



AVON
FIRE & RESCUE

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2021-2022 Draft Statement of Accounts and Narrative Report

PREVENTING PROTECTING RESPONDING

Avon Fire Authority

Statement of Accounts 2021/2022

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2021/2022 Narrative Report

A) Introduction

Avon Fire & Rescue Service (AF&RS) provides emergency, Prevention, Protection and Response services to the communities of Bath and North-East Somerset, Bristol, North Somerset and South Gloucestershire. We are committed to providing a safer place for people to live, work and visit across the area made up of 132,609 hectares and a residential population of more than 1.1 million people, living in over 480,000 homes. We also provide the same services for millions of visitors and those that travel through our area each year.

i) Our role:

Our primary role is to provide an effective, efficient and economic fire and rescue service which meets the public's expectations, our legislative requirements and is delivered by safe, professional and well-trained staff.

While firefighting has traditionally been at the forefront of our work, the role of a modern fire and rescue service has increased to cover the core functions of 'Preventing', 'Protecting' and 'Responding'. A lot of our work now focuses on how we can prevent accidents and emergencies from happening in the first place, as we believe this is the best way to protect our communities. We do this by providing advice and education through events, visits, campaigns and partnership working, such as with the South West Emergency Services Collaboration Forum, the Avon and Somerset Local Resilience Forum and the West of England One Public Estate programme. More information about our collaboration activities is available in our Collaboration Strategy 2021-2026 on our website: [Document Collaboration Strategy - Modern Council \(moderngov.co.uk\)](https://www.moderngov.co.uk/document/collaboration-strategy-modern-council)

ii) Our Service Plan:



Following extensive consultation with local communities, stakeholders and staff, our refreshed Service Plan 2022-2025 was approved by the Fire Authority and published on the 30th March 2022 and sets out our mission to improve public safety through Prevention, Protection, Response and Resilience.

This Service Plan is our contract with the public and outlines how we will deliver continuous improvement to the Service; the latest Service Plan is available on our website:

[Library folder - Service Documents - Service Plan](#)

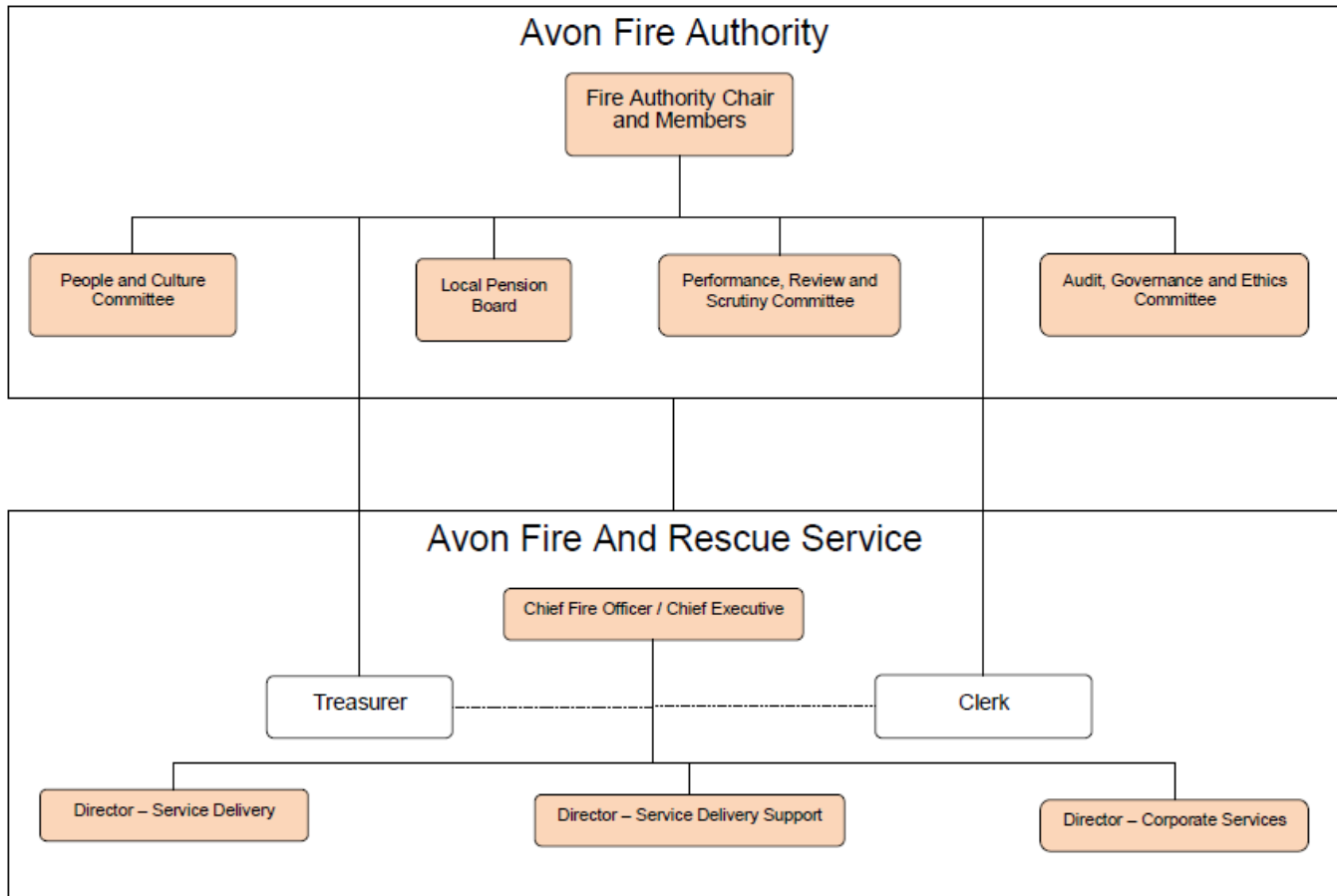
[IRMP - Modern Council \(moderngov.co.uk\)](#)

It clearly articulates our two Priorities of ***Making our Communities Safer*** and ***Making Our Service Stronger***.

iii) The Fire Authority:

Avon Fire Authority is responsible for ensuring that it delivers its services in accordance with the prevailing legislation, regulations and Government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and adhered to by all those working for and with the Authority. This will ensure the services provided to the people of Avon are delivered efficiently, effectively and fairly and that public money is used wisely, is properly accounted for and achieves optimum Value for Money.

The Fire Authority is committed to continuously improving its services to meet the needs of the public, reviewing and developing what it does and consulting with the public about its activities on a regular basis. In discharging these responsibilities, the Authority is required to ensure that appropriate arrangements are put in place for the control and management of its business affairs, Service performance, finances and for the management of the key risks the organisation faces.



iv) The Fire and Rescue Service:

The Service is led by the Chief Fire Officer / Chief Executive with the support of the Service Leadership Board (SLB), which consists of the most senior executive officers of the Service, supported by the Treasurer and the Clerk. The SLB has overall responsibility for the organisation's strategic direction, leadership, strategic financial planning and decision making. The Board considers strategic, legal, operational and financial issues and risk. It has overall responsibility for management of the organisation, the establishment of strategy, direction-setting and both capital and revenue requirements. The SLB monitors and oversees Service operations, ensuring competent and prudent management, good governance, sound planning and suitable procedures for the maintenance of adequate systems of internal control and for compliance with statutory and regulatory obligations.

The Service Leadership Team (SLT) provides day to day leadership and management for the Service, overseeing a working environment which supports the effective achievement of goals and priorities (both operational and non-operational), maintains all necessary standards of compliance and good practice, and ensures that the Service is a great place to work. The SLT

has delegated responsibility for developing and delivering against the Service Plan, as well as other supporting Service strategies, action plans and budgets.

B) Governance & Assurance

The Governance and Assurance Framework 2021-2023 explains how the Fire Authority delivers good governance and how it reviews the effectiveness of its governance arrangements. It can be viewed on our website:

[Document Governance and Assurance Framework 2021-2023 - Modern Council \(moderngov.co.uk\)](https://moderngov.co.uk)

The following key documents and processes exist to support the Governance & Assurance of the organisation:

i) Annual Governance Statement

Under the Accounts and Audit Regulations 2015, the Fire Authority is required to produce an Annual Governance Statement. This document sets out a framework by which the Fire Authority's internal systems and processes are directed and controlled. 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 cost-effective services. The draft Annual Governance Statement 2021/2022 will be presented to the Audit, Governance and Ethics Committee (AGEC) at the meeting on the 22 September, with the final Statement being presented at the AGEC meeting on the 22 November 2022. A copy of the 2020/2021 Governance Statement can be viewed on our website:

[Documents - Corporate Governance & Assurance - Avon Fire & Rescue Service](#)

ii) Statement of Assurance

The Fire and Rescue National Framework for England, published in May 2018, sets out the requirement for all Fire and Rescue Authorities in England to publish an annual statement of assurance to cover financial, governance and operational matters. A copy of the 2021/2022 Statement of Assurance can be viewed on our website:

<https://www.avonfire.gov.uk/documents/category/158-corporate-governance-assurance>

iii) Fire and Rescue Service Inspections

The Service has committed to achieving an Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) rating of 'Good' across all three pillars of effectiveness, efficiency and people. To do this, we are addressing the findings of the HMICFRS report published on 15 December 2021 by assigning responsibility, actions and timescales to all concerns raised within the report. We will continue to commit resources to co-ordinate and report progress to the Service Leadership Team (SLT), the Fire Authority and HMICFRS. Our 2022 Action Plan in response to HMICFRS's findings can be viewed on our website:

<https://www.avonfire.gov.uk/documents/category/214-hmicfrs-inspection>

C)Performance

Organisational Performance

Despite the continued challenges of the Covid-19 pandemic, AF&RS continues to make excellent progress in lowering risk in our community by reducing the number and impact of incidents attended. We have met the reduction targets for all our fire incident indicators and are just off target for reducing attendance at alarms in commercial buildings. Each incident that is prevented represents a reduction of risk in our community. Overall, we received 20,979 calls for emergency assistance compared to 17,894 last year and attended 10,223 compared to 9,049 last year. This is an increase of 17% for emergency calls and 13% for attended calls. Despite this increase in calls, we exceeded our targets for response standards across each of the three key response criteria (emergency critical, emergency non-critical and non-emergency).

We are committed to doing all that we can to make our community safer and our Service stronger. We continue to analyse our data to show us what additional interventions and initiatives we can take.

Our Performance Report published on our website gives full information about our progress against our targets: <https://www.avonfire.gov.uk/documents/category/66-performance-reports>

A summary of the service provided to our communities can be seen in the diagram below.



IN 2021/22, DESPITE THE PANDEMIC, AVON FIRE & RESCUE SERVICE

HANDLED **20,979** **EMERGENCY** CALLS 

RESPONDED TO  **15,369** INCIDENTS

WAS CALLED TO
521
FIRES IN THE HOME



RESCUED
768



PEOPLE FROM
FIRE  AND OTHER
EMERGENCIES

FITTED **4,430**
SMOKE  **ALARMS**

CARRIED OUT
3,871



FIRE SAFETY
VISITS
IN THE HOME

ENGAGED WITH
3,113
BUSINESSES



TO PROVIDE
ADVICE

COVERED
2,195



DRIVING
AMBULANCES



REDUCED OUR
CARBON EMISSIONS BY

20.8%



ATTENDED
430



VEHICLE
FIRES

WAS CALLED TO
535 **ROAD TRAFFIC**
COLLISIONS



RESCUED

55



PEOPLE FROM
WATER

WE ARE HERE
TO HELP



24 HOURS
A DAY

SEVEN DAYS
A WEEK



365 DAYS
A YEAR

ALL FOR ONLY



A DAY

FOR EACH
PERSON



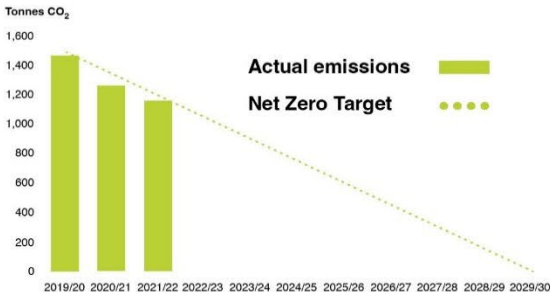
IN
AVON

Environmental Performance 2021/22

Environmental performance
Avon Fire & Rescue Service 2022

20.8%
reduction in carbon emissions

Carbon emissions on track towards our Net Zero by 2030 goal: By 2021/22 we've reduced our carbon emissions by 20.8% against the target of 20% (compared to 2019/20)



12

electric vehicles now on the Avon Fire & Rescue Service fleet, with 2 Community Fire Safety vans and 10 station and pool cars.

Ecologically sensitive areas (Sites of Special Scientific Interest) incorporated as a new mapping layer on MDTs.

97
SSSIs mapped

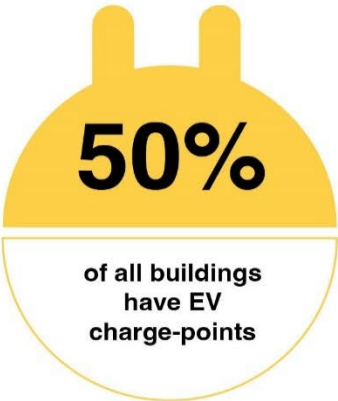


All buildings supplied by 100% renewable electricity

'No Mow May' implemented across our sites



Winners of the national Clean Energy Awards for our grant-funded low carbon & renewable energy installations



77% of staff have completed the Environment Matters e-learning module



£823,670

Public Sector Decarbonisation Scheme funding: for 9 solar PV, 3 Air Source Heat Pump and 3 battery storage systems, plus energy efficiency measures such as insulation and LED lighting.

EV = Electric Vehicles, PV = Photovoltaic system, MDTs = Mobile Data Terminals

D) Transformation Programme

Transformation is a three-year programme of interlinked projects designed to review, develop and improve the Service's policies, processes and systems, using technology more effectively to maximise efficiency. Due to labour market issues, there were delays with recruitment to the digital arm of the programme, with the programme then being extended until April 2024 to ensure the objectives are met without incurring further cost. Despite these delays, significant progress has been made with key IT projects, as well as several policies and processes which have already started to realise efficacies and benefits for the Service. For instance, considerable progress has been made with developing Microsoft Teams as a vital communication tool across the Service. It is expected that progress will accelerate in 2022-2023, assisting with delivering the changes required to continue to make our Service stronger and communities safer.

E) Financial Performance

i) Financial Overview:

The key financial matters arising from the 2021/2022 Statement of Accounts are:

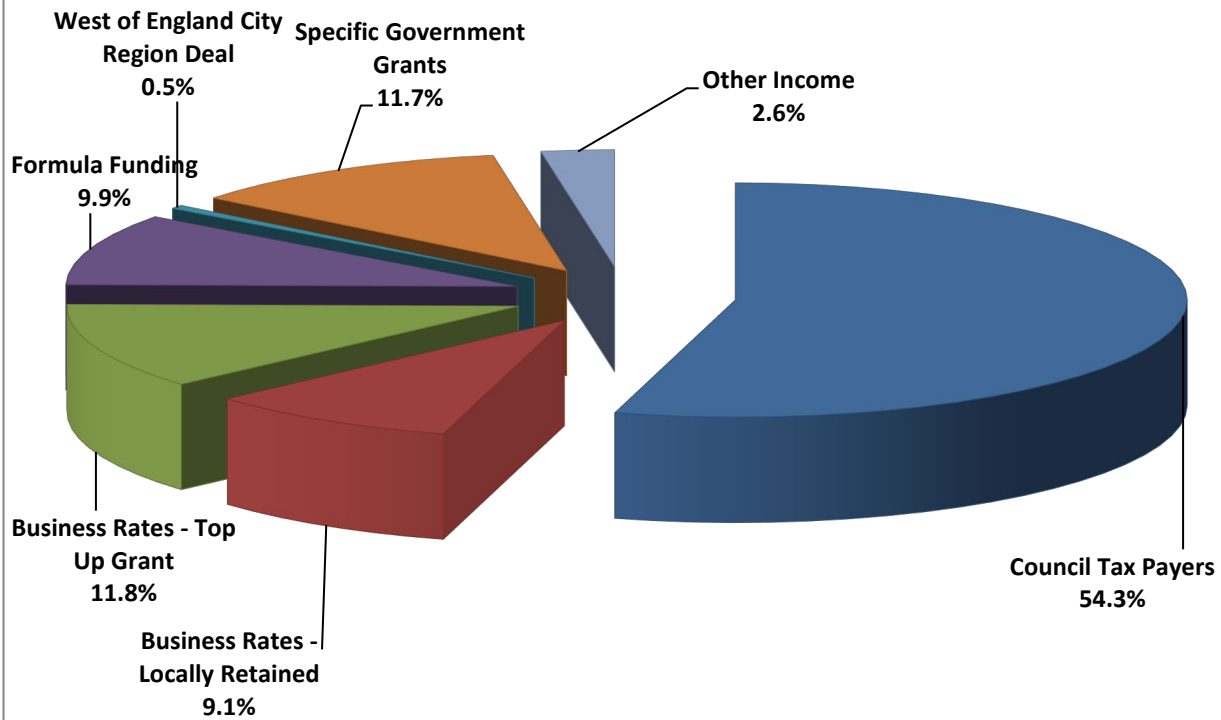
- The 2021/2022 final revenue results showed a break-even position (2020/2021 break-even).
- The capital programme for 2021/2022 was £8.7m and there has been capital expenditure of £4.0m. This remaining allocation has now been carried forward into the 2022/2023 Capital Programme, as approved by the Fire Authority on 30 March 2022.
- A full review of reserves has been undertaken by the Treasurer and the Service Leadership Board (SLB) and transfers between reserves were made during the year and are described in the reserves section of this report.
- The General Fund Reserve (working balance) remained at £1.5m for 2021/2022 (2020/2021 £1.5m). This sum is intended to meet unforeseen expenditure and, if called upon, would then need to be replaced.

ii) 2021/2022 Revenue Budget:

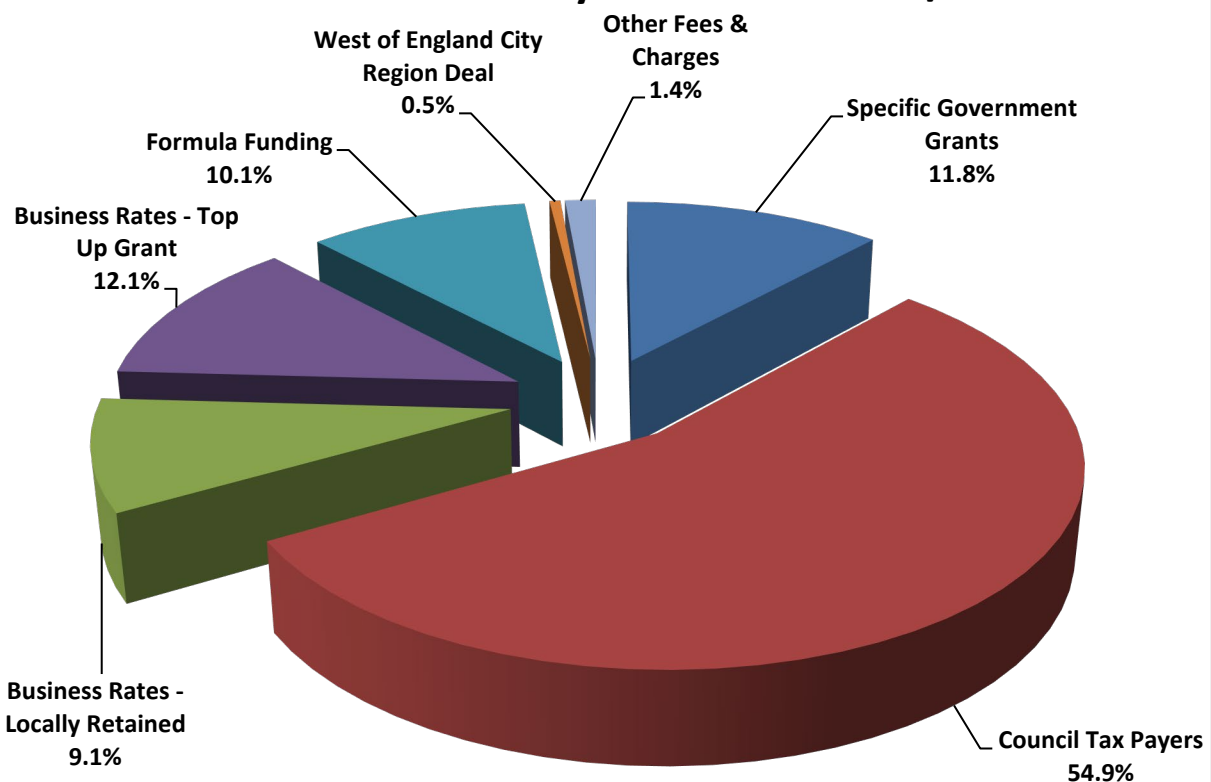
The original Annual Budget approved by the Fire Authority for 2021/2022 totalled £49.98m (2020/2021 £48.99m) and this budget increased to £51.87m at the year-end (2020/2021 £51.07m). The key movements to the Income annual budgets approved by the Fire Authority in February 2021, related to income of £1.89m including SWAST income (£525k), COVID-19 income (£237k) and Fire Protection funding (£146k).

54.3% (2020/2021 54.9%) of the Fire Authority's funding came from the local council taxpayer, with 11.8% (2020/2021 12.1%) from business rates top up grant from central government and 9.1% (2020/21 9.1%) from locally retained business rates. Most of the remainder of the funding comes from Central Government, for items such as formula funding and specific government grants, such as pension contribution grant and USAR (Urban Search and Rescue) support grant.

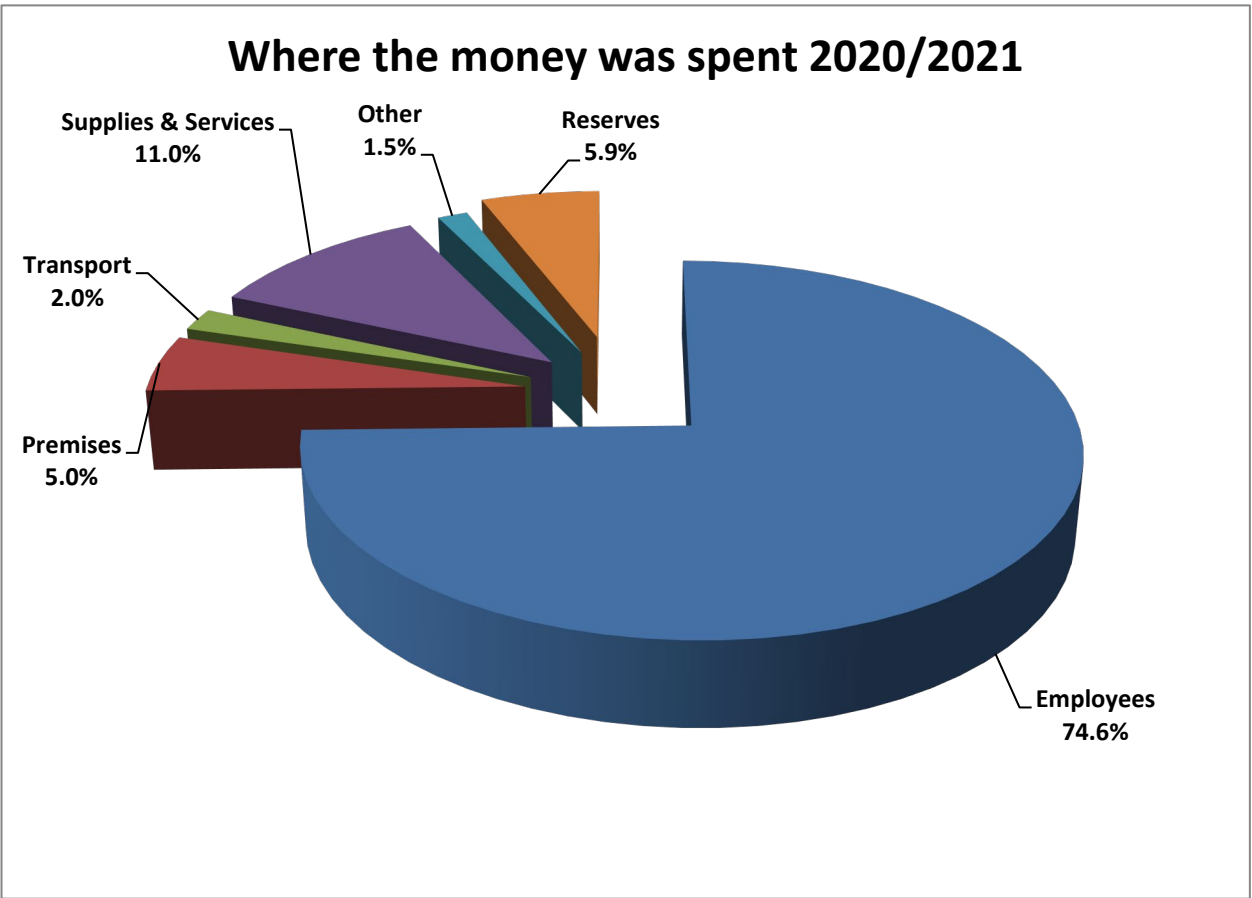
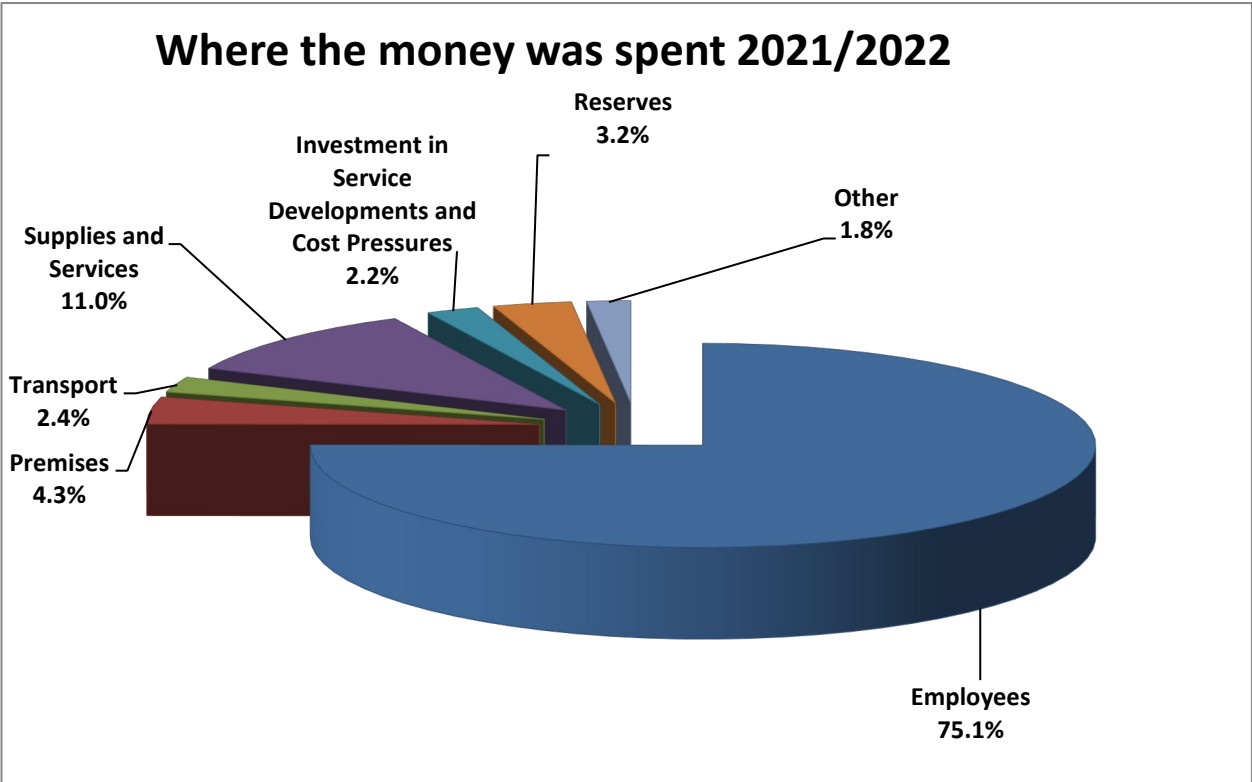
Where the money came from 2021/2022



Where the money came from 2020/2021



Expenditure for the year was incurred in the following main areas:



Most of the expenditure continues to relate to employee staff costs which have remained at 75% in 2021/2022. Supplies & Services expenditure relates to areas including Communications and IT, Equipment and key contracts for services including the Financial

Services and Occupational Health contracts. Premises expenditure covers key areas which include Property Repairs, Rent, Rates and Utilities. Central Government continues to subsidise the increase in Firefighter pension contributions by issuing a grant of £2.407m (2020/2021 £2.407m), against a total employer pension cost of £5.333m.

Set out below is a comparison between the actual revenue expenditure in 2021/2022 and the revised budget for the year. Details supporting the major variations highlighted in the statement are as follows:

| | Original Budget 2021/2022 £'001 | Revised Budget 2021/2022 £'000 | Actual Expenditure 2021/2022 £'000 |
|---|--|---|---|
| Expenditure on Services | | | |
| Employees (net) | 38,199 | 38,756 | 38,877 |
| Premises | 2,467 | 2,282 | 2,210 |
| Transport | 1,398 | 1,321 | 1,258 |
| Supplies and Services | 5,594 | 5,706 | 5,716 |
| Other Costs | 2,323 | 2,123 | 2,052 |
| Income | (5,421) | (7,308) | (7,323) |
| Net Expenditure | 44,560 | 42,880 | 42,790 |
| Transfers to \ from revenue reserves | | | |
| Transfers from Reserves | (0) | (0) | (0) |
| Transfers to Reserves | (0) | 1,680 | 1,680 |
| Net Expenditure after transfer to \ from reserves | 44,560 | 44,560 | 44,470 |
| Local tax payers | | | |
| Council Tax | (28,404) | (28,404) | (28,130) |
| Locally retained Business rates | (4,616) | (4,616) | (4,700) |
| Collection fund surpluses | - | - | - |
| Central Government | | | |
| Formula Funding | (11,280) | (11,280) | (11,380) |
| Non-domestic rates redistribution | | | |
| West of England City Region Deal | (260) | (260) | (260) |
| Working Balance | 0 | 0 | 0 |

These budget and actual amounts comprise the net expenditure chargeable to the General Fund, which relates to council tax, business rates and formula funding from Central Government. This is before statutory accounting adjustments relating to pensions, capital and other differences, to get to the net expenditure in the Comprehensive Income and Expenditure Statement.

iii) Reserves:

Reserves are an essential tool to ensure long-term budget stability and Fire Authorities are expected to provide for reserves to manage their financial position and to manage risks. There

is no statutory maximum level of reserves and traditionally AF&RS has held £1.5m (3% of the total 2021/22 income base) in the general reserve to manage the impact of uneven cash flows and unexpected events or emergencies as well as earmarked reserves (sums set aside to meet known or predicted specific requirements).

A full review of reserves is carried out at a minimum annually to ensure continuing relevance and adequacy of the Avon Fire Authority reserves. The 2022/2026 Reserve Strategy was presented and approved by the Fire Authority on 22 June 2022 and can be viewed on our website at:

<https://www.avonfire.gov.uk/documents/category/233-2021>

iv) **2021/2022 Capital Budget and Spending:**

The Fire Authority determines its capital investment plans and consequent level of borrowing in accordance with guidelines laid out in the Prudential Code issued by CIPFA. The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

For 2021/2022, the Fire Authority set a revised capital programme of £8.7m (2020/2021 £12.1m). Capital expenditure (excluding the PFI scheme) for the year is shown in the table below:

| Area | Revised Budget 2021/2022 £'000 | Outturn £'000 | Underspend £'000 |
|-----------------------|---|------------------|---------------------|
| Fleet | 3,487 | 608 | (2,879) |
| Premises | 4,281 | 3,204 | (1,077) |
| Operational Equipment | 169 | 154 | (15) |
| IT | 200 | 28 | (172) |
| Transformation | 571 | 0 | (571) |
| Total Programme | 8,708 | 3,994 | (4,714) |

Funding for the programme was met from the following sources:

| Funding Source | 2021/2022 Funding £'000 |
|-------------------------------------|-------------------------------|
| Capital Receipts / Capital Reserves | 3,232 |
| Capital Grant and Contributions | 762 |
| Total Funding | 3,994 |

The Fire Authority invested in the following material assets during the year:

Premises - £3.204m

- This expenditure includes costs related to the redevelopment of Avonmouth Fire Station (£1.59m) and design work on the rectification works at Bedminster and redevelopment of Bath and Weston stations of £378k.
- The Service was awarded a capital grant from the Public Sector Decarbonisation Fund of £824k (£96k of which was received in 2022/23) which was spent on several projects relating to renewable energy across the service's sites.

Fleet - £0.608m

- The purchase of 11 electric ancillary vehicles (£288k) and a Breathing Apparatus Support Vehicle (£120k), plus several other vehicles and enhancements.

Operational Equipment - £0.154m

- Industrial PPE washing machines (£88k) (to decontaminate protective wear) and other operational and safety equipment (£66k).

Capital Budget underspend:

The budgets for a number of capital items were not spent in the year primarily due to the impact of national and global issues impacting the labour market and supply chains, and some have been carried forward into 2022/2023:

Premises:

- The underspend of £1.077m against the budget has arisen mostly because of supply chain issues across the four main projects at Avonmouth, Bath, Weston and Bedminster.

Fleet:

- From the total underspend of £2.879m, the majority of this related to supply issues which have delayed the 7 Type B appliances (originally budgeted at £2.49m) into subsequent years.

Transformation Programme:

- The 2021/2022 investment in new and improved IT systems and projects, relating to the Transformation programme, has been deferred to 2022/2023 due to recruitment delays.

F) Strategic Financial Planning

i) Medium-Term Financial Planning

The Fire Authority prepares a 4-year revenue Medium-Term Financial Plan (MTFP) to ensure that it has adequate resources to deliver its services into the future. This Financial Strategy document supports the approved Service Plan to ensure the key priorities are delivered within the funding available. Whilst continued pressures on Government funding and additional pension costs are a key driver for change, it remains important that the Fire Authority's future strategies continue to be service-led and aligned to risk. These strategies would include the Service's Transformation Programme and the IT infrastructure update.

The revised four-year Medium-Term Financial Plan covering the period 2022/2023 to 2025/2026 was approved by the Fire Authority on 30 March 2022 and is published on our website: <https://www.avonfire.gov.uk/documents/category/237-2022>.

It is summarised below:

| Medium Term Financial Plan Summary 2022/2023 to 2025/2026 | | | | |
|--|--|--|--|--|
| Funding, Income and Expenditure | 2022/2023 Annual Budget £'000 | 2023/2024 Annual Budget £'000 | 2024/2025 Annual Budget £'000 | 2025/26 Annual Budget £'000 |
| Home Office & Local Authority Funding | (52,233) | (52,614) | (53,782) | (54,986) |
| Grants and Income Contributions | (185) | (185) | (185) | (185) |
| Total Funding and Income | (52,418) | (52,799) | (53,967) | (55,171) |
| Employees | 38,735 | 39,509 | 40,299 | 41,105 |
| Premises | 2,722 | 2,804 | 2,888 | 2,975 |
| Transport | 1,429 | 1,472 | 1,516 | 1,562 |
| Supplies and Services | 6,754 | 6,957 | 7,166 | 7,380 |
| Collection Fund Deficit | 765 | 209 | 0 | 0 |
| Capital Financing Costs | 741 | 783 | 1,089 | 1,506 |
| Other Expenditure | 1,271 | 1,065 | 1,008 | 642 |
| Total Expenditure | 52,418 | 52,799 | 53,967 | 55,171 |
| Total Deficit | 0 | 0 | 0 | 0 |

The objectives of the MTFP are:

- To ensure the Authority's strategic priorities can be delivered within the funding envelope available;
- To ensure expenditure commitments do not exceed forecast resources over the four-year period;
- To ensure the revenue implications of proposed Capital Programmes are affordable;
- To look for more efficient ways of delivering services, ensuring Value for Money is delivered within the Service.
- To manage the resources available effectively and to ensure the budget is aligned with corporate objectives;
- To ensure that Precept increases are contained within the Government's referendum limit; and,
- To ensure the Authority maintains a realistic level of general reserves to meet unforeseen events and to mitigate risk for the Service.

ii) Capital Strategy:

The revised three-year Capital Programme covering the period 2022/2023 to 2024/2025 was approved by the Fire Authority on 30 March 2022 and is published on our website: <https://www.avonfire.gov.uk/documents/category/237-2022>. It is summarised below:

| Capital Programme 2022/2023 to 2024/2025 | | | |
|---|----------------------------|----------------------------|----------------------------|
| Funding and Expenditure | 2022/2023 £'000 | 2023/2024 £'000 | 2024/2025 £'000 |
| Capital Receipts (from sale of HQ) | 2,692 | 0 | 0 |
| Capital Receipt from house sale | 125 | 0 | 0 |
| Capital Receipt from fleet disposals | 25 | 25 | 25 |
| Capital Reserve | 4,489 | 302 | 0 |
| Prudential borrowing | 0 | 3,211 | 4,230 |
| Total Funding | 7,331 | 3,538 | 4,255 |
| Premises | 3,588 | 1,038 | 688 |
| Fleet | 2,646 | 1,834 | 3,167 |
| Control | 450 | 0 | 0 |
| ICT | 300 | 300 | 300 |
| Transformation | 285 | 286 | 0 |
| Operational Equipment | 62 | 80 | 100 |
| Total Expenditure | 7,331 | 3,538 | 4,255 |

The Capital Programme for the last few years has been funded from a capital receipt from the sale of the Fire Authority's previous Headquarter building; this receipt will have been fully utilised by the end of 2022/2023. From initial planning undertaken to populate the 2022/ 2025 Capital Programme, it was projected that external borrowings would be required in 2023/2024, but due to the updated review of the Fire Authority's Reserves and the 2021/2022 final capital slippage, it is projected additional external borrowings can be deferred. Therefore, capital spending from 2023/2024 onwards will now not necessitate Prudential Borrowing. To help support the oversight of the future Capital Programme, additional capital planning reviews and controls will be adopted by the Service. These include:

- A Capital Steering and Prioritisation Group which will consider all proposed capital projects and ensure these are prioritised according to Service need and objectives whilst remaining affordable.
- Regular capital reporting to both SLB and SLT, aligned with revenue reporting, to ensure capital spend is similarly monitored and scrutinised.

These additional reviews and controls will support the current reporting of the Capital Programme to the Fire Authority and the Performance, Review & Scrutiny Committee.

iii) Financial Risks

The following issues are considered to represent the key financial risks facing the Fire Authority:

- Uncertainty over future funding levels due to a one-year funding settlement for 2022/2023, rather than the anticipated Comprehensive Spending Review which anticipated a minimum three-year agreement.
- Increased costs, such as fuel and energy costs arising from Brexit, the COVID-19 pandemic, and the recent situation in Ukraine.
- A possible reduction to future Government and Council funding levels, including Business Rates, linked to the ongoing Covid pandemic and general future austerity.
- Increased Collection Fund deficits, above the level assumed within the MTFP.
- Pay Awards being awarded above the levels provided for within the MTFP.
- Non-Pay inflation rates rising to levels more than those incorporated within the MTFP.
- Increased Capital Financing costs resulting from the proposed 3-year Capital Strategy
- Increased Pensions costs, linked to the prospective and retrospective remedy of the issues arising from the successful age discrimination litigation.
- Future operational burdens and additional requirements arising from the Grenfell Tower Inquiry and Manchester Arena Inquiry.

We actively monitor these risks and mitigate these risks through a variety of measures including:

- Financial Modelling, including sensitivity analysis, has been undertaken on key budgets to assess risk levels within the MTFP.
- The 4-year MTFP has been based on robust 2022/2023 Annual Budgets, which were approved by the Fire Authority in February 2022.
- The Devolved Budgetary Framework has been piloted during 2021/2022, with the Finance Team planning to devolve budgets during 2022/2023. This strategic intent is aimed to empower Directors and managers to align financial resources to the approved strategic Service Plan priorities, thereby managing risk more effectively.
- The MTFP incorporates a central reserve for contingencies and an Investment Reserve for cost pressures and prioritised service developments.
- Finance Business partnering has been introduced and will continue to be developed during 2022/2023, which should continue to strengthen the management of financial resources within the organisation.

Statement of Responsibilities for the Statement of Accounts

The Authority's 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;

to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and

to approve the statement of accounts.

The Treasurer's Responsibilities

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

In preparing this statement of accounts, the Treasurer has:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent; and

complied with the code of practice.

The Treasurer has also:

kept proper accounting records which were up to date; and

taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Treasurer

I certify that the statement of accounts on pages 17 - 92 provide a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2022.

Signed

A handwritten signature in dark ink, appearing to read 'D. Neale', is written over a light blue rectangular background.

Danielle Neale
Treasurer of the Avon Fire Authority
25th July 2022

Comprehensive Income and Expenditure Statement for the year ending 31 March 2022

This statement shows the accounting cost in the year of providing services in accordance with Generally Accepted Accounting Principles (GAAP), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

| 2020/2021 | | | | 2021/2022 | | |
|-------------------|----------------|-----------------|---|-------------------|----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| 56,245 | (8,056) | 48,189 | Fire fighting and rescue operations | 59,379 | (8,573) | 50,806 |
| 56,245 | (8,056) | 48,189 | Cost of Services | 59,379 | (8,573) | 50,806 |
| | | (9,693) | Firefighter Pension Top up Grant | | | (11,749) |
| | | 14,786 | Financing and investment income and expenditure (note 28) | | | 14,454 |
| | | (41,575) | Taxation and non-specific grant income (note 27) | | | (46,445) |
| | | 11,707 | Deficit on Provision of Services | | | 7,066 |
| | | | Items that will not be reclassified to the (Surplus) or Deficit on the Provision on Services | | | |
| | | (187) | Surplus on revaluation of non-current assets (note 25) | | | (4,714) |
| | | 51,317 | Remeasurements of the net defined benefit liability (note 26) | | | (10,824) |
| | | 51,130 | Other Comprehensive Income and Expenditure | | | (15,538) |
| | | 62,837 | Total Comprehensive Income and Expenditure | | | (8,472) |

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase/(decrease) before transfers to earmarked reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

| | General Fund Balance £'000 | Earmarked Fund Reserves £'000 | Unapplied Capital Receipts Reserve £'000 | Total Usable reserves £'000 | Unusable Reserves £'000 | Total Authority Reserves £'000 |
|--|----------------------------------|-------------------------------------|--|-----------------------------------|-------------------------------|--------------------------------------|
| Balance at 1 April 2020 | 1,500 | 7,775 | 5,154 | 14,429 | (578,720) | (564,291) |
| Movement in reserves during 2020/2021 | | | | | | |
| Deficit on the provision of services | (11,707) | - | - | (11,707) | - | (11,707) |
| Other Comprehensive Expenditure | - | - | - | - | (51,130) | (51,130) |
| Total Comprehensive Income and Expenditure | (11,707) | - | - | (11,707) | (51,130) | (62,837) |
| Adjustments between accounting basis & funding basis under regulations (note 12) | 14,603 | - | - | 14,603 | (14,603) | - |
| Net Increase before Transfers to Earmarked Reserves | 2,896 | - | - | 2,896 | (65,733) | (62,837) |
| Transfers to/from earmarked Reserves (note 24) | (2,896) | 2,896 | 1,967 | 1,967 | (1,967) | - |
| Increase/(Decrease) in 2020/2021 | - | 2,896 | 1,967 | 4,863 | (67,700) | (62,837) |
| Balance at 31 March 2021 carried forward | 1,500 | 10,671 | 7,121 | 19,292 | (646,420) | (627,128) |
| Movement in reserves during 2021/2022 | | | | | | |
| Deficit on the provision of services | (7,066) | - | - | (7,066) | - | (7,066) |
| Other Comprehensive Income and Expenditure | - | - | - | - | 15,538 | 15,538 |
| Total Comprehensive Income and Expenditure | (7,066) | - | - | (7,066) | 15,538 | 8,472 |
| Adjustments between accounting basis & funding basis under regulations (note 12) | 10,726 | - | - | 10,726 | (10,726) | - |
| Net Increase before Transfers to Earmarked Reserves | 3,660 | - | - | 3,660 | 4,812 | 8,472 |
| Transfers to/from earmarked Reserves (note 24) | (3,660) | 3,660 | (3,231) | (3,231) | 3,231 | - |
| Increase/(Decrease) in 2021/2022 | - | 3,660 | (3,231) | 429 | 8,043 | 8,472 |
| Balance at 31 March 2022 carried forward | 1,500 | 14,331 | 3,890 | 19,721 | (638,377) | (618,656) |

Balance Sheet as at 31 March 2022

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

| 31-Mar-21 £'000 | | Notes | 31-Mar-22 £'000 |
|--------------------|------------------------------|-------|--------------------|
| 62,728 | Property, Plant & Equipment | 13 | 67,442 |
| 154 | Intangible assets | 13 | 110 |
| 62,882 | Long-term Assets | | 67,552 |
| 5,925 | Short-term Debtors | 17 | 9,478 |
| 27 | Inventories | | 27 |
| 15,094 | Cash and Cash Equivalents | 18 | 14,485 |
| 21,046 | Current Assets | | 23,990 |
| (997) | Short-term Provisions | 22 | (911) |
| (7,507) | Short-term Creditors | 19 | (8,866) |
| (8,504) | Current Liabilities | | (9,777) |
| (7,000) | Long-term borrowing | 20 | (7,000) |
| | Other Long-term Liabilities | | |
| (693,147) | Net Pensions Liability | 26 | (691,840) |
| (590) | Long-term Provisions | 23 | - |
| (1,815) | Deferred Liability | 7 | (1,581) |
| (702,552) | Long-term Liabilities | | (700,421) |
| (627,128) | Net Liabilities | | (618,656) |
| 19,292 | Usable Reserves | 24 | 19,721 |
| (646,420) | Unusable Reserves | 25 | (638,377) |
| (627,128) | Total Reserves | | (618,656) |

Signed

B. M. Massey

D. Neale

Brenda Massey
Chair of the Avon Fire Authority
25th July 2022

Danielle Neale
Treasurer of the Avon Fire Authority
25th July 2022

Cash Flow Statement

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

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| (11,707) | Net deficit on the provision of services | (7,066) |
| 15,325 | Adjustments to net deficit on the provision of services for non-cash movements (note 29) | 9,919 |
| <u>3,618</u> | Net cash flows from Operating Activities | <u>2,853</u> |
| 1,958 | Investing Activities (note 30) | (3,256) |
| (203) | Financing Activities (note 31) | (206) |
| <u>5,373</u> | Net increase or decrease in cash and cash equivalents | <u>(609)</u> |
| 9,721 | Cash and cash equivalents at the beginning of the reporting period | 15,094 |
| <u>15,094</u> | Cash and cash equivalents at the end of the reporting period (note 18) in-hand | <u>14,485</u> |

Notes to the Core Financial Statements

1. Statement of Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/2022 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations and be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/2022 supported by International Financial Reporting Standards (IFRS).

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.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

The Authority adopted IFRS 15: Revenue Recognition from Contracts with Customers from 1 April 2018, such that revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. The main change is that revenue recognition is now based on the transfer of control over goods and services to a customer rather than risks and rewards, which may result in changes to the pattern of revenue recognition. In local government, the generation of revenues from charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within each financial year.

- Revenue from the sale of goods is recognised when the Authority transfers the significant control of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents and Bank Overdrafts

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 short-term investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

When the gross deficit of cash overdrawn on bank accounts has no offsetting arrangements the balance sheet shows the balance as Bank Overdrafts.

iv Exceptional Items

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

v Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi Charges to Revenue for Non-Current Assets

Services and support services are charged with the following amounts to record the cost of holding fixed assets during the year:

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

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

vii Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits, whether they are a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Authority's Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are divided between the 1992, 2006 and 2015 Firefighters Pension Schemes for its uniformed Firefighters and the Local Government Scheme for support staff and abated Firefighters:

- The Firefighters Pension Schemes are administered by the Bath & North East Somerset Council in accordance with Department for Communities and Local Government (DCLG) regulations.
- The Local Government Pensions Scheme (called the Avon Pension Fund) is administered by Bath & North East Somerset Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

The Firefighters Pension Schemes

These are unfunded schemes. For such schemes, as there are no investment assets, IAS 19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure statement.

The Local Government Pension Scheme

The Avon Pension Fund is accounted for as a defined benefits scheme:

- The liabilities of the Avon Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the return for high quality corporate bonds.
- The assets of Avon 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; and
 - Property – market value.
- The movement on the net pensions liability is analysed into the following constituents:
 - Service cost comprising:
 - Current Service cost - the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.
 - Past service cost – (where applicable) the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Authority in the number of employees covered by a plan).
 - Any gain or loss on settlement – (where applicable) arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.
 - Net Interest on the defined benefit liability/(asset) – the change during the present in the net defined benefit liability/(asset) that arises from the passage of time.
 - Expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
 - Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Remeasurements of the net defined benefit liability/(asset) comprising:
 - Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
 - the Return on plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset).
 - Contributions by scheme participants – the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).
 - Contributions by the Employer – the increase in scheme assets due to payments made into the scheme by the employer.
 - Benefits paid – payments to discharge liabilities directly to pensioners.

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

Discretionary Benefits

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

Long-term Disability Benefit

In accordance with IPSAS 25 and the code, the Authority has rebutted the presumption to account for long-term disability benefit in the same way as other long-term benefits under IAS 19. The Authority considers that these could be both significant and volatile given the nature of the service provision and therefore accounts for them, under IAS 19, as defined post-employment benefits.

viii Events After the Balance Sheet Date

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

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

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

ix Financial Instruments and Fair Value Measurement

The Authority's financial assets and financial liabilities are classified as held at amortised cost.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
 - Receivables are measured at fair value and carried at their amortised cost.
 - There are no material loans which require separate classification and accounting treatment.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
 - There are no available for sale assets which require separate classification and accounting treatment.

Fair value measurement

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

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

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that 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 inputs.

Inputs to the valuation techniques in respect of assets and 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 assets or 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 asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

Financial instruments as set out in note 21 are classified at the following levels in the hierarchy:

- Level 1 – Short-term Creditors, Debtors, Cash & Cash Equivalents and Leases deferred liability.
- Level 2 – Borrowings including both PWLB & Local Authority loans and PFI deferred liability.

x Government Grants and Contributions

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

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution 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 and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xi Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised on a straight line basis over its useful life of 5 years to the Fire fighting and rescue operations service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Authority's Fund Balance. The gains and losses are therefore reversed out of the Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xii. Property, Plant and Equipment

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

Recognition

Assets costing individually or collectively less than £5,000 are classed as de-minimis and are not capitalised. The expenditure is charged direct to the appropriate service line.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Valuation

Assets are then carried in the Balance Sheet using the following measurement bases:

- operational land and properties and other operational assets – either depreciated replacement costs for specialised assets, or at existing use value for other assets;
- vehicles, plant and equipment – depreciated historical cost, as a proxy for fair value; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Property valuations are undertaken by an external professional valuer independent of the Fire Authority in accordance with the RICS Valuation – Global Standards.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. The depreciated replacement cost assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end and as a minimum every five years. Increases in valuations are matched by credits to the Revaluation

Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- 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 line 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.

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 by:

- 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 line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets).

For all assets with a finite life, depreciation is calculated on a straight line basis over the assessed useful life of the asset.

Depreciation is not charged in the year of acquisition.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components 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.

Disposals

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 (i.e. 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 £5,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed 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.

xiii Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

Under the Joint Training PFI Scheme the Authority is deemed to control, along with the other partners, the services that are provided under the PFI scheme, and neither the Authority, other partners, nor the Service Provider, retains any residual interest in the property at the end of the 25-year service period. For these reasons the Authority carries its share of the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – recognised as non-current assets on the Balance Sheet.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities fund the balance by making contributions, from within their own resources.

The grant from the Government, together with the contributions from the partners is paid into an equalisation fund, which is administered by Gloucestershire County Council on behalf of the partners. Surpluses on the equalisation fund are invested in order to ensure that adequate funding throughout the life of the contract is available. The fund is reviewed, and if necessary, contributions amended every three to five years with the intention that the balance of the fund at the end of the contract will be nil.

xiv Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

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

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

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

xv Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xvi VAT

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

xvii Council Tax and Non-Domestic Rates

Council tax and Non-Domestic rate income included within the Comprehensive Income and Expenditure Statement includes the Fire Authority's share of the surplus or deficit from other Local Authorities' collection funds.

2. Critical Judgements, Assumptions and Accounting Standards not yet adopted

a. Critical Judgements in Applying Accounting Policies

In applying the policies set out in the Statement of Accounting Policies, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events. It is felt that there are no critical judgement required in relation to applying accounting policies.

b. Assumptions made about the future and other sources of estimation uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2022 for which there is a risk of adjustment in the forthcoming financial year are as follows:

- The actuary has provided an assessment of the effect of changes in the assumptions used in estimating pension assets and liabilities included in the accounts according to the requirements of IAS 19, as reported in note 26.
- Estimation of the net liability to pay pensions depends on a number of complex estimates 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Please refer to the Sensitivity analyses provided in note 26.
- Land and Building assets are subject to external valuations every 5 years. Currently these valuations are being completed on a desktop basis with updated plans being reviewed for Assets under Construction. Although these valuations are completed by industry experts they are estimates and due to the high value of such assets there is a risk of error as the estimates could result in significant differences.

The total value of land and property assets as at 31 March 2022 (see note 13 on page 47) is £54,952k split by Land and Building £49,826k and Assets under Construction £5,126k

c. Accounting Standards issued but not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued or amended but not yet adopted.

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

For this disclosure the standards introduced only include a number of minor amendments to the following International Financial Reporting Standards and are currently not applicable or will not have a material impact to the Authority and the information provided in the financial statements..

IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2023 at the earliest.

The following have also been published but it's felt that they will have no impact to the authority.

IFRS 1 First-time adoption – amendment to foreign operations of acquired subsidiaries transitioning to IFRS.

IAS 37 Onerous contracts – clarifies the intention of the standard.

IAS 41 Agriculture – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

3. Expenditure and Funding Analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) in comparison with those resources consumed or earned. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2021/2022 | Net Expenditure Chargeable to the General Fund £'000 | Adjustment between Funding and Accounting Basis (Note 4) £'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £'000 |
|---|---|---|--|
| Fire fighting and rescue operations | 40,266 | 10,429 | 50,695 |
| Net Cost of Service | 40,266 | 10,429 | 50,695 |
| Other Income | (43,926) | 297 | (43,629) |
| (Surplus)/Deficit on Provision of Services | (3,660) | 10,726 | 7,066 |
| Opening Usable Reserves Balance | 19,293 | | |
| Plus surplus on Usable Reserves Balance in year | 428 | | |
| Closing Usable Reserve Balance at 31 March 2022 | <u>19,721</u> | | |

| 2020/2021 | Net Expenditure Chargeable to the General Fund £'000 | Adjustment between Funding and Accounting Basis (Note 4) £'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £'000 |
|---|---|---|--|
| Fire fighting and rescue operations | 40,724 | 7,465 | 48,189 |
| Net Cost of Service | 40,724 | 7,465 | 48,189 |
| Other Income | (43,620) | 7,138 | (36,482) |
| (Surplus)/Deficit on Provision of Services | (2,896) | 14,603 | 11,707 |
| Opening Usable Reserves Balance | 16,397 | | |
| Plus surplus on Usable Reserves Balance in year | 2,896 | | |
| Closing Usable Reserve Balance at 31 March 2021 | <u>19,293</u> | | |

4. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

| 2021/2022 | Adjustments for Capital Purposes £'000 | Net change for the Pension Adjustments £'000 | Other Differences £'000 | Total Adjustments £'000 |
|---|---|--|-------------------------------|-------------------------------|
| Fire fighting and rescue operations | 2,968 | 7,418 | 43 | 10,429 |
| Net Cost of Service | 2,968 | 7,418 | 43 | 10,429 |
| Other Income and Expenditure | (433) | 2,099 | (1,369) | 297 |
| Deficit on Provision of Services | 2,535 | 9,517 | (1,326) | 10,726 |

| 2020/2021 | Adjustments for Capital Purposes £'000 | Net change for the Pension Adjustments £'000 | Other Differences £'000 | Total Adjustments £'000 |
|---|---|--|-------------------------------|-------------------------------|
| Fire fighting and rescue operations | 1,693 | 5,854 | (82) | 7,465 |
| Net Cost of Service | 1,693 | 5,854 | (82) | 7,465 |
| Other Income and Expenditure | 279 | 4,508 | 2,351 | 7,138 |
| Deficit on Provision of Services | 1,972 | 10,362 | 2,269 | 14,603 |

- Adjustments for capital purposes

Cost of Service - adds in depreciation and impairment and revaluation gains and losses.

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – Capital grants are adjusted for as income not chargeable under generally accepted accounting practices. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions.

- Net change for the pensions' adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension-related expenditure and income:

Cost of services - removes the employer pension contributions made by the Authority as allowed by statute and replaces it with current and past service costs.

Financing and investment income and expenditure - the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

- Other Differences

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

5. Expenditure and Income Analysed by Nature

This reconciliation shows how the Surplus or Deficit on Provision of Service included in the Comprehensive Income and Expenditure Statement is analysed by nature.

| 2020/2021 £'000 | | 2020/2021 £'000 |
|--------------------|---|--------------------|
| | Expenditure | |
| 43,968 | Employee benefits expenses | 46,316 |
| 9,562 | Other Service expenses | 9,001 |
| 2,715 | Depreciation, amortisation and impairment | 4,062 |
| 14,830 | Interest payments | 14,464 |
| <u>71,075</u> | | <u>73,843</u> |
| | Income | |
| (795) | Fees & charges and other service income | (1,075) |
| (30,323) | Income from Council Tax & Business Rates | (34,403) |
| (28,206) | Grants and contributions | (30,527) |
| - | Capital grants and contributions | (762) |
| (44) | Interest and investment income | (10) |
| <u>(59,368)</u> | | <u>(66,777)</u> |
| <u>11,707</u> | Deficit on the provision of services | <u>7,066</u> |

6. External Audit Fees

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and to non-audit services provided by the Authority's external auditor.

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| 24 | Fees payable with regard to external audit services carried out by the appointed auditor | 30 |
| 9 | Additional Value for Money risk factors | |

7. Un-discharged obligations – Private Finance Initiative (PFI) scheme (Joint Training Centre)

As set out in the Accounting policies, under a joint PFI venture, the Authority now receives a significant element of its fire training from Babcock Fire Training (Avonmouth) Limited, a company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The Authority's share (50%) of the annual net contract payments paid during the year together with the estimated amounts payable over the remaining nine years of the joint venture are as follows:

| 2020/2021 £'000 | | Service Charge £'000 | Interest £'000 | Repayment of Liability £'000 | Total 2021/2022 £'000 |
|--------------------|--|-------------------------|-------------------|---------------------------------|-----------------------------|
| 1,537 | Total contract payments | 954 | 392 | 206 | 1,552 |
| | Outstanding undischarged contract obligations: | | | | |
| 1,552 | Within 1 year | 978 | 394 | 234 | 1,606 |
| 6,742 | Between 2 and 5 years | 4,160 | 1,533 | 1,217 | 6,910 |
| 3,593 | Between 6 and 7 years | 1,105 | 349 | 364 | 1,818 |

As detailed in the note 1 (Statement of Accounting Policies) and more specifically throughout this note the Authority has entered into a Joint Training PFI scheme. As part of this scheme the equalisation fund, administered by Gloucestershire County Council, is invested to ensure that adequate funding is available throughout the life of the contract. The fund is reviewed and if necessary contributions from the three partners amended every three to five years with the intention that the balance on the fund at the end of the contract will be nil.

The fund as at 31 March 2022 is forecasted to be in surplus of £9k at the end of the contract; the surplus has decreased by £62k from the surplus that was calculated at 31 March 2021. There are unknowns regarding inflation rates over the remaining 6 years of the contract.

The Training Centre contributions by the three partners are to remain at current levels to mitigate the risk of future rises in inflation rates. The Authority considers it prudent to also keep the provision at existing levels.

Summary totals for the Asset held under the PFI and accounted for as part of Long Term Assets – namely the building, including lifecycle replacement costs and the effect of revaluation are as follows:

| | Property Plant & Equipment £'000 |
|--|---|
| Gross Asset Value at 31 March 2021 | 5,522 |
| Accumulated Depreciation and Impairment | (3,627) |
| Net Book Value of Asset at 31 March 2021 | 1,895 |
| <u>Movement in 2021/2022</u> | |
| Life Cycle replacement costs (additions) | 25 |
| Revaluation | 720 |
| Depreciation | (374) |
| Net Book Value of Asset at 31 March 2022 | 2,266 |

Summary totals for the corresponding liability are as follows:

| | Property Plant & Equipment £'000 |
|--|---|
| PFI Lease Liability outstanding at 31 March 2021 | 2,021 |
| PFI Lease Liability repaid in 2021/2022 | (206) |
| PFI Lease Liability outstanding at 31 March 2022 | 1,815 |
| PFI Lease Liability - Current | 234 |
| PFI Lease Liability - Deferred | 1,581 |

The above listed commitments are affected by past inflation – previous price rises will be built into future payments – and also by future inflation – which gives rise to uncertainty about future payments.

8. Members' Allowances

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) the total sums paid by Avon Fire Authority to members/co-optees under the Avon Fire Authority Members' Allowances Scheme for 2021/22 are set out on the following page. The summary of allowances, which have been paid under this scheme are as follows:

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--------------|--------------------|
| 51 | Allowances | 54 |
| 51 | Total | 54 |

A copy of the Members' Allowances Scheme and of the record of payments made under the scheme are available for inspection by appointment at Police and Fire Headquarters, Valley Road, Portishead, Bristol, BS20 8JJ between 8.30am and 4.30pm Monday to Friday (excluding public holidays).

A detailed list of individual payments can be seen below:

| 2020/2021 £ | Recipient | Basic Allowance | Special Responsibility Allowance | Travel & Subsistence Expenses | 2021/2022 £ |
|----------------|------------------------|-----------------|--|-------------------------------------|----------------|
| - | Councillor A Ali | 1,343 | - | 37 | 1,380 |
| 1,584 | Councillor J Ashe | 1,612 | - | 65 | 1,677 |
| 1,307 | Councillor S Bromley | 1,612 | - | 73 | 1,685 |
| - | Councillor A Brown | 1,343 | - | - | 1,343 |
| - | Councillor E Brown | 1,343 | - | 92 | 1,435 |
| 1,584 | Councillor T Butters | 1,612 | 1,768 | 167 | 3,547 |
| 409 | Councillor E Clough | - | - | - | - |
| 11,280 | Councillor D Davies | 1,612 | 4,021 | - | 5,633 |
| 3,749 | Councillor A Davis | 238 | 326 | - | 564 |
| 1,584 | Councillor R Eddy | 1,612 | - | - | 1,612 |
| 2,721 | Councillor P Goggin | 1,612 | 1,083 | 22 | 2,717 |
| 1,584 | Councillor H Hopkinson | 1,612 | - | - | 1,612 |
| 1,584 | Councillor R Jacobs | 1,612 | - | - | 1,612 |
| 1,584 | Councillor C Johnson | 263 | - | - | 263 |
| 1,584 | Councillor T Jones | 264 | - | - | 264 |
| 1,167 | Councillor S Khan | 264 | - | - | 264 |
| 3,691 | Councillor C Lake | 243 | 323 | - | 566 |
| 3,749 | Councillor B Massey | 1,612 | 7,821 | - | 9,433 |
| - | Councillor P May | 1,312 | - | - | 1,312 |
| - | Councillor Y Mohamud | 1,343 | - | - | 1,343 |
| 1,584 | Councillor A Monk | 1,612 | 1,630 | - | 3,242 |
| 1,584 | Councillor P Myers | 264 | - | - | 264 |
| - | Councillor B Nutland | 1,343 | - | 125 | 1,468 |
| 1,584 | Councillor R Payne | 1,612 | 815 | - | 2,427 |
| 1,584 | Councillor C Phipps | 158 | - | - | 158 |
| 277 | Councillor B Shearn | - | - | - | - |
| 1,584 | Councillor R Tucker | 1,612 | - | - | 1,612 |
| - | Councillor D Wilcox | 1,343 | 815 | - | 2,158 |
| 3,749 | Councillor C Windows | 1,612 | 2,165 | - | 3,777 |
| - | Mr J Mason | - | 1,000 | - | 1,000 |
| <u>51,107</u> | | <u>32,020</u> | <u>21,767</u> | <u>581</u> | <u>54,368</u> |

9. Employees' Remuneration

The Authority is required, by the Accounts and Audit Regulations 2015, to disclose the number of employees whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 and this information is set out in the following table – staff included in the senior officer remuneration table (note 10) are not included in this table:

| 2020/2021 | | 2021/2022 |
|------------------|-------------------|------------------|
| No. of Employees | Remuneration Band | No. of Employees |
| 10 | £50,000 - £54,999 | 23 |
| 9 | £55,000 - £59,999 | 15 |
| 15 | £60,000 - £64,999 | 15 |
| 6 | £65,000 - £69,999 | 5 |
| 3 | £70,000 - £74,999 | 4 |
| 2 | £75,000 - £79,999 | 1 |
| 2 | £80,000 - £84,999 | 3 |

The number of exit packages, with total cost per band, are set out in the table below.

| 2020/2021 | | | 2021/2022 | | | |
|--------------------------|--|---|--------------------------------|--------------------------------|---|--|
| No. of departures agreed | Total cost of exit packages in each band £,000 | Exit Package Cost Band (including special payments) | No. of Compulsory Redundancies | No. of other departures agreed | Total no. of exit packages by cost band | Total cost of exit packages in each band £,000 |
| 2 | 3 | £0 - £20,000 | - | 1 | 1 | 1 |
| - | - | £20,001 - £30,000 | - | - | - | - |
| 1 | 32 | £30,001 - £40,000 | - | - | - | - |
| 3 | 35 | Total | - | 1 | 1 | 1 |

10. Senior Officer Remuneration

Under the CIPFA Code of Practice, the Authority is required to disclose individual remuneration details for senior employees. Senior employees are defined as those employees who have a role in the overall management of the organisation. For the Fire Authority, it is deemed that this applies to the Service Leadership Board (SLB) and the statutory officers who are the Treasurer and the Clerk & Monitoring Officer. The Chief Fire Officers name also needs to be disclosed.

Details of their remuneration and amounts paid to them in the year, are shown in the following table:

| Post Holder | | Salary Incl. Fees & Allowances | Benefits in Kind | Pension Contributions | Note | Total Remuneration Including Pension Contributions |
|---|-------------------------------|--------------------------------|-----------------------|-------------------------|---------------|--|
| | | £ | £ | £ | | £ |
| Chief Fire Officer & Chief Executive - M Crennell | 2021/2022 2020/2021 | 149,838 148,671 | 9,024 9,014 | 55,088 54,743 | 1 | 213,950 212,428 |
| Assistant Chief Fire Officer - Director of Service Delivery | 2021/2022 2020/2021 | 78,840 117,344 | 1,512 7,860 | 21,224 33,822 | 2 | 101,576 159,026 |
| Interim Assistant Chief Fire Officer - Director of Service Delivery | 2021/2022 2020/2021 | 51,633 74,400 | 574 927 | 8,124 12,567 | 3 4 | 60,331 87,894 |
| Assistant Chief Fire Officer - Director of Service Delivery Support | 2021/2022 2020/2021 | 124,223 122,044 | - 1,054 | 33,913 33,781 | | 158,136 156,879 |
| Director of Corporate Services | 2021/2022 2020/2021 | 96,905 31,799 | - - | 17,055 5,628 | 5 | 113,960 37,427 |
| Interim Director of Corporate Services | 2021/2022 2020/2021 | - 63,598 | - - | - 11,257 | 5 | - 74,855 |
| Treasurer | 2021/2022 2020/2021 | 67,919 53,928 | 300 - | 11,883 9,545 | 6 | 80,102 63,473 |
| Interim Treasurer and Finance Manager | 2021/2022 2020/2021 | - 25,628 | - - | - 3,065 | 7 | - 28,693 |
| Legal Advisor, Clerk & Monitoring Officer | 2021/2022 2020/2021 | 58,696 29,131 | - - | 10,233 5,069 | 8 | 68,929 34,200 |
| Total 2021/2022 | | 628,054 | 11,410 | 157,520 | | 796,984 |
| Total 2020/2021 | | 666,543 | 18,855 | 169,477 | | 854,875 |

(1) Post holder resigned / retired 31/3/2022

(3) Interim appointment ended 16/9/2021

(5) Interim appointment ended 26/7/2020.
Permanent appointment commenced 27/7/2020

(7) Post holder resigned / retired 31/5/2020

(2) Post holder resigned / retired 13/5/2021. New post holder appointed 17/09/2021

(4) Interim appointment ended on 30/09/2020 but recommenced on 11/01/2021

(6) Appointment commenced 4/5/2020

(8) Appointment commenced 30/9/2020

11. Related Party Transactions

The Code of Practice requires disclosure of material transactions with 'related parties' – bodies or individuals including key management / personnel that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. For 2021/2022 the appropriate items are as follows:

- 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 the majority of its funding in the form of grants (Revenue Support Grant and other specific grants) and redistributed non-domestic rates – (£18,777k).
- Members of the Authority have direct control over the Authority's financial and operating policies. They have been asked to provide information regarding Related Party transactions and from the information received there have been no significant transactions during the year.
- Officers of the Authority have been asked to provide information regarding Related Party transactions and from the information received there have been no significant transactions during the year.
- Other local authorities:
 - Bristol City Council as a billing Authority responsible for collecting council tax & business rates on behalf of the Fire Authority for its area (£11,791k). Also is a provider of financial services to the Fire Authority £231k.
 - Bath & North East Somerset Council as a billing Authority responsible for collecting council tax & business rates on behalf of the Fire Authority for its area - (£5,721k) and as the Authority responsible for administering the Avon Pension Fund, with contributions paid over in respect of Fire Authority employees and payments in respect of the Firefighters' pension scheme £23,091k.
 - North Somerset Council (£6,626k) and South Gloucestershire Council (£8,896k) as billing authorities responsible for collecting council tax and business rates on behalf of the Fire Authority for their areas.
- Other public bodies:
 - Public Works Loan Board provides a long-term loan and the cost of servicing this debt is £221k.
 - Police and Crime Commissioner for Avon and Somerset own the premises of the Authority's headquarters and the cost of the service charge is £251k.

12. Adjustments Between Accounting Basis & Funding Basis Under Regulations

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

| 2020/2021 | | | 2021/2022 | |
|---|-------------------------------|---|---------------|-------------------------------|
| Fund balance | Movement in Unusable Reserves | | Fund balance | Movement in Unusable Reserves |
| £'000 | £'000 | | £'000 | £'000 |
| Adjustments primarily involving the Capital Adjustment Account | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| 2,671 | (2,671) | Charges for depreciation, impairment & revaluation of non-current assets | 4,018 | (4,018) |
| 44 | (44) | Amortisation of intangible assets | 44 | (44) |
| - | - | Capital Grants & Contributions applied | (762) | 762 |
| Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement | | | | |
| (10) | 10 | Capital expenditure charged against Fund balance | (24) | 24 |
| (280) | 280 | Statutory Provision for the Repayment of Debt - MRP | (535) | 535 |
| (203) | 203 | Statutory Repayment of Debt - PFI | (206) | 206 |
| (250) | 250 | Voluntary Provision above MRP | - | - |
| Adjustments primarily involving the Pensions Reserve | | | | |
| 19,000 | (19,000) | Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 26) | 17,284 | (17,284) |
| (8,638) | 8,638 | Employer's pension contributions and direct payments | (7,767) | 7,767 |
| Adjustments primarily involving the Collection Fund Adjustment Account | | | | |
| 2,351 | (2,351) | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (1,369) | 1,369 |
| Adjustments primarily involving the Accumulated Absences Account | | | | |
| (82) | 82 | 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 | 43 | (43) |
| 14,603 | (14,603) | Total Adjustments | 10,726 | (10,726) |

13. Summary of Capital Expenditure and Non-Current Asset Disposals

Property, Plant and Equipment

Movements in Property, Plant and Equipment assets during the year are as follows:

| | Asset under construction £'000 | Land & Buildings £'000 | 2021/2022 PFI £'000 | Vehicles & Equipment £'000 | Total £'000 |
|---|-----------------------------------|---------------------------|---------------------------|-------------------------------|----------------|
| Cost or Valuation | | | | | |
| 1 April 2021 | 3,200 | 47,877 | 5,522 | 29,486 | 86,085 |
| Additions | 1,817 | 1,404 | 24 | 773 | 4,018 |
| Disposals | - | - | - | - | - |
| Revaluation (decreases)/increases to Revaluation Reserve | 21 | 4,183 | 720 | - | 4,924 |
| Revaluation increases to (surplus) / deficit on the provision of Services | (2,473) | (1,107) | - | - | (3,580) |
| Prior Period Adjustments | (28) | - | - | 1 | (27) |
| Transfer | 641 | (641) | - | - | - |
| 31 March 2022 | 3,178 | 51,716 | 6,266 | 30,260 | 91,420 |
| Depreciation and impairments | | | | | |
| 1 April 2021 | - | (1,379) | (3,627) | (18,351) | (23,357) |
| Charge for year | - | (1,270) | (373) | (1,625) | (3,268) |
| Disposals | - | - | - | - | - |
| Revaluation written out to (surplus) / deficit on the provision of Services | 103 | 2,544 | - | - | 2,647 |
| Transfer | (103) | 103 | - | - | - |
| 31 March 2022 | - | (2) | (4,000) | (19,976) | (23,978) |
| Net book value of assets at 31 March 2021 | 3,200 | 46,498 | 1,895 | 11,135 | 62,728 |
| Net book value of assets at 31 March 2022 | 3,178 | 51,714 | 2,266 | 10,284 | 67,442 |

| | Asset under construction £'000 | Land & Buildings £'000 | 2020/2021 PFI £'000 | Vehicles & Equipment £'000 | Total £'000 |
|---|-----------------------------------|---------------------------|---------------------------|-------------------------------|----------------|
| Cost or Valuation | | | | | |
| 1 April 2020 | - | 47,592 | 5,536 | 26,346 | 79,474 |
| Additions | 2,460 | 285 | 10 | 3,288 | 6,043 |
| Disposals | - | - | - | (148) | (148) |
| Revaluation (decreases)/increases to Revaluation Reserve | - | 210 | (24) | - | 186 |
| Revaluation increases to (surplus) / deficit on the provision of Services | - | 530 | - | - | 530 |
| Transfer | 740 | (740) | - | - | - |
| 31 March 2021 | 3,200 | 47,877 | 5,522 | 29,486 | 86,085 |
| Depreciation and impairments | | | | | |
| 1 April 2020 | - | - | (3,358) | (16,947) | (20,305) |
| Charge for year | - | (1,379) | (269) | (1,552) | (3,200) |
| Disposals | - | - | - | 148 | 148 |
| Revaluation written out to (surplus) / deficit on the provision of Services | - | - | - | - | - |
| 31 March 2021 | - | (1,379) | (3,627) | (18,351) | (23,357) |
| Net book value of assets at 31 March 2020 | - | 47,592 | 2,178 | 9,399 | 59,169 |
| Net book value of assets at 31 March 2021 | 3,200 | 46,498 | 1,895 | 11,135 | 62,728 |

Intangible Non-Current Assets

Movements in intangible non-current assets during the year are as follows:

| 2020/2021 £'000 | Intangible Assets (Purchased software licences) | 2021/2022 £'000 |
|--------------------|---|--------------------|
| | Original Cost | |
| 1,093 | 1 April 2021 (2020) | 1,093 |
| | Additions | - |
| 1,093 | 31 March 2022 (2021) | 1,093 |
| | Amortisation and impairments | |
| (895) | 1 April 2021 (2020) | (939) |
| (44) | Charge for year | (44) |
| (939) | 31 March 2022 (2021) | (983) |
| 198 | Net book value of assets at 31 March 2021 (2020) | 154 |
| 154 | Net book value of assets at 31 March 2022 (2021) | 110 |

14. Capital Expenditure and Sources of Finance

Capital expenditure and sources of finance were as follows:

| 2020/2021 | | 2021/2022 |
|--------------|--------------------------------|--------------|
| £'000 | | £'000 |
| 2,754 | Land and buildings | 3,245 |
| 2,656 | Vehicles | 413 |
| 299 | Ops equipment | 332 |
| 334 | IT Hardware | 28 |
| 6,043 | | 4,018 |
| 6,033 | Unapplied Capital Receipts | 3,232 |
| 10 | Revenue Contributions | 24 |
| - | Capital Grants & Contributions | 762 |
| 6,043 | | 4,018 |

The Fire Authority determines its level of borrowing in accordance with the Prudential Code issued by CIPFA (subject to longstop controls). The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

One of the prudential indicators, which relates to affordability, is the capital financing requirement; this indicates the underlying need to borrow for capital purposes.

The table below shows how capital expenditure during the year has been financed (including the value of assets acquired under finance leases and the PFI contract), the sources of that finance and how this relates to the movement in the capital financing requirement during the year. The underlying need to borrow for capital purposes has also been analysed between borrowing supported by Government financial assistance and that which is not supported. The borrowing which is not supported relates to borrowing which the Authority has determined as prudent under the new prudential system.

| 2020/2021 £'000 | | 2021/2022 £'000 |
|----------------------|--|----------------------|
| 14,106 | Opening Capital Financing Requirement | 13,373 |
| | Capital Investment | |
| 6,042 | Property, Plant and Equipment | 4,018 |
| 1 | Intangible assets | - |
| | Sources of finance | |
| (6,033) | Unapplied Capital Receipts | (3,232) |
| (743) | Revenue Provision | (766) |
| - | Capital Grants & Contributions | (762) |
| <u>13,373</u> | Closing Capital Financing Requirement | <u>12,631</u> |
| | Explanation of movements in year | |
| (530) | Decrease in underlying need to borrow (supported by Government financial assistance) | (535) |
| (203) | Decrease in underlying need to borrow (unsupported by Government financial assistance) | (207) |
| <u>(733)</u> | Decrease in Capital Financing Requirement | <u>(742)</u> |

15. Capital Financing - Minimum Revenue Provision

The Authority is required by regulations, issued under the provisions of the Prudential Code, to make “prudent provision” for the redemption of debt. Whilst the term “prudent provision” is not defined in the regulations separate guidance has been issued on the interpretation of this term and the Authority has a legal obligation to comply with this.

For debt incurred prior to 1 April 2008 the Authority has opted to continue to use the “Regulatory Method” to calculate its Minimum Revenue Provision (MRP) as permitted under the guidance. Therefore, the amount required to be set aside is 4% of the Authority’s Capital Financing Requirement.

For any borrowing made under the provisions of the Prudential Code, after 1 April 2008 the Authority is required to repay this debt over the life of the asset that it is being utilised to fund. The balance of outstanding Prudential borrowing taken after 1 April 2008 will be deducted from the Authority’s Capital Financing Requirement to allow the Minimum Revenue Provision of 4% to be calculated. The repayment of prudential borrowing based on the life of the assets will then be added to this figure to arrive at the total MRP amount required to be set aside for the repayment of debt each year.

The calculation of the Authority’s Capital Finance Requirement and its MRP and Voluntary Revenue Provision (VRP) is as follows:

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| | Opening Capital Financing Requirement as at 1 April: | |
| 59,368 | Fixed Assets | 62,882 |
| (19,626) | Revaluation Reserve | (19,271) |
| (25,636) | Capital Adjustments Account | (30,238) |
| 14,106 | Opening Capital Financing Requirement | 13,373 |
| (733) | Less in year statutory and voluntary revenue provision | (742) |
| 13,373 | Capital Financing Requirement | 12,631 |
| (165) | Adjustment Factor A | (165) |
| 13,208 | Adjusted Capital Financing Requirement | 12,466 |
| 280 | MRP | 535 |
| 453 | VRP | 207 |
| <u>733</u> | | <u>742</u> |

16. Non-Current Asset Valuation

The code requires assets carried at fair value to have a valuation at least every five years as a minimum, but these should be revalued more regularly if a five-yearly valuation would be insufficient to reflect material changes in value. Where there has been no material change the Authority has chosen to carry out the valuation of its properties on a five-year rolling basis. Land and Buildings were revalued by external valuers, Jones Lang LaSalle, as at 31 March 2022.

Where appropriate the Authority's properties have been valued on the basis of open market value for existing use. However, the nature of the Authority's portfolio in terms of design, configuration and location, e.g. fire stations, has meant that the depreciated replacement cost approach has been considered more appropriate for the majority of its premises.

The depreciated replacement cost assumes that the asset would be replaced with a modern equivalent, not a building of identical design, with the same service potential as the existing asset. The modern equivalent may well be smaller than the existing asset, for example due to technological advances in plant and machinery.

The finite useful life of the Authority's assets on which depreciation has been provided are estimated as follows:

| Assets | Years |
|-------------------------|-------|
| Buildings | 10-60 |
| Fire Appliances | 8-17 |
| Other Vehicles | 6-10 |
| Trailers etc | 5-12 |
| Communication equipment | 12 |
| Computer equipment | 5 |
| Other equipment | 3-15 |

Intangible Assets are amortised on a straight-line basis over five years.

17. Debtors

An analysis of debtors, amounts due in less than one year, is shown in the table below:

| 31/03/2021 | | 31/03/2022 |
|--------------|----------------------------------|--------------|
| £'000 | | £'000 |
| 17 | Trade Debtor | 306 |
| 359 | VAT - Non trade | 582 |
| 1,424 | Collection Fund - Non Trade | 1,506 |
| 2,653 | Pension top up grant - Non trade | 5,484 |
| 1,472 | Other - Non trade | 1,600 |
| <u>5,925</u> | | <u>9,478</u> |

18. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements. The Authority does not hold any short-term deposits:

| 31/03/2021 | | 31/03/2022 |
|---------------|-------------------------------|---------------|
| £'000 | | £'000 |
| <u>15,094</u> | Bank Current Accounts in-hand | <u>14,485</u> |
| <u>15,094</u> | | <u>14,485</u> |

19. Creditors

An analysis of creditors, amounts due in less than one year, is shown in the table below:

| 31/03/2021 | | 31/03/2022 |
|----------------|-------------------|----------------|
| £'000 | | £'000 |
| (1,961) | Trade Creditors | (2,180) |
| (652) | PAYE - Non-trade | (726) |
| (4,894) | Other - Non-trade | (5,960) |
| <u>(7,507)</u> | | <u>(8,866)</u> |

20. Analysis of Borrowing

The loans outstanding consist of two through The Public Works Loan Board. The maturity of long-term loans is as follows:

| 31/03/2021 | | 31/03/2022 |
|--------------|---------------------------------------|--------------|
| £'000 | | £'000 |
| - | Between 1 and 2 years | - |
| - | Between 2 and 5 years | - |
| 3,500 | Between 5 and 10 years | 3,500 |
| 3,500 | Over 10 years | 3,500 |
| <u>7,000</u> | | <u>7,000</u> |
| | Total long-term borrowing at year-end | 7,000 |

As at 31 March 2022 (2021) the Authority had deferred borrowing of £3,817k (£4,352k).

21. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

| | Long-term | | Current | |
|---|----------------|----------------|----------------|----------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2021 | 2022 | 2021 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Financial Liabilities at amortised cost | (8,815) | (8,581) | (5,467) | (6,941) |
| Total borrowings | (8,815) | (8,581) | (5,467) | (6,941) |
| Financial Assets at amortised cost | - | - | 19,287 | 21,620 |
| Total debtors | - | - | 19,287 | 21,620 |

Reconciliation note

The code requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

| | Current | |
|---|----------------|----------------|
| | 31 March | 31 March |
| | 2021 | 2022 |
| | £'000 | £'000 |
| Financial Liabilities at amortised cost as above | (5,467) | (6,941) |
| Statutory debt in relation to HMRC | (652) | (726) |
| Short-term liabilities in relation to PFI | (206) | (234) |
| Receipts in advance and overpayments in relation to Council Tax | (758) | (721) |
| Fire Fighter pension scheme - Ill health | (424) | (244) |
| Short-term Creditors per note 19 | (7,507) | (8,866) |

Financial Instruments Gains/Losses

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

| 2021/2022 | Financial Liabilities measured at amortised costs £'000 | Financial Assets Loans & Receivables £'000 | Total £'000 |
|---|---|---|----------------|
| Interest expense | | | |
| - Loan | 221 | - | 221 |
| - PFI | 430 | - | 430 |
| Interest payable and similar charges | 651 | - | 651 |
| Interest income | - | (2) | (2) |
| Interest and Investment Income | - | (2) | (2) |
| Net loss/(gain) for the year | 651 | (2) | 649 |

Fair Values

Financial Liabilities and Financial Assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. The fair value through profit and loss can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans, the new maturity rates from the Public Works Loan Board (PWLB) as available at 31 March have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

| | 31 March 2021 | | 31 March 2022 | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Loan Debt | | | | |
| Public Works Loan Board | (7,000) | (8,991) | (7,000) | (8,292) |
| Deferred Liability - PFI | (1,815) | (1,815) | (1,581) | (1,581) |
| Total debt | (8,815) | (10,806) | (8,581) | (9,873) |
| Trade and other creditors | (5,467) | (5,467) | (6,941) | (6,941) |
| Total Financial Liabilities | (14,282) | (16,273) | (15,522) | (16,814) |

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date.

Reconciliation note

The Code of Practice requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

| | Current | |
|---|----------------|----------------|
| | 31 March 2021 | 31 March 2022 |
| | £'000 | £'000 |
| Carrying amount total debt per below | (7,000) | (7,000) |
| Long-term Borrowing per note 20 | (7,000) | (7,000) |
| Total Borrowing | (7,000) | (7,000) |

| Current | | |
|---|---------------------------|---------------------------|
| | 31 March 2021 £'000 | 31 March 2022 £'000 |
| Trade and other Creditors per above | (5,467) | (6,941) |
| Statutory debt in relation to HMRC | (652) | (726) |
| Short-term liabilities in relation to leases inc PFI | (206) | (234) |
| Receipts in advance and overpayments in relation to Council Tax | (758) | (721) |
| Fire Fighter pension scheme - Ill health | (424) | (244) |
| Short-term Creditors per note 19 | (7,507) | (8,866) |

Financial assets held at amortised cost

| | 31 March 2021 | | 31 March 2021 | |
|---|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | Carrying Amount £'000 | Amortised Cost £'000 | Carrying Amount £'000 | Amortised Cost £'000 |
| Financial assets held at amortised cost | | | | |
| Bank and cash | 15,094 | 15,094 | 14,485 | 14,485 |
| Total debt / (credit) | 15,094 | 15,094 | 14,485 | 14,485 |
| Trade and other debtors | 4,193 | 4,193 | 7,135 | 7,135 |
| Total Loans and Receivables | 19,287 | 19,287 | 21,620 | 21,620 |

Reconciliation note

The Code of Practice requires a reconciliation to be made between the Balance Sheet and the Financial Instruments note where figures differ. The amounts listed in the table below have been excluded because they are not considered Financial Instruments.

| | Current | |
|--|------------------|------------------|
| | 31 March 2021 | 31 March 2022 |
| | £'000 | £'000 |
| Trade and other Debtors per above | 4,193 | 7,135 |
| Payments in advance | - | 441 |
| Short-term Debtors in Council Tax | 2,093 | 2,866 |
| Provision for bad debt | (720) | (1,546) |
| Short-term Debtors in VAT | 359 | 582 |
| Short-term Debtors per note 17 | 5,925 | 9,478 |

Nature and Extent of Risk Arising from Financial Instruments and How the Authority Manages those Risks

Key Risks

The Authority's activities expose it to a variety of financial risks; the key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rate movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Authority's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year; and
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual budget and council tax setting at the Fire Authority committee. These items are reported with the

annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by Bristol City Council under the terms of a Financial Services contract. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Authority's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above, which gives priority to security and liquidity rather than yield.

The Authority's surplus cash is invested with Bristol City Council. A fixed payment, or charge if overdrawn, on the daily cash balance is set at 7 days London Interbank Bid Rate (LIBID). As such this further reduces the credit risk to negligible amounts.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default of payment due assessed by the ratings agencies and the Authority's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

| | Amount at 31 March 2022 £'000 | Historical experience of default | Adjustments for market conditions at 31 March 2022 | Estimated maximum exposure to default at 31 March 2022 £'000 | Estimated maximum exposure to default as reported 31 March 2021 £'000 |
|---|-------------------------------------|--|--|---|---|
| Other counterparties - Local Authorities | 1,413 | 0.0% | 0.0% | - | - |
| Other counterparties - NHS | - | 0.0% | 0.0% | - | - |
| Other counterparties - Central Government | 5,485 | 0.0% | 0.0% | - | - |
| Trade and other debtors | 1,247 | 0.5% | 1.1% | 14 | 4 |
| | 8,145 | | | 14 | 4 |

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for its trade debtors. An analysis of debtors with reference to specific debtors and individual debts, not a formula basis, at the year-end has been carried out and an impairment to financial assets provision of £14k has been created to

cover the risk of default. Due to the small number and value of debts the Authority's write off policy is on a case by case basis when there is no reasonable expectation of recovery, which is seen a definition of default, even though they are still subject to enforcement activity. There has been no change in our approach during the year and no material change from one year to another or expected in future years.

Liquidity risk

The Authority's Treasury Management function is managed by Bristol City Council under a Financial Services contract. Bristol City Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need. There is therefore no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures, undertaken on its behalf by Bristol City Council, required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and Bristol City Council manages the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

| 2021/2022 | £'000 |
|-----------------------|-----------------|
| Less than one year | (6,942) |
| Between 1 and 2 years | (269) |
| Between 2 and 5 years | (947) |
| More than 5 years | (7,364) |
| | <u>(15,522)</u> |

The maturity analysis of financial assets is as follows:

| 2021/2022 | £'000 |
|-----------------------|---------------|
| Less than one year | 21,620 |
| Between 1 and 2 years | - |
| Between 2 and 5 years | - |
| More than 5 years | - |
| | <u>21,620</u> |

Market risk

Interest rate risk

Interest on the Authority's existing borrowing is based upon long-term fixed interest rate maturity loans and therefore there is minor exposure to interest rate movements. However, as previously indicated the Authority has deferred borrowing of £3,817k which is being funded by utilising balances to offset borrowing in the short term in accordance with the Authority's approved Treasury Management Strategy.

A differential increase in interest rates between long-term and short-term rates would lead to an interest rate exposure for the Authority. This risk can be mitigated against increased counterparty risks associated with lending surplus balances as part of the treasury management function. The effect of a 1% change (rise or fall) in rates on interest rate risk relating to deferred borrowing of £3,817k would be £38k.

Effects of a 1% rise in rates:

The effect of a 1% interest rate rise on Bank Interest receivable:

| 2021/2022 | £'000 |
|--|------------|
| Increase in interest receivable on variable rate investments | 178 |
| Impact on Surplus or Deficit on the Provision of Services | 178 |

The effect of a 1% rise in the Discount rate used to calculate the Fair Value of the loans:

| 2021/2022 | £'000 |
|--|-------|
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | (848) |

Effects of a 1% fall in rates:

The effect of a 1% interest rate fall on Bank Interest receivable:

Zero bank interest has been received between April 2021 and December 2021 as interest rates have been below zero. From January 2022 till March 2022 the rates have been below 1%. A 1% fall in rates would simply see a reduction of all interest received.

| 2021/2022 | £'000 |
|--|------------|
| Increase in interest receivable on variable rate investments | (2) |
| Impact on Surplus or Deficit on the Provision of Services | (2) |

Effect of a 1% fall in the Discount rate used to calculate the Fair Value of the loans:

| 2021/2022 | £'000 |
|--|-------|
| Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | 941 |

The methodology and assumptions are based on a 1% movement in rates as this is a simple visual comparator. Obviously, rates could change by different amounts and so the impact would be proportionate.

These assumptions are using the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Authority does not generally invest in instruments with this type of risk.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

22. Short Term Provisions

| | Balance at 31 March 2020 £'000 | Additional Provisions Made in 2020/2021 £'000 | Amounts Utilised in 2020/2021 £'000 | Balance at 31 March 2021 £'000 | Additional Provisions Made in 2021/2022 £'000 | Amounts Utilised in 2021/2022 £'000 | Balance at 31 March 2022 £'000 |
|----------------------------|--------------------------------------|--|---|--------------------------------------|--|---|--------------------------------------|
| Fire Hydrants | 65 | - | - | 65 | | (65) | - |
| HQ Relocation Expenses | 74 | - | (54) | 20 | | (20) | - |
| NDR Appeals | 733 | 709 | (733) | 709 | 633 | (709) | 633 |
| Major repairs | 203 | - | - | 203 | | | 203 |
| Ill Health Scheme Benefits | - | - | - | - | 75 | | 75 |
| | 1,075 | 709 | (787) | 997 | 708 | (794) | 911 |

Details of the Authority's Short-term Provisions are as follows:

- Fire Hydrants**
 This provision was initially created and retained due to a backlog of maintenance work. Hydrant inspections are scheduled to be carried out on a three yearly cycle but due to past staff shortages the inspection programme was behind schedule. It has now been agreed that the schedule is up to date and invoices will be raised for the works undertaken to match against our current accrual with future works being planned and invoiced as they occur.
- HQ Relocation Expenses**
 The Fire Authority's approved relocation policy set up following the move in September 2017 has now finished and all claims are now settled.
- National Domestic Rates (NDR) Appeals**
 This provision has been created to allow for the cost of possible NDR Appeals. The timing is dependent on the Valuation Office hearing and passing judgement on these appeals.
- Major Repairs**
 During 2017/18 an accommodation block attached to one of the Authority's fire stations suffered a significant structural failure. Rectification works have consequently started and are expected to continue into 2022/23.
- Ill Health Scheme Benefits**
 This provision has been created in response to a recent case which will require the Fire Authority to pay an amount, currently being reviewed to determine the exact figure, likely to be paid in 2022/23.

23. Long Term Provisions

| | Balance at 31 March 2020 | Additional Provisions Made in 2020/2021 | Amounts Utilised in 2020/2021 | Balance at 31 March 2021 | Additional Provisions Made in 2021/2022 | Amounts Utilised in 2021/2022 | Balance at 31 March 2022 |
|-----|-----------------------------|--|----------------------------------|-----------------------------|--|----------------------------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| PFI | 590 | - | - | 590 | - | (590) | - |
| | 590 | - | - | 590 | - | (590) | - |

Private Finance Initiative

Further to notes 1 and 7 the latest forecasted equalisation fund is to have a small surplus at the end of the scheme. This has been the position for the past few years.

Therefore, it has been decided to release this provision to revenue to support front line services.

24. Usable Reserve

| | Balance at 1 April 2020 £'000 | Transfers in 2020/2021 £'000 | Transfers out 2020/2021 £'000 | Balance at 31 March 2021 £'000 | Transfers in 2021/2022 £'000 | Transfers out 2021/2022 £'000 | Balance at 31 March 2022 £'000 |
|--|-------------------------------------|------------------------------------|--|---|------------------------------------|--|---|
| Working Fund Balance | 1,500 | - | - | 1,500 | - | - | 1,500 |
| | 1,500 | - | - | 1,500 | - | - | 1,500 |
| Pension & Budget Pressures Reserves Incl. | | | | | | | |
| Invest to Save Reserve | 1,000 | 259 | - | 1,259 | 1,838 | - | 3,097 |
| PPE / ICP Replacement Reserve | 60 | - | (60) | - | 60 | - | 60 |
| Control Resilience Reserve | 296 | - | (221) | 75 | - | (75) | - |
| Premises / H&S Critical Works Reserve | 147 | - | (114) | 33 | - | - | 33 |
| Pension Reserve | 420 | 100 | - | 520 | - | (173) | 347 |
| Legal Fees Reserve | 100 | - | - | 100 | - | - | 100 |
| Community Safety Reserve | 70 | - | (45) | 25 | - | - | 25 |
| Auxiliary Reserve | 100 | - | (100) | - | - | - | - |
| Capital Financing Reserve | 588 | - | (588) | - | - | - | - |
| Document Management & Retention System Reserve | 60 | - | - | 60 | - | - | 60 |
| ESMCP Reserve | 267 | 188 | (204) | 251 | 360 | - | 611 |
| Equality & Inclusivity Reserve | 74 | - | (74) | - | - | - | - |
| Improvement Programme Reserve | - | 227 | - | 227 | - | (227) | - |
| Airbus SC Responses software Reserve | 6 | - | (6) | - | - | - | - |
| Strategic Development software Reserve | 10 | - | - | 10 | - | - | 10 |
| Transformation Reserve | 1,811 | - | (113) | 1,698 | - | (343) | 1,355 |
| Swift Water Rescue Equipment Reserve | 100 | 281 | (381) | - | - | - | - |
| BT WAN Upgrade Reserve | 110 | - | - | 110 | - | (110) | - |
| Communication - UPS / Station End upgrade Reserve | 30 | - | - | 30 | - | - | 30 |
| Control & Communications - Welfare Reserve | 25 | - | - | 25 | - | - | 25 |
| COVID-19 Reserve | 192 | 870 | (1,062) | - | - | - | - |
| National Operational Guidance Reserve | 300 | - | - | 300 | - | - | 300 |
| Extrication Challenges Reserve | 7 | - | (7) | - | - | - | - |
| IT Infrastructure Reserve | 406 | - | (56) | 350 | - | (97) | 253 |
| Ill Health Reserve | - | - | - | - | 230 | - | 230 |
| TFS Protection & Review Grants Reserve | - | - | - | - | 167 | - | 167 |
| Investment Fund Reserve | - | - | - | - | 848 | - | 848 |
| Contingency Reserve | - | - | - | - | 119 | - | 119 |
| Hydrants Reserve | 100 | - | (100) | - | - | - | - |
| Medical Intervention Reserve | 40 | - | (9) | 31 | - | - | 31 |
| | 6,319 | 1,925 | (3,140) | 5,104 | 3,622 | (1,025) | 7,701 |
| PFI Equalisation Fund | 1,456 | - | (100) | 1,356 | - | (116) | 1,240 |
| Unapplied Capital Receipts Reserve | 5,154 | 8,000 | (6,033) | 7,121 | - | (3,232) | 3,889 |
| General Capital Reserve | - | 4,211 | - | 4,211 | 1,180 | - | 5,391 |
| Total Usable Reserve | 14,429 | 14,136 | (9,273) | 19,292 | 4,802 | (4,373) | 19,721 |

Details of the Authority's approved reserves and an explanation of any movement during the year are as follows:

- a. Invest to Save Reserve
This reserve has been maintained to fund future initiatives and programmes to assist the Authority in achieving its medium-term financial targets. It is anticipated that this reserve will be utilised over the next four-five years.

In 2021/2022 an amount of £1,838k has been added to this reserve to ensure future investment requirements can be met.
- b. PPE/ICP Replacement Reserve
In 2021/2022 an amount of £60k has been added to this reserve to cover anticipated additional costs for future years. This reserve is expected to be spent in 2022/2023.
- c. Control Resilience Reserve
This reserve was fully utilised in 2021/2022.
- d. Premises / H&S Critical Works Reserve
This reserve has been created to finance any urgent works identified by the Authority as a priority in relation to Health and Safety, including works to remove asbestos. £114k was used in 2020/2021. This reserve will be utilised as required.
- e. Pension Reserve
This reserve has been created to assist in financing the additional costs expected relating to Immediate Detriment cases. £230k has been transferred to a separate ill-health reserve and the transfer relates to £57k of pension admin cost funding from Central Government. These costs are expected to be incurred over the next 2-3 years.
- f. Legal Fees Reserve
This reserve has been set up to fund expenditure associated with legal claims, primarily property and employee costs. This reserve will be utilised as required.
- g. Community Safety Reserve
An amount of £70k to pay for two new electric vehicles, pay for the upgrade of CFRMIS and to support the assistive Technology programme. £45k was used in 2020/2021. The balance on this reserve will be utilised during 2022/2023.
- h. Auxiliary Reserve
This reserve was fully utilised in 2020/2021.
- i. Capital Financing Reserve
This reserve was fully utilised in 2020/2021.
- j. Document Management and Retention System Reserve
This reserve has been set up to fund the development of a Corporate wide document system to improve administration and information security requirements, including GDPR. The reserve will be used as and when required.
- k. ESMCP Reserve
In March 2017 the Government paid a grant to Avon Fire and Rescue to fund the ESMCP project. A further grant was received in 2017/2018. Work commenced during 2018/2019, and £177k was utilised, with a further £18k in 2019/2020. The balance of the grant will be utilised over the next two years whilst the project is completed. In 2021/2022 an amount of £360k has been added to this reserve

- l. Equality & Inclusivity Reserve
This reserve was fully utilised in 2020/2021.
- m. Improvement Programme Reserve
This reserve was fully utilised in 2021/2022.
- n. Airbus SC Response Software Reserve
This reserve was fully utilised in 2020/2021.
- o. Strategic Development Software Reserve
This reserve will fund the purchase and implementation of strategic development software. This will be utilised in 2022/2023.
- p. Transformation Reserve
This reserve has been created to undertake digitalisation and corporate level projects of the Authority. Digitalisation includes the implementation of Office 365, incident resource management and business process re-engineering. Corporate level projects include collaboration and Firewatch enhancement.

£457k was set aside in 2018/2019, with a further £1,354k being transferred from the Improvement Programme Reserve during 2019/2020. £113k was used in 2020/2021 and £343k in 2021/2022. This balance will be utilised over the next two years.
- q. Swift Water Rescue Equipment Reserve
This reserve was fully utilised in 2020/2021.
- r. BT WAN Upgrade Reserve
This reserve was fully utilised in 2021/2022.
- s. Communication – Uninterruptable Power Supply (UPS) / Station End Upgrade Reserve
To enable the upgrade of fire station call-out equipment, UPS and call-out PCs. An amount of £30k was transferred in during 2019/2020. It is expected to be utilised during 2022/2023.
- t. Control & Communications – Welfare Reserve
To enable the welfare and rest areas for Control and Communications to be built and updated. An amount of £25k was transferred in during 2019/2020. It is expected to be utilised during 2022/2023 following delays to the project as a result of COVID-19 restrictions.
- u. COVID-19 Reserve
This reserve was fully utilised in 2020/2021.
- v. National Operational Guidance Reserve
To implement the new National Operational Guidance (NatOG). An amount of £300k was transferred in during 2019/2020. This is expected to be utilised over the next two years in order to comply with National Operational Guidance timescales.
- w. Extrication Challenges Reserve
This reserve was fully utilised in 2020/2021.

- x. IT Infrastructure Reserve
To address problems identified with the existing IT structure resulting from the recent review undertaken. An amount of £406k was transferred in during 2019/2020. £56k was utilised in 2020/2021 and £97k in 2021/2022. The balance will be utilised during the next two years.
- y. Ill Health Reserve
This reserve has been created to assist in the financing of ill-health pension retirements where costs of two or four times the retiree's salary are paid to the Department for Communities and Local Government. An amount of £230k was transferred to this reserve from the Pensions Reserve in 2022/2023.
- z. TFS Protection & Review Grants Reserve
This reserve has been created to fund the work specified as part of the Building Risk Review which is currently underway. This funding will be utilised over the next 2-3 years in line with guidance from Central Government.
- aa. Investment Fund Reserve
This reserve has been created to provide funding for projects evaluated and approved in year for investment in Service Developments which will commence in 2022/2023. This fund will be utilised over the next 1-2 years.
- bb. Contingency Reserve
This reserve has been created to provide contingency for areas of spend where delays and increases in costs were experienced in 2021/2022 that will impact in 2022/23 that could not be predicted previously. This includes supplies of motor vehicle parts, IT equipment and fuel costs.
- cc. Hydrants Reserve
This reserve was fully utilised in 2020/2021.
- dd. Medical Intervention Reserve
This reserve has been created to fund medical intervention and prevention initiatives. £9k was utilised in 2020/2021. The balance will be utilised as and when required.
- ee. PFI Equalisation Fund
A grant from the Government for the PFI project, along with contributions from partners, is paid into an Equalisation Fund. This fund is administered by Gloucestershire County Council, on behalf of the partners.
- ff. Unapplied Capital Receipts Reserve
This reserve has been set aside from the sale of fixed assets to fund the ongoing capital programme over the next three years. £6,033k was used in 2020/2021 and £3,232k in 2021/2022. The balance of this reserve has been allocated to fund the ongoing capital programme.
- gg. General Capital Reserve
£1,180 has been added in 2021/2022 to this capital reserves to fund the ongoing capital commitments of the service. This is expected to be utilised over the next three years.

25. Unusable Reserves

| Balance at 31 March 2021 £'000 | | Balance at 31 March 2022 £'000 |
|---|-------------------------------------|---|
| 19,271 | Revaluation Reserve | 23,410 |
| 30,238 | Capital Adjustment Account | 31,510 |
| (693,147) | Pensions Reserve | (691,840) |
| (2,500) | Collection Fund Adjustment | (1,131) |
| (282) | Accumulated Absences Account | (326) |
| (646,420) | Total Unusable Reserves | (638,377) |

Revaluation Reserve

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| 19,626 | Balance at 1 April | 19,271 |
| 187 | Adjustment to revaluation of assets | 4,714 |
| 19,813 | Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | 23,985 |
| (542) | Difference between fair value depreciation and historic cost depreciation | (575) |
| 19,271 | Balance at 31 March | 23,410 |

The revaluation reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.

Where assets have been revalued the excess current value depreciation over the historic depreciation is charged to this reserve. On disposal, the revaluation reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve therefore represents the amount by which the value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Whilst these gains arising from revaluations increases the net worth of the Authority they would only represent an increase in spending power if the relevant assets were sold and capital receipts generated.

Capital Adjustment Account

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| 25,636 | Balance at 1 April | 30,238 |
| | Reversal of items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | |
| (2,671) | Depreciation and impairment of non-current assets | (4,018) |
| (44) | Amortisation of intangible assets | (44) |
| - | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - |
| 22,921 | | 26,176 |
| 542 | Adjusting amounts written out of the Revaluation Reserve | 575 |
| 23,463 | Net written out amount of the cost of non-current assets consumed in the year | 26,751 |
| | Capital Financing applied in the year | |
| 6,032 | Capital Grants and Capital Receipts credited to the Comprehensive Income and Expenditure Statement | 3,993 |
| 280 | Minimum revenue provision for capital financing | 535 |
| 453 | Voluntary revenue provision for capital financing | 206 |
| 10 | Capital expenditure charged in-year to the fund balance | 25 |
| 30,238 | Balance at 31 March | 31,510 |

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations which 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 also contains revaluation gains accumulated on Property before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Pensions Reserve Summary – See Note 26 for further information

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| (631,468) | Balance at 1 April | (693,147) |
| (51,317) | Remeasurements of pensions assets and liabilities | 10,824 |
| (19,000) | 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 | (17,284) |
| 8,638 | Employer's pensions contributions and direct payments to pensioners payable in the year | 7,767 |
| (693,147) | Balance at 31 March | (691,840) |

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

This reserve relates to the two pension schemes, Firefighters and Local Authority, and additional information is shown in note 26.

Collection Fund Adjustment Account

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|------------------------------|--------------------|
| (149) | Balance at 1 April | (2,500) |
| (488) | Bath and North East Somerset | 310 |
| (852) | Bristol City Council | 315 |
| (310) | North Somerset | 243 |
| (701) | South Gloucestershire | 501 |
| (2,500) | Balance at 31 March | (1,131) |

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers, compared with the statutory arrangements for paying across amounts to the Fire Authority from the billing authorities. The annual movement attributable to each of the four billing authorities is shown in the table above.

Accumulated Absences Account

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|---|--------------------|
| (365) | Balance at 1 April | (282) |
| 365 | Settlement or cancellation of accrual made at the end of the preceding year | 282 |
| (282) | Amount accrued at the end of the current year | (326) |
| 83 | 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 | (44) |
| (282) | Balance at 31 March | (326) |

26. Retirement Benefits

Participation in Pension Schemes

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

The Authority participates in two pension schemes:

- Local Government Pension Scheme

All staff, other than uniformed Firefighters, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath & North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final or average salary. It is a 'defined benefit' scheme. The Fund's Actuary carries out a valuation of the Fund every three years in accordance with government regulations. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The latest valuation was undertaken at 31 March 2019 and assessed the overall funding level at 94%.

- Firefighters' scheme

Regular Firefighters employed before 6 April 2006 were eligible to join the Firefighters' Pension Scheme but this scheme closed to new entrants from April 2006. The Employer contribution rate for this scheme was 37.3%. Employee contributions vary according to salary, as shown in the table under Note 2 to the Firefighters' Pension Fund Account on page 91.

A New Firefighters' Pension Scheme was introduced for regular and retained (on-call) Firefighters employed since 6 April 2006, which has different contribution rates payable into the scheme and benefits available to scheme members. The employer contribution rate for this scheme was 27.4%. Employee contributions vary according to salary, as shown in the table under Note 2 to the Firefighters' Pension Fund Account on page 91.

The arrangements for financing Firefighters' pensions which came into effect in April 2006 required the Authority to set up a new ring-fenced 'Pensions Account' from which pension payments, retirement lump sums and transfers out have been made. The Pensions account is funded by employee and employer contributions, the reimbursement by the employer of charges for ill-health early retirements and transfers into the scheme with any deficit / surplus at the year-end being met by / paid to central government. The employer contribution rate is determined by central government.

With effect from 1 April 2015 a new firefighters' pension scheme, "The 2015 Firefighters' Pension Scheme", was introduced to replace both the 1992 and 2006 schemes. All firefighters in the 1992 or 2006 schemes transferred to the new scheme on 1 April 2015 unless they were eligible for taper protection. Eligibility for taper protection was dependent on the age of the individual firefighter as at 1 April 2012. Following an age discrimination legal challenge, the transition to the 2015 scheme moved back to 01 April 2022 and there are remedy arrangements being put in place with reference to the 2015 to 2022 period.

As part of the Retained Firefighters' Pension Settlement the Government has introduced the terms under which individuals that were employed as Retained (on-call) Firefighters between 1 July 2000 and 5 April 2006 are entitled to purchase pension rights. The pension benefits are incorporated within the Firefighters' Pension Scheme 2006 as it does not constitute a scheme on its own but rather a new modified section of the 2006 Scheme with different benefits. The modified scheme will be subject to the reforms that apply to the 1992 and 2006 schemes.

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Surplus or Deficit on Provision of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge required to be met from council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The transactions shown in the table on the next page have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

| | Local Government Pension Scheme | | Firefighters' Scheme | |
|---|---------------------------------|----------------|----------------------|---------------|
| | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Comprehensive Income and Expenditure Statement | | | | |
| Costs of Services: | | | | |
| Current Service Cost | 1,732 | 2,395 | 12,760 | 12,790 |
| Past service Costs / Curtailments | - | - | - | - |
| Firefighters' Pension Top-up Grant | - | | (9,693) | (11,749) |
| Financing and Investment Income and Expenditure: | | | | |
| Net Interest expense | 478 | 512 | 13,690 | 13,300 |
| Administration expenses | 33 | 36 | - | - |
| Total Post-employment Benefits charged to the Surplus or Deficit on Provision of Services | 2,243 | 2,943 | 16,757 | 14,341 |
| Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement: | | | | |
| Remeasurement of the net defined benefit liability comprising: | | | | |
| (Return)/Loss on Plan Assets (excluding the amount included in the Net Interest expense) | (4,801) | (2,997) | - | - |
| Actuarial gains arising on changes in experience assumptions | (1,052) | 163 | (14,340) | 1,450 |
| Actuarial gains and losses arising on changes in demographic assumptions | - | (494) | - | - |
| Actuarial losses and gains arising on changes in financial assumptions | 9,220 | (1,186) | 62,290 | (7,760) |
| Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement | 5,610 | (1,571) | 64,707 | 8,031 |
| 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 | (2,243) | (2,943) | (16,757) | (14,341) |
| Actual amount charged against the Fund Balance for pensions in the year: | | | | |
| Employer's contributions payable to the scheme | 1,941 | 1,076 | 5,297 | 5,321 |
| Retirement Benefits payable to pensioners | | | 1,400 | 1,370 |

The cumulative amount of remeasurements recognised in the Comprehensive Income and Expenditure Statement to 31 March 2022 is (£182,794k)

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

| | Local Government | | Firefighters' Scheme | |
|--|------------------|-----------|----------------------|-----------|
| | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Liabilities at beginning of year | (52,298) | (63,019) | (610,160) | (668,170) |
| Current Service Cost | (1,732) | (2,395) | (12,760) | (12,790) |
| Past Service Cost / Curtailments | - | - | - | - |
| Transfers In | - | - | (50) | (120) |
| Transfers Out | - | - | - | - |
| Interest Cost | (1,251) | (1,312) | (13,690) | (13,300) |
| Contributions by scheme participants | (360) | (392) | (2,310) | (2,340) |
| Remeasurements gains and (losses): | | | | |
| Actuarial gains from changes in demographic assumptions | - | 494 | - | - |
| Actuarial (losses)/gains from changes in financial assumptions | (9,220) | 1,186 | (62,290) | 7,760 |
| Actuarial gains from experience | 1,052 | (163) | 14,340 | (1,450) |
| Benefits Paid | 790 | 1,322 | 18,750 | 20,900 |
| Liabilities at end of year | (63,019) | (64,279) | (668,170) | (669,510) |

Reconciliation of fair value of the scheme assets:

| | Funded Assets | | Unfunded Assets | |
|--|------------------|-----------|----------------------|-----------|
| | Local Government | | Firefighters' Scheme | |
| | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Assets at beginning of year | 30,990 | 38,042 | - | - |
| Interest Income | 773 | 800 | - | - |
| Return on Plan Assets, excluding the amount included in the net interest expense | 4,801 | 2,997 | - | - |
| Firefighters' Pension Top-up Grant | - | - | 9,693 | 11,749 |
| Transfers In | - | - | 50 | 120 |
| Transfers Out | - | - | - | - |
| Administration expenses | (33) | (36) | - | - |
| Employer contributions | 1,941 | 1,076 | 6,697 | 6,691 |
| Contributions by scheme participants | 360 | 392 | 2,310 | 2,340 |
| Benefits paid | (790) | (1,322) | (18,750) | (20,900) |
| Refund of Contributions | - | - | - | - |
| Assets at end of year | 38,042 | 41,949 | - | - |

The expected return on LGPS scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet

date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £3,798k (2020/2021: £5,574k).

Scheme History

| | 2017/2018 Restated £'000s | 2018/2019 £'000s | 2019/2020 £'000s | 2020/2021 £'000s | 2021/2022 £'000s |
|---|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Present value of liabilities | | | | | |
| Local Government Scheme | (48,526) | (54,841) | (52,298) | (63,019) | (64,279) |
| Firefighters' Scheme | (597,880) | (645,650) | (610,160) | (668,170) | (669,510) |
| | (646,406) | (700,491) | (662,458) | (731,189) | (733,789) |
| Fair value of assets in the Local Government Scheme | 31,291 | 34,113 | 30,990 | 38,042 | 41,949 |
| Surplus/(deficit) in the Local Government Scheme | (17,235) | (20,728) | (21,308) | (24,977) | (22,330) |
| Firefighters' Scheme | (597,880) | (645,650) | (610,160) | (668,170) | (669,510) |
| Total | (615,115) | (666,378) | (631,468) | (693,147) | (691,840) |

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £692m (£693m) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £692m (£693m).

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

- The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- The deficit on the Firefighters' scheme will be made good by annual contributions by central government to the ring-fenced "Pensions Account" together with revised future employer contributions as determined by central government.
- The total contribution expected to be made by the Authority in the year to 31 March 2023 for the Local Government Pension Scheme is £1,079k.
- The total contribution expected to be made by the Authority in the year to 31 March 2023 for the Firefighters' pension schemes is £5,199k

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. The Local Government Scheme liabilities have been assessed by Mercer Limited the independent actuary to the Avon Pension Fund, which manages the Local Government Scheme on behalf of the Authority. The Firefighters' scheme liabilities have been assessed by the Government Actuary's Department (GAD). The estimates for the Local Government scheme are based on the latest full valuation as at 31 March 2016 updated for the following years.

The main assumptions used by the actuary have been:

| | Local Government | | Fire Fighters' Scheme | |
|------------------------------|------------------|-----------|-----------------------|-----------|
| | 2020/2021 | 2021/2022 | 2020/2021 | 2021/2022 |
| Mortality assumptions: | | | | |
| Longevity at 65 for current | | | | |
| Men | 23.3 | 23.1 | 21.4 | 21.5 |
| Women | 25.4 | 25.3 | 21.4 | 21.5 |
| Longevity at 65 for future | | | | |
| Men | 24.8 | 24.6 | 23.1 | 23.2 |
| Women | 27.4 | 27.3 | 23.1 | 23.2 |
| Rate of inflation CPI | 2.7% | 3.3% | 2.4% | 2.0% |
| Rate of increase in salaries | 4.2% | 4.8% | 4.2% | 4.0% |
| Rate of increase in pensions | 2.8% | 3.4% | 2.4% | 2.0% |
| Rate of discounting scheme | 2.1% | 2.0% | 2.0% | 2.3% |

The actuary has not carried out any specific investigations in relation to whether the average age of the membership has increased, but does not believe that there have been substantial changes since the 2016 valuation. For any employers who are not admitting new entrants to the Fund, the average age can be expected to increase gradually over time.

The Firefighters' scheme has no assets to cover its liabilities. The Local Government Scheme's assets consist of the following categories, by proportion of the total assets held:

| Local Government Scheme | | 31 March 2021 | 31 March 2022 |
|-------------------------|--------------------------|------------------|------------------|
| | | % | % |
| Equities | Global quoted | 32.1 | 40.6 |
| | Emerging markets | 5.4 | - |
| Bonds | UK Government indexed | 14.1 | 12.4 |
| | Sterling Corporate Bonds | 8.5 | 7.5 |
| Property | UK Property Funds | 7.2 | 6.7 |
| Alternatives | Hedge funds | 5.2 | 2.9 |
| | Diversified Growth Funds | 9.5 | 9.2 |
| | Infrastructure | 7.8 | 8.7 |
| | Secured Income | 5.3 | 8.0 |
| | EFT's | 2.0 | 1.8 |
| | Private Debt | - | 0.7 |
| Cash | Cash accounts | 2.9 | 1.5 |
| | | <u>100</u> | <u>100</u> |

History of Experience Gains and Losses

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of the asset or liability at the year-end are as follows:

| Local Government | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| | 2017/2018 | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 |
| | % | % | % | % | % |
| Experience gains and (losses) on assets | 1.8% | 4.8% | 7.0% | 14.7% | 9.1% |
| Experience gains and (losses) on liabilities | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| Firefighters' Scheme | | | | | |
|--|----------|----------|-----------|-----------|-----------|
| | 2017/201 | 2018/201 | 2019/2020 | 2020/2021 | 2021/2022 |
| | % | % | % | % | % |
| Experience gains and (losses) on liabilities | (1.1)% | 0.0% | 0.0% | 0.0% | 0.0% |

Sensitivity Analysis Firefighters' Scheme

The Code of Practice requires disclosure of information that describes how its defined benefit plans may affect the amount, timing and uncertainty of the Authority's future cash flows. Sensitivity analyses have been provided by the actuaries to illustrate the impact of changes in the key industry financial and demographic assumptions for the pension schemes as follows:

| Sensitivity Analysis Firefighters' Pension Scheme 1992 | | | |
|---|---------------|--------|-----------|
| Change in assumption * | | % | £ Million |
| Rate of discounting scheme liabilities | +1/2% a year | (8.0)% | -45.0 |
| Rate of increase in salaries | +1/2 % a year | 0.5% | 4.0 |
| Rate of increase in pensions / deferred revaluation | +1/2 % a year | 7.5% | 40.0 |
| Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed | | 3.5% | 20.0 |

The weighted average duration of the defined benefit obligation (DBO) is around 18 years.

Note: Employer Contributions of £553,528 were received during 2021/2022.

Note: Current Service Cost (inclusive of member contributions) for 2022/2023 is 64.0% of Pensionable Pay.

| Sensitivity Analysis Firefighters' 2006 scheme | | | |
|---|---------------|---------|-----------|
| Change in assumption * | | % | £ Million |
| Rate of discounting scheme liabilities | +1/2% a year | (14.5)% | -3.0 |
| Rate of increase in salaries | +1/2 % a year | 5.5% | 1.0 |
| Rate of increase in pensions / deferred revaluation | +1/2 % a year | 10.0% | 2.0 |
| Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed | | 3.5% | 1.0 |

The weighted average duration of the defined benefit obligation is around 33 years.

Note: Employer Contributions of £103,743 were received during 2021/2022.

Note: Current Service Cost (inclusive of member contributions) for 2022/2023 is 52.3% of Pensionable Pay.

Sensitivity Analysis
Firefighters' 2015 scheme

| Change in assumption * | | % | £ Million |
|---|---------------|---------|-----------|
| Rate of discounting scheme liabilities | +1/2% a year | (14.5)% | -9.0 |
| Rate of increase in salaries | +1/2 % a year | 5.5% | 3.0 |
| Rate of increase in pensions / deferred revaluation | +1/2 % a year | 10.0% | 6.0 |
| Life Expectancy: each pensioner subject to longevity of an individual one further year younger than assumed | | 3.0% | 2.0 |

The weighted average duration of the defined benefit obligation is around 32 years.

Note: Employer Contributions of £4,663,044 were received during 2021/2022.

Note: Current Service Cost (inclusive of member contributions) for 2022/2023 is 84.6% of Pensionable Pay.

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumptions in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Sensitivity Analysis Local Government Pension Scheme

The Code of Practice requires disclosure of information that describes how its defined benefit plans may affect the amount, timing and uncertainty of the Authority's future cash flows. Sensitivity analyses have been provided by the actuaries to illustrate the impact of changes in the key industry financial and demographic assumptions for the pension schemes as follows:

| Sensitivity Analysis Local Government Pension scheme | | | | | |
|---|----------|---------------------------|-----------------------|------------------------|---|
| Disclosure item | | | | | |
| | | Sensitivity 1 | Sensitivity 2 | Sensitivity 3 | Sensitivity 4 |
| | | +0.1% pa discount rate | +0.1% pa inflation | +0.1% pa pay growth | 1 year increase in life expectancy |
| | £'000s | £'000s | £'000s | £'000s | £'000s |
| Liabilities | 64,279 | 63,166 | 65,412 | 64,411 | 66,166 |
| Assets | (41,949) | (41,949) | (41,949) | (41,949) | (41,949) |
| Deficit | 22,330 | 21,217 | 23,463 | 22,462 | 24,217 |
| Projected Service Cost for next year | 2,265 | 2,205 | 2,329 | 2,265 | 2,338 |
| Projected Net Interest Cost for next year | 610 | 600 | 642 | 614 | 663 |

The weighted average duration of the defined benefit obligation is around 17 years.

As previously mentioned, the Local Government Pension Scheme (LGPS) is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. If, in the very exceptional circumstance, a member authority including Avon Fire Authority were to leave the scheme that authority would be responsible for any liabilities owed to the fund and the liability would not pass on to the remaining members. The LGPS is a funded defined benefit pension arrangement for local authorities and is governed by statute principally now the Local Government Pension Scheme Regulations 2013.

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

27. Analysis of Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/2022.

Under IFRS 15 we have assessed for contracts and no further disclosure is required:

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--|--------------------|
| | Credited to Taxation and Non-specific Grant | |
| - | General Capital Grant & Contributions | 762 |
| 27,635 | Precepts | 28,246 |
| 11,252 | General Government Grants | 11,280 |
| 2,688 | Non-domestic Rates Distribution | 6,158 |
| 41,575 | Total | 46,446 |
| | Credited to Services | |
| 1,080 | COVID-19 Support Grant | 735 |
| 877 | New Dimension / USAR Grants | 878 |
| 485 | Fire Link Grant | 428 |
| 634 | Fire Safety Grant | 476 |
| - | Fire Transformation Fund Grant | 390 |
| 837 | Business Rate Relief Grant | 994 |
| 895 | PFI Grant | 895 |
| 2,407 | Fire Fighters Pension Contribution Grant | 2,626 |
| 841 | Other income | 1,150 |
| 8,056 | Total | 8,572 |

None of the grants received by the Authority in 2020/2021 or 2021/2022 have conditions attached to them and therefore they are recognised as income in their year of receipt.

28. Financing and Investment Income and Expenditure

The Authority incurred and received the following interest and investment to the Comprehensive Income and Expenditure Statement in 2021/2022:

| 2020/2021 | | 2021/2022 |
|---------------|---|---------------|
| £'000 | | £'000 |
| | Interest Payable and Similar Charges | |
| 221 | Loans | 221 |
| 440 | PFI | 430 |
| <u>661</u> | | <u>651</u> |
| 14,168 | Net Interest on the net defined benefit liability | 13,812 |
| (36) | Interest Receivable and Similar Income | (2) |
| (7) | Other Investment Income | (7) |
| <u>14,786</u> | Total | <u>14,454</u> |

29. Cash Flow Statement – Operating Activities

The deficit on the provision of services has been adjusted for the following non-cash movements and that are investing or financing activities:

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|--------------------------------|--------------------|
| 3,200 | Depreciation | 3,268 |
| (529) | Impairment | 750 |
| 44 | Amortisation | 44 |
| 1,356 | Increase in Creditors | 1,330 |
| 997 | Decrease in Debtors | (3,552) |
| (27) | Increase in inventories | - |
| 10,362 | Movements in Pension Liability | 9,517 |
| (78) | Contributions to Provisions | (676) |
| <u>15,325</u> | | <u>10,681</u> |
| - | Capital Grants | (762) |
| <u>-</u> | | <u>(762)</u> |

Cash Flow Statement – Operating Activities (Interest)

The cash flows for operating activities include the following items:

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|-------------------|--------------------|
| 42 | Interest received | 8 |
| (418) | Interest paid | (400) |

30. Cash Flow Statement – Investing Activities

| 2020/2021 £'000 | | 2021/2022 £'000 |
|--------------------|---|--------------------|
| (6,042) | Purchase of property, plant and equipment | (4,018) |
| 8,000 | Proceeds from Sale of non-current assets | - |
| - | Other receipts from investing activities | 762 |
| <u>1,958</u> | Net cash flows from investing activities | <u>(3,256)</u> |

31. Cash Flow Statement – Financing Activities

| 2020/2021 | | 2021/2022 |
|--------------|--|--------------|
| £'000 | | £'000 |
| <u>(203)</u> | Cash payments for the reduction of a PFI liability | <u>(206)</u> |
| <u>(203)</u> | Net cash flows from investing activities | <u>(206)</u> |

32. Contingent Liabilities

There are no contingent liabilities which require disclosure at this time.

Firefighters' Pension Fund Account

Under the arrangements for financing Firefighters' pensions which came into effect from April 2006 the Authority was required to set up a new ring-fenced 'Pensions Account'.

Details of the transactions on this account during the year are as follows:

| 2020/2021 £'000 | | 2021/2022 £'000 £'000 | |
|--------------------|--|-------------------------------|----------------|
| | Contributions receivable: | | |
| (5,324) | Fire Authority | (5,333) | |
| (413) | - contributions in relation to pensionable pay | (387) | |
| (2,345) | - early retirements | (2,367) | |
| | Firefighters' contributions | | |
| (8,082) | Total | | (8,087) |
| - | Transfers in from other authorities | (925) | (925) |
| | Benefits payable: | | |
| 15,148 | Pensions | 15,662 | |
| 1,806 | Commutations and lump-sum retirement benefits | 6,094 | |
| 221 | Other | 62 | |
| 17,175 | Net amount payable for the year | | 21,818 |
| | Payments to and on account of leavers: | | |
| - | Transfers out to other authorities | 634 | 634 |
| 9,093 | Deficit for the year before top-up grant receivable from central government | | 13,440 |
| (9,093) | Top-up grant payable by the Government | | (13,440) |
| - | | | - |

Net assets statement

The assets and liabilities of the pensions account as at 31 March 2022 are as follows:

| 31/03/2021 £'000 | | 31/03/2022 £'000 |
|---------------------|---|---------------------|
| | Current assets | |
| 2,653 | Top-up grant receivable from the Government | 5,485 |
| 2,653 | | 5,485 |
| | Current liabilities | |
| (2,198) | Cash and Bank | (2,634) |
| (455) | Creditor | (2,851) |
| (2,653) | | (5,485) |
| - | Net assets | - |

Notes to the Firefighters' Pension Fund Account

1. Operation of the Fund

The Firefighters' Pension Fund Account was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 and the Fire Authority is responsible for its administration.

The Scheme is available to all Firefighters whether whole-time or part-time and whether regular, retained (on-call) or volunteer, who satisfy one of the eligibility conditions set out in Part 2 of the Order.

The Firefighters' Pension scheme is an unfunded scheme and there are no investment assets. Benefits payable are funded by employer and employee contributions with the difference being met by top-up grant receivable from or payable to Central Government. The fund is balanced to nil each year by the inclusion of a Central Government debtor or creditor in respect of the amount of top-up grant due to or payable from Central Government for the year.

2. Contributions

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department for Communities and Local Government and are subject to triennial revaluation by the Government Actuary's Department.

With effect from 1 April 2012 Employee contributions to the Firefighters' pension schemes are paid in relation to salary ranges as shown in the table below:

| 2021/2022 | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Salary range from | £0 | £15,610 | £21,853 | £31,219 | £41,625 | £52,031 | £62,437 | £104,061 | £124,873 |
| Salary range up to | £15,609 | £21,852 | £31,218 | £41,624 | £52,030 | £62,436 | £104,060 | £124,872 | - |
| Firefighters' pension scheme: | | | | | | | | | |
| 1992 Scheme | | | | | | | | | |
| Employer | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% |
| Employee | 11.00% | 12.20% | 14.20% | 14.70% | 15.20% | 15.50% | 16.00% | 16.50% | 17.00% |
| Total | 48.3% | 49.5% | 51.5% | 52.0% | 52.5% | 52.8% | 53.3% | 53.8% | 54.3% |
| 2006 Scheme | | | | | | | | | |
| Employer | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% |
| Employee | 8.50% | 9.40% | 10.40% | 10.90% | 11.20% | 11.30% | 11.70% | 12.10% | 12.50% |
| Total | 35.9% | 36.8% | 37.8% | 38.3% | 38.6% | 38.7% | 39.1% | 39.5% | 39.9% |
| Retained Firefighters' Modified Scheme | | | | | | | | | |
| Employer | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% |
| Employee | 11.00% | 12.20% | 14.20% | 14.70% | 15.20% | 15.50% | 16.00% | 16.50% | 17.00% |
| Total | 48.3% | 49.5% | 51.5% | 52.0% | 52.5% | 52.8% | 53.3% | 53.8% | 54.3% |
| <div> <div>£0</div> <div>£27,819</div> <div>£51,516</div> <div>£142,501</div> </div> <div> <div>£27,818</div> <div>£51,515</div> <div>£142,500</div> <div>or more</div> </div> | | | | | | | | | |
| 2015 Scheme | | | | | | | | | |
| Employer | 28.80% | 28.80% | 28.80% | 28.80% | | | | | |
| Employee | 11.00% | 12.90% | 13.50% | 14.50% | | | | | |
| Total | 39.8% | 41.7% | 42.3% | 43.3% | | | | | |

| 2020/2021 | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Salary range from | £0 | £15,610 | £21,853 | £31,219 | £41,625 | £52,031 | £62,437 | £104,061 | £124,873 |
| Salary range up to | £15,609 | £21,852 | £31,218 | £41,624 | £52,030 | £62,436 | £104,060 | £124,872 | - |
| Firefighters' pension scheme: | | | | | | | | | |
| 1992 Scheme | | | | | | | | | |
| Employer | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% |
| Employee | 11.00% | 12.20% | 14.20% | 14.70% | 15.20% | 15.50% | 16.00% | 16.50% | 17.00% |
| Total | 48.3% | 49.5% | 51.5% | 52.0% | 52.5% | 52.8% | 53.3% | 53.8% | 54.3% |
| 2006 Scheme | | | | | | | | | |
| Employer | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% | 27.40% |
| Employee | 8.50% | 9.40% | 10.40% | 10.90% | 11.20% | 11.30% | 11.70% | 12.10% | 12.50% |
| Total | 35.9% | 36.8% | 37.8% | 38.3% | 38.6% | 38.7% | 39.1% | 39.5% | 39.9% |
| Retained Firefighters' Modified Scheme | | | | | | | | | |
| Employer | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% | 37.30% |
| Employee | 11.00% | 12.20% | 14.20% | 14.70% | 15.20% | 15.50% | 16.00% | 16.50% | 17.00% |
| Total | 48.3% | 49.5% | 51.5% | 52.0% | 52.5% | 52.8% | 53.3% | 53.8% | 54.3% |
| <div> <div>£0</div> <div>£27,819</div> <div>£51,516</div> <div>£142,501</div> </div> <div> <div>£27,818</div> <div>£51,515</div> <div>£142,500</div> <div>or more</div> </div> | | | | | | | | | |
| 2015 Scheme | | | | | | | | | |
| Employer | 28.80% | 28.80% | 28.80% | 28.80% | | | | | |
| Employee | 11.00% | 12.90% | 13.50% | 14.50% | | | | | |
| Total | 39.8% | 41.7% | 42.3% | 43.3% | | | | | |

In addition, the Employer is required to reimburse charges for any ill-health early retirements.

3. Benefits payable from the fund

Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill-health awards.

4. Accounting Policies

As an unfunded scheme there are no investment assets and the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. In all other respects the accounting policies followed are the same as set out in the Statement of Accounting Policies on pages 21 – 33. Details of the pension liability of the Firefighters scheme, calculated in accordance with IAS 19, and included in the Core Financial Statements are set out in note 26 to the Core Financial Statements.

GLOSSARY OF TERMS

ACCOUNTING PERIOD - This is the length of time covered by the accounts. This is normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS - The accruals basis of accounting ensures that income and expenditure is reflected in the financial statements in the accounting period that they were earned or incurred, not as any cash is received or paid.

ACTUARY - One who makes calculations for pensions and insurance purposes.

ACTUARIAL GAINS AND LOSSES - For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed.

ASSET - An asset is something that the Authority owns that has a monetary value. Assets are either current or long-term.

- A current asset is one that will be used by the end of the next financial year (e.g. stock, debtors).
- A long-term (fixed) asset provides the Authority with benefits for a period of more than one year (e.g. property, plant and equipment).

BALANCE SHEET - The Balance Sheet is a financial statement summarising the overall financial position of the Authority at the end of the financial year.

BUDGET - A budget is a statement that sets out the Authority's service delivery plans and capital expenditure in monetary terms.

CAPITAL ADJUSTMENT ACCOUNT - This is the money set aside in the Authority's accounts for capital spending and to repay loans.

CAPITAL CHARGES - This is a charge made to the Authority's service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

CAPITAL EXPENDITURE - Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period.

CAPITAL FINANCING - This describes the various sources of money used to pay for capital expenditure. Capital expenditure can be funded from external sources, such as borrowing, capital grants and by contributions from the internal sources, such as capital receipts and reserves.

CAPITAL RECEIPT - A capital receipt is the income that results from the sale of land, buildings and other capital assets. A specified portion of this may be used to fund new capital expenditure. The balance must be set-aside and may only be used for paying off debt, not for funding new revenue services.

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.

CONTINGENT LIABILITIES - A possible liability relating to future expenditure at the Balance Sheet date, depending on the outcome of future uncertain events.

CREDITORS - Amounts owed by the Authority to others for goods and services that have been supplied but not yet paid for by the end of financial year.

CURRENT ASSETS - Items that can be readily converted into cash.

CURRENT LIABILITIES - Items that are due to be paid immediately or in the short term.

DEBTORS - Amounts owed to the Authority for goods and services, where the income has not been received at the end of the financial year.

DEPRECIATION - This is a charge made to the revenue account each year, which reflects the loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

EVENTS AFTER THE BALANCE SHEET DATE (POST BALANCE SHEET EVENTS) - Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FIXED ASSETS - These are assets that yield benefits to the Authority and the services it provides for a period of more than one year.

GENERAL FUND - The account that summarises the cost of providing Authority services (excluding the Housing Revenue Account).

GOVERNMENT GRANTS - Grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some of these grants have restrictions on how they may be used whilst others are general purpose.

IMPAIRMENT - The reduction in value of an asset in the Balance Sheet owing to a change in the market value. This can be as a result of market fluctuations, physical damage or obsolescence.

INCOME & EXPENDITURE STATEMENT - This is the Authority's main revenue account. It summarises the income received from Council Tax and business rates, grants and fees and charges along with the associated expenditure on services provided.

INTANGIBLE ASSETS - These are fixed assets on the Balance Sheet such as software licences that don't have physical form but still have value.

LIABILITIES - Amounts the Authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

MINIMUM REVENUE PROVISION (MRP) - The minimum amount that the Authority must charge to the revenue account to provide for the repayment of debt.

NATIONAL NON-DOMESTIC RATE (NNDR) - A flat rate in the pound set by Government and levied on businesses in the City. The money is collected by the Council then pooled and redistributed by the Government to local authorities based on the resident population.

OPERATIONAL ASSETS - These are fixed assets owned by the Authority and used in the direct delivery of services.

PROVISIONS - Amounts set aside to meet liabilities or losses which are likely or certain to be incurred but where the amount due or the timing of the payment remains uncertain.

PUBLIC WORKS LOAN BOARD (PWLb) - A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

RELATED PARTIES - Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party;
- the parties are subject to common control from the same source;
- one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing its own interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests. Examples of related parties include central government, other local authorities and other bodies precepting or levying demands on the Council Tax, its members and its chief officers.

RESERVES - An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

REVENUE EXPENDITURE - Spending on day-to-day items including salaries and wages and other running costs associated with the provision of services.

REVENUE SUPPORT GRANT (RSG) - The main grant paid to a local authority by Central Government to help fund the cost of its services.

VOLUNTARY REVENUE PROVISION (VRP) - The amount over and above MRP that the Authority has charged to the revenue account to provide for the repayment of debt.



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