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

13 Government Grants

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

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital

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Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

14 Events after the Reporting Period

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

Core Financial Statements

Comprehensive Income and Expenditure Statement

2022/23				2023/24		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
9,904	-5	9,899	Executive and Resources	11,240	-124	11,116
4,188	-44	4,144	Corporate Governance	4,245	-47	4,198
16,716	-374	16,342	Service Delivery	14,863	-165	14,698
30,808	-423	30,385	Cost of Services – continuing operations	30,348	-336	30,012
		-54	Profit on disposal of non current assets			-42
		-54	Other Operating Expenditure			-42
		238	Interest payable and similar charges			234
		-272	Interest and investment income			-543
		8,013	Net interest on the net defined liability (note 5)			8,749
		7,979	Financing and Investment Income and Expenditure (note 6)			8,440
		-22,017	Precepts and Non Domestic Rates (note 7)			-23,368
		-4,333	Government Grants (notes 7 and 11)			-4,361
		-26,350	Taxation and Non Specific Grant Income (note 7)			-27,729
		11,960	Deficit on Provision of Services			10,681
		-2,272	Surplus arising on the revaluation of property plant and equipment			-930
		-112,028	Remeasurement of the net defined benefit liability (note 13/24)			-7,405
		-114,300	Other Comprehensive Income and Expenditure			-8,335
		-102,340	Total Comprehensive Income and Expenditure			2,346

Core Financial Statements

Movement in Reserves Statement

	Non Earmarked General Fund Balance £'000	Ear-marked General Fund Balance £'000	Total General Fund Balance £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2023	1,723	11,095	12,818	0	12,818	-157,808	-144,990
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure	-10,681	0	-10,681	0	-10,681	8,335	-2,346
Adjustments between accounting basis & funding basis under regulations (note 4)	11,423	0	11,423	0	11,423	-11,423	0
Increase/-Decrease in 2023/24	742	0	742	0	742	-3,088	-2,346
Balance as at 31 March 2024 cfwd	2,465	11,095	13,560	0	13,560	-160,896	-147,336
Transfers to/from Earmarked Reserves	-32	32	0	0	0	0	0
Balance as at 31 March 2024 cfwd	2,433	11,127	13,560	0	13,560	-160,896	-147,336

Note 25

Note 24

Core Financial Statements

Movement in Reserves Statement

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

Note 25

Note 24

Core Financial Statements

Balance Sheet

31 March 2022 Restated £'000	31 March 2023 Restated £'000		Note	31 March 2024 £'000
		Property Plant and Equipment		
25,679	27,570	Land and Buildings	16	27,610
6,391	7,388	Vehicles Plant Furniture and Equipment	16	6,852
32,070	34,958	Total Long Term Assets		34,462
538	342	Inventories	18	322
2,087	2,474	Short Term Debtors	19	2,377
9,000	6,000	Investments	17	1,000
7,293	4,762	Cash and Cash Equivalent	20	6,012
18,918	13,578	Total Current Assets		9,711
-3,424	-2,127	Short Term Creditors	21	-2,652
-880	-834	Grants Receipts in Advance - Revenue	22	-932
-163	0	Short Term Borrowing	17	-210
-4,467	-2,961	Current Liabilities		-3,794
-43	-149	Provisions	23	-83
-5,255	-5,255	Long Term Borrowing	17	-5,045
-288,553	-185,161	Pension Liability	24	-182,587
-293,851	-190,565	Long Term Liabilities		-187,715
-247,330	-144,990	Net Liabilities		-147,336
		Usable Reserves		
-1,153	-1,723	General Fund	25	-2,433
-577	-577	General Reserve	25	-456
-9,147	-6,634	Major Projects Capital Reserve	25	-6,813
-219	-219	Extreme Weather Reserve	25	-219
-687	-687	Pensions and Other Staff Issues Reserve	25	-677
-1,104	-834	ICT Reserve	25	-547
-27	-869	STP Staff Reserve	25	-809
-687	-687	Income Volatility Reserve	25	-687
-125	-118	Service Delivery Reserve	25	-9
-51	-13	Training Reserve	25	-127
-312	-300	Building Maintenance Reserve	25	-450
-213	-116	Operational Equipment Reserve	25	-275
0	-41	Usable Capital Receipts Reserve	25	-58
		Unusable Reserves		
-13,124	-14,648	Revaluation Reserve	24	-14,750
-13,854	-12,705	Capital Adjustment Account	24	-7,072
278,733	183,335	Fire Pensions Reserve	13/24	182,587
9,820	1,826	LGPS Pensions Reserve	13/24	0
-85	-170	Collection Fund Adjustment Account	24	-61
142	170	Accumulated Absences Account	24	192
247,330	144,990	Total Reserves		147,336

Signed by the Treasurer

Core Financial Statements

Cash Flow Statement

2022/23 £'000		2023/24 £'000
-11,960	Net surplus on the provision of services	-10,681
12,133	Adjustments to net surplus or deficit on the provision of services for non cash movements (see Note 27)	13,440
-34	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (see Note 28)	-309
139	Net cash flows from operating activities	2,450
-2,540	Investing Activities (see Note 29)	-1,509
-129	Financing Activities (see Note 30)	309
-2,530	Net increase or decrease in cash and cash equivalents	1,250
7,292	Cash and cash equivalents at the beginning of the period	4,762
4,762	Cash and cash equivalents at the end of the reporting period	6,012

1. ACCOUNTING POLICIES

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

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

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

IFRS16 Leases

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

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

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

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

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

Pensions Liability

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

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

Notes to the Core Financial Statements

Property Plant and Equipment

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

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

The carrying value of depreciating assets at 31 March 2024 is £27m. If the useful life of the assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £491k for every year that useful lives had to be reduced.

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

3. PRIOR YEAR ADJUSTMENT

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

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

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

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

Notes to the Core Financial Statements

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

4. EXPENDITURE AND FUNDING ANALYSIS

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

Notes to the Core Financial Statements

2023/24

	As reported for resource management	Adjustment to arrive at the net amount chargeable to the General Fund balance (Note 3a)	Net expenditure chargeable to the General Fund balance	Adjustments between funding and accounting basis (Note 4)	Net expenditure in the Comprehen- sive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Executive & Resources	2,959	3,263	6,222	4,894	11,116
Corporate Governance	4,752	0	4,752	-554	4,198
Service Delivery	16,566	0	16,566	-1,868	14,698
Net Cost of Services	24,277	3,263	27,540	2,472	30,012
Profit on disposal of non current assets		-135	-135	93	-42
Financing and Investment Income	0	-309	-309	8,749	8,440
Precepts and Grants	0	-27,838	-27,838	109	-27,729
Surplus (-) or Deficit	24,277	-25,019	-742	11,423	10,681
Opening General Fund balance			12,818		
Surplus / deficit on General Fund balance during year			742		
Closing General Fund balance			13,560		

Notes to the Core Financial Statements

2022/23

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

Notes to the Core Financial Statements

4a Note to the Expenditure and Funding Analysis

2023/24

	Adjustments to arrive at amount chargeable to General Fund	Adjust- ment for capital purposes	Net change for the Pensions Account	Other differ- ences	Total adjustment between funding and accounting basis £'000
	£'000	£'000	£'000	£'000	£'000
Conts to reserves	1,691				
External interest	-234				
Invest income	543				
Government grant	1,128				
Capital grant	0				
Disposals income	135				
Total	3,263				
External interest	234				
Investment income	-543				
Precept and grants	-27,729				
MRP		-260			-260
Depreciation		2,677			2,677
Impairment		5,165			5,165
Profit on disposal of non current assets		93			93
Capital grant		0			0
Capital from revenue		-1,214			-1,214
Pensions			4,831		4,831
Collection fund				109	109
Accumulated Absences				22	22
Total	-24,775	6,461	4,831	131	11,423

Notes to the Core Financial Statements

2022/23

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

Notes to the Core Financial Statements

4b Expenditure and Income Analysed by Nature

2022/23 £'000 Restated		2023/24 £'000
	Expenditure	
27,472	Employee benefit expenses	24,661
6,446	Other service expenses	6,552
4,849	Depreciation and impairment	7,842
238	Interest payments	234
39,005	Total Expenditure	39,289
	Income	
-423	Fees and charges and other service income	-336
-22,017	Income from council tax and business rates	-23,368
-4,333	Government grant and contributions	-4,361
-272	Interest and investment income	-543
-27,045	Total Income	-28,608
11,960	Total Net Expenditure	10,681

Notes to the Core Financial Statements

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

Notes to the Core Financial Statements

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

Notes to the Core Financial Statements

6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

7. TAXATION AND NON SPECIFIC GRANT INCOME

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

*see also note 11

8. MEMBERS' ALLOWANCES

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

	2023/24 £'000	2022/23 £'000
Allowances	89	86
Expenses	0	0
Total	89	86

Notes to the Core Financial Statements

9. OFFICERS REMUNERATION

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

Remuneration band	Number of Employees	
	2023/24	2022/23
£50,000 - £54,999	29	16
£55,000 - £59,999	11	15
£60,000 - £64,999	18	7
£65,000 - £69,999	8	4
£70,000 - £74,999	4	1
£75,000 - £79,999	1	2
£80,000 - £84,999	2	1
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	1	0
£100,000 - £104,999	0	2
£105,000 - £109,999	0	1
£110,000 - £114,999	1	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	1	0

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

2023/24

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

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

Notes to the Core Financial Statements

Assistant Chief Fire Officer – Service Delivery (Oct 23 to March 24)	54,320		54,320	15,638	69,958
Head of Transformation and Collaboration	82,953		82,953	23,891	106,844
Head of Transformation and Collaboration (Dec 23 to March 24)	23,909		23,909	6,761	30,671
Head of Operations and Risk Management (April 23 to Sept 23)	42,750		42,750	11,801	54,551
Head of Operations and Risk Management (Dec 23 to March 24)	23,477		23,477	6,445	29,922
Group Manager- Transformation and Collaboration (April 23 to Dec 23)	50,821		50,821	14,370	65,191
Group Manager – Shropshire Rural	64,743		64,743	18,646	83,389
Group Manager – Projects	64,662		64,662	9,814	74,477
Group Manager - Prevention	73,057		73,057	17,975	91,032
Group Manager – NFCC Secondment	71,522		71,522	20,598	92,120
Group Manager – Shrewsbury, Telford and Wrekin	66,924		66,924	18,284	85,207
Group Manager – Operations (April 23 to Dec 23)	51,703		51,703	14,789	66,493
Group Manager – Operations (Jan 24 to Mar 24)	16,061		16,061	4,954	21,015
Group Manager – Operational Training and Development (April 23 to Dec 23)	54,918		54,918	15,387	70,304
Group Manager – Operational Training and Development (Oct 23 to Mar 24)	30,315		30,315	8,390	38,706
Head of Service Delivery	80,810		80,810	22,252	103,062
Head of Resources	67,160	887	68,047	11,417	79,464
Head of Human Resources and Administration	67,160		67,160	11,417	78,577
Head of Finance (pro rata)	60,881		60,881	10,343	71,224
Planning and Performance Manager (April 23 to Aug 23)	22,926		22,926	3,897	26,823
Service Project Manager (Sept 23 to Mar 24)	36,490		36,490	6,203	42,694
Station Manager - Training (April 23 to Oct 23)	32,765		32,765	9,436	42,201

Notes to the Core Financial Statements

ICT Manager	52,302		52,302	8,891	61,193
Station Manager - Workplace Development	62,308		62,308	17,843	80,151
Station Manager - Rural North	62,872		62,872	13,716	76,588
Station Manager - Operational Response	64,357		64,357	17,826	82,184
Station Manager - Rural West	61,897		61,897	17,826	79,723
Station Manager - Operational Response	64,522		64,522	17,826	82,348
Station Manager - Rural South	62,702		62,702	17,865	80,566
Station Manager - Wellington	62,357		62,357	17,826	80,184
Station Manager - Telford	62,123		62,123	17,891	80,015
Station Manager - Shrewsbury	63,791		63,791	17,826	81,617
Group Manager Control - Alliance	51,711		51,711	8,791	60,502

2022/23

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

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

Notes to the Core Financial Statements

Group Manager – Operations	70,451	0	70,451	20,259	90,710
Group Manager – Operational Training and Development	68,012	0	68,012	19,499	87,511
Head of Service Delivery (April 22 to Dec 22)	59,169	5,798	64,967	16,955	81,922
Head of Service Delivery (Jan 23 to Mar 23)	18,044	0	18,044	4,958	23,002
Group Manager – Shrewsbury, Telford and Wrekin (Apr 22 to Dec 22)	50,760	0	50,760	13,966	64,726
Group Manager – Shrewsbury, Telford and Wrekin (Jan 23 to Mar 23)	15,398	0	15,398	4,280	19,678
Head of Resources	64,652	714	65,366	10,991	76,357
Head of Human Resources and Administration	64,652	0	64,652	10,991	75,643
Head of Finance (pro rata)	52,595	0	52,595	8,941	61,536
Planning and Performance Manager	52,967	0	52,967	9,004	61,971

10. EXTERNAL AUDIT COSTS

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

	2023/24 £'000	2022/23 £'000
Fees paid with regard to external audit services carried out by the appointed auditor for the year	92	27
Uplift of fees on previous year charges*	9	15
Total Audit Fees	101	42

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

Notes to the Core Financial Statements

11. GRANT INCOME

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

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

12. RELATED PARTIES

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

Central Government

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

Notes to the Core Financial Statements

Members

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

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

Officers

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

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

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

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

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

13. PARTICIPATION IN PENSION SCHEMES

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

The Fire Authority participates in four pension schemes:

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

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

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

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

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

Impact of McCloud / Sargeant ruling on pension accounts disclosure

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the

Notes to the Core Financial Statements

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

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

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

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

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

Impact of Matthews ruling on pension accounts disclosure

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

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

Notes to the Core Financial Statements

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

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

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

Asset Ceiling

Measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and 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 there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14.

At 31st March 2024 the estimated present value of minimum funding contributions exceed the estimated present value of future service costs and therefore there is deemed to be no economic benefit and the asset ceiling is calculated as £nil.

The adjustment to the defined benefit plan asset as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Transactions Relating to Retirement Benefits

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

Notes to the Core Financial Statements

	Shropshire County Pension Fund		Fire Pension Schemes				
	2023/24 £'000	2022/23 £'000	'1992' 2023/24 £'000	'2006' 2023/24 £'000	'2015' 2023/24 £'000	Total 2023/24 £'000	Total 2022/23 £'000
Comprehensive I&E Statement							
Cost of Services:							
Service cost comprising:							
Current service cost	585	1,224	334	0	2,088	2,422	5,930
Past service cost	0	0	0	65	0	65	140
Financing and Investment Income and Expenditure:							
Net Interest Expense	74	267	7,299	957	392	8,648	7,721
Administration Cost	27	25	0	0	0	0	0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	686	1,516	7,633	1,022	2,480	11,135	13,791
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:							
Remeasurements (assets)	-1,394	-2	-4,168	-869	-457	-5,494	0
Remeasurements (liabilities)	-847	-8,907					-103,119
Impact of asset ceiling	330	0	0	0	0	0	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	-1,911	-8,909	-4,168	-869	-457	-5,494	-103,119
Movement in Reserves Statement							
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-686	-1,516	7,633	1,022	2,480	11,135	-13,791

Notes to the Core Financial Statements

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

Pension Assets and Liabilities Recognised in the Balance Sheet

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

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

Notes to the Core Financial Statements

Assets and Liabilities in Relation to Post-employment Benefits

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

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

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

	Shropshire County Pension Fund	
	2023/24 £'000	2022/23 £'000
Opening balance 1 April	19,424	18,897
Interest income	939	529
Administration cost	-27	-25
Remeasurements (assets)	1,394	2
Employer contributions	600	601
Contributions by scheme participants	219	200
Benefits paid	-549	-780
	22,000	19,424
Impact of asset ceiling	-330	0
Closing balance 31 March	21,670	19,424

Notes to the Core Financial Statements

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

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

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

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Fire Schemes and the Shropshire County Pension Fund liabilities have been assessed by Mercers, an independent firm of actuaries, with estimates for the Shropshire County Pension Fund incorporating the outcomes of the 2016 actuarial valuation.

The principal assumptions used by the actuary have been:

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

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

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some or all of the

Notes to the Core Financial Statements

assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used for the previous period.

Impact on the Defined Benefit Obligation in the Schemes

	Shropshire County Pension Fund		Fire Pension Schemes	
	Increase in assumption £'000	Decrease in assumption £'000	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease in one year)	475	-475	4,063	-4,063
Rate of inflation (increase or decrease by 0.1%)	902	-902	8,032	-8,032
Rate of increase in salaries (increase or decrease by 0.1%)	206	-206	1,762	-1,762
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	-1,698	1,698	-14,362	14,362
Level of investment returns on assets (increase or decrease by 1%)	221	-221	-	-

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

	31 March 2024 £'000	31 March 2024 %	31 March 2023 £'000	31 March 2023 %
Equity investments	12,439	56.5	9,947	51.2
Bonds	3,210	14.6	3,640	18.7
Property	774	3.5	645	3.3
Private equity	1,806	8.2	1,731	8.9
Infrastructure	1,373	6.2	1,245	6.5
Hedge funds	926	4.2	1,278	6.6
Other assets	1,472	6.8	938	4.8
	22,000	100.0	19,424	100.0

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

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

Notes to the Core Financial Statements

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

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

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

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

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

14. CONTINGENT LIABILITIES AND ASSETS

Pensions

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

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

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

Notes to the Core Financial Statements

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

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

Financial and contribution data was provided to WYPF for all active and deferred members to allow them to provide an annual benefit statements by the agreed timescale of 31st August 2024. However, WYPF have advised that this statutory deadline has not been met and this breach has been reported to The Pensions Regulator.

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

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

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

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

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

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

Further information can be found on page 13.

Staff Issues

A number of senior officers left or resigned from the Service during 2023/24. In April 2024, a number of allegations were made against the Fire Authority and members of

Notes to the Core Financial Statements

its leadership team; this led to senior members of staff being absent from the Service.

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

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

CONTINGENT ASSET

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

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

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

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

15. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

Notes to the Core Financial Statements

16. PROPERTY PLANT AND EQUIPMENT

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

Notes to the Core Financial Statements

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

Depreciation

Depreciation is provided on the following bases:

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

Notes to the Core Financial Statements

Capital Commitments

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

The commitments were:

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

Similar commitments at 31 March 2023 were £10.334m.

Revaluations

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

The valuations have been undertaken on the following assumptions:-

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

Notes to the Core Financial Statements

Items within a class of property plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. As the Authority only holds one class of asset, all land and buildings are revalued each year.

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

Valuation of Non Current Assets carried at Current Value

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

17. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Cash and cash equivalents				
Cash and bank accounts	0	0	12	-38
Short term deposits with bank	0	0	6,000	4,800
Short term deposits with local authorities	0	0		0
Total cash and cash equivalents	0	0	6,012	4,762
Investments				
Investments with bank	0	0	1,000	3,000
Investments with local authorities	0	0	0	3,000
Investments with DMO	0	0	0	
Total investments	0	0	1,000	6,000
Debtors				
Financial assets carried at amortised cost	0	0	988	1,201
Total debtors	0	0	988	1,201

Notes to the Core Financial Statements

	Long Term		Current	
	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000
Borrowings				
Financial liabilities at amortised cost	5,045	5,255	210	0
Total borrowings	5,045	5,255	210	0
Creditors				
*Financial liabilities carried at amortised cost	0	0	1,392	983
Total creditors	0	0	1,392	983

Income, Expense, Gains and Losses

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

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

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

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

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

Notes to the Core Financial Statements

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

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

Fair Values of Assets and Liabilities

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

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

The fair values calculated are as followed:

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

Notes to the Core Financial Statements

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

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

18. INVENTORIES

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

Notes to the Core Financial Statements

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

19. DEBTORS

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

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

20. CASH AND CASH EQUIVALENTS

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

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

Notes to the Core Financial Statements

21. CREDITORS

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

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

22. GRANTS RECEIPTS IN ADVANCE - REVENUE

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

	31 March 2024 £'000	31 March 2023 £'000
Balance at 1 April	834	880
Movement during year	98	-46
Balance as at 31 March	932	834

23. PROVISION – NNDR APPEALS

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

	31 March 2024 £'000	31 March 2023 £'000
Balance at 1 April	149	43
Movement during year	-66	106
Balance as at 31 March	83	149

Notes to the Core Financial Statements

24. UNUSABLE RESERVES

31 March 2023 £'000		31 March 2024 £'000
14,648	Revaluation Reserve	14,750
12,705	Capital Adjustment Account	7,072
-1,826	LGPS Pensions Reserve	0
-183,335	Fire Pensions Reserve	-182,587
170	Collection Fund Adjustment Account	61
-170	Accumulated Absences Account	-192
-157,808	Total Unusable Reserves	-160,896

Revaluation Reserve

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

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

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

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

Notes to the Core Financial Statements

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairments losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

Notes to the Core Financial Statements

Pensions Reserves

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

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

2022/23 £'000				2023/24 £'000		
Fire	LGPS	Total		Fire	LGPS	Total
278,733	9,820	288,553	Balance at 1 April	183,335	1,826	185,161
-103,119	-8,909	-112,028	Actuarial gains or losses on pensions assets and liabilities Impact of asset ceiling	-5,494	-2,241 330	-7,735 0
13,791	1,516	15,307	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	11,136	685	11,821
-6,070	-601	-6,671	Employer's pension contributions and direct payments to pensioners payable in the year	-6,390	-600	-6,990
183,335	1,826	185,161	Balance at 31 March	182,587	0	182,587

Notes to the Core Financial Statements

Collection Fund Adjustment Account

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

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

Accumulated Absences Account

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

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

Notes to the Core Financial Statements

25. USABLE RESERVES

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

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

Transfers To / From Earmarked Reserves

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

Notes to the Core Financial Statements

26. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

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

Notes to the Core Financial Statements

27. CASH FLOW STATEMENT – NON CASH ITEMS

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

28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2022/23 £'000		2023/24 £'000
272	Interest received	543
-238	Interest paid	-234
34	Net Interest	309

29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

Notes to the Core Financial Statements

30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

Pension Fund Accounts

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

Pension Fund Accounts

Net Assets Statement as at 31 March 2024

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

Notes to the Pension Fund Accounts

- 1. Firefighters Pension Schemes** – on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes. The Pension fund was established under the Firefighters Pension Fund Regulations 2006.
The Firefighters' Pension Scheme 2015 was introduced at the beginning of the financial year. This is a career average scheme, and is available to operational firefighters appointed on or after 1 April 2015. Serving firefighters will also have been transferred into the scheme, unless they have protected status under one of the existing schemes. The scheme is regulated by the Home Office.
- 2.** The Pension Fund is regulated by Home Office, and the pension schemes are managed and administered locally by each Fire Authority. Both are unfunded, defined benefit schemes; contributions to the schemes are made by firefighters and employers, and paid into the Fund, from which most commutations and regular pension payments are made. Any deficit on the Fund will be met by Government, and any surplus at the end of the year will be repaid to Government.
- 3.** The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end; information on the Authority's long term pensions obligations can be found at note 13 to the main financial statements.
- 4.** Employees and employers contribution levels are set nationally by the Home Office and subject to triennial revaluation by the Government's Actuary Department.
- 5.** The accounts are prepared in accordance with the same Code of Practice and accounting policies as the main financial statements – they can be found at page 33.

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.

Capital Adjustment Account

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

Capital Expenditure

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

Capital Receipts

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Capital Financing Requirement

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

Collection Fund Adjustment Account

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

Corporate and Democratic Core

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

Council Tax

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

Creditors

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

Current Assets

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

Current Liabilities

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

Glossary of Terms

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.

Government Grants

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

Heritage Assets

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

Home Office

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

Impairment

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

International Accounting Standards (IAS)

International Financial Accounting Standards (IFRS)

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

Long Term Borrowing

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

Minimum Revenue Provision (MRP)

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

Non Current Assets

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

Operational Assets

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

PCC

The Police and Crime Commissioner – this is a directly elected role which oversees policing and ensures that police forces are effective. The Police and Crime Act 2017

Glossary of Terms

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 April 2007 only, the date of its formal implementation.

Revenue Support Grant

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

Stocks

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

Useful Life

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

Virement

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