Staffordshire
Fire and Rescue Service
preventing • protecting • responding

Statement of Accounts
2016/17

Contents

Narrative Statement

Introduction

The purpose of the Narrative Statement is to provide the reader with a broad understanding of the Authority's financial performance for the year ended 31 March 2017, by clearly explaining the Authority's funding position, and how this funding is spent in order to deliver the priorities as set out within the Corporate Safety Plan. In addition, the Narrative Statement also provides further information to the reader about economy, efficiency and the effective use of resources by the Authority during the financial year. It also looks to the future and considers some of the challenges faced by the Authority.

The Statement of Accounts sets out the financial activities of the Authority for the year ended 31 March 2017 and includes comparative figures for the previous year. The Statement of Accounts have been prepared in accordance with the accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and International Financial Reporting Standards (IFRS). The Code of Practice and relevant guidance notes specifies the principles and practices of accounting required to give a "true and fair" view of the financial position and transactions of the Authority.

Background

Stoke on Trent and Staffordshire Fire and Rescue Authority is responsible for the finances of Staffordshire Fire and Rescue Service (SFRS) with a net revenue budget of £40.5m approved for 2016/17. The Authority is a combined authority under the Fire and Rescue Services Act and is responsible for providing its services to a population of just over 1.1 million people in the City of Stoke on Trent and the County of Staffordshire and attended 8,399 emergency incidents during the year. The focus during the last few years has been on prevention and fire safety which has resulted in a reduced demand for our acute services and consequently the number of people who die or who are injured by fire has dropped dramatically during this time.

A key prevention activity remains one of safety in the home with 27,817 home visits completed this year with many extended to include enhanced "safe and well" aspects with a key objective to prevent falls, improve the uptake of flu immunisations, prevention of cold homes and of social isolation by direct intervention, and ultimately reducing the acute demand placed upon the health service and Accident and Emergency Departments. This activity supports the clear strategy contained within our Corporate Safety Plan predicated upon prevention being better and importantly cheaper than cure and also helps build stronger, more resilient communities and ensure that our communities remain safe and well at home.

The Authority continues to face significant financial challenges, particularly through ongoing austerity within the Public Sector. In 2016 the Authority published its Efficiency Plan that secured funding from the Home Office for the period 2016/17 to 2019/20. The Efficiency Plan sets out how the Authority are planning to respond to the £4 million of savings required during this four year period. The Authority has responded well to this financial challenge and has already identified and approved savings of £2.2m that will contribute towards this target.

The Police and Crime Act 2017 came into effect on 3 April 2017 and contains a statutory duty for emergency services to collaborate and also gave the opportunity for Police and Crime Commissioners (PCCs) to make a local case to take on the responsibility for the governance of the Fire and Rescue Service. The Police and Crime Commissioner for Staffordshire has appointed a consultant to produce this business case that will go out for wider consultation during July 2017 before being submitted to the Home Office for approval. This is discussed in more detail later within the Future Outlook section of this Narrative Statement.

The Authority manages its affairs to ensure that proper arrangements are in place for delivering value for money through, securing financial resilience and challenging how it secures economy, efficiency and effectiveness. It is imperative that the Authority continues to play a leading role in the communities that it serves and through the continued provision of a high quality service will ensure that Staffordshire remains one of the safest places to be.

Accounting Statements

The Statement of Accounts is published to present fairly the financial position and transactions of the Authority in a fair and transparent manner. Its format is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). A glossary to explain some of the technical terms is included at the back of this report.

The main statements consist of:

- **Statement of Responsibilities for the Statement of Accounts** which sets out the responsibilities of the Authority and the Treasurer for the accounts;
- **Annual Governance Statement** which assesses the adequacy of the Authority's governance arrangements and identifies where improvements can be made;
- **Statement of Accounting Policies** which sets out the basis for recognising, measuring and disclosing transactions in the accounts;
- **Comprehensive Income and Expenditure Statement** which summarises income and expenditure on the Authority's services during 2016/17; and presents all the recognised gains and losses of the Authority during 2016/17;
- **Movement in Reserves Statement** which reconciles the Income and Expenditure Account with General Fund Balances taking into account contributions to reserves committed for future expenditure;
- **Balance Sheet** which sets out the Authority's financial position as at 31 March 2017;
- **Cash Flow Statement** which summarises the inflows and outflows of cash in the year.

Where the funding came from: Revenue Expenditure 2016/17

The Revenue Budget was approved by the Fire and Rescue Authority on 16 February 2016 and was set at £40.516 million. Revenue expenditure consists of the day-to-day running costs of the Authority, such as employee costs, pension costs, premises, transport, income and financing costs. The 2016/17 outturn position is summarised below and the details of how this expenditure has been funded during the year:

Revenue Expenditure Outturn 2016/17	Budget £m	Actual £m	Variance £m
Employee Costs	26.3	25.7	(0.6)
Indirect Employee Costs	1.9	1.7	(0.2)
Premises	2.7	2.9	0.2
Transport	0.9	0.8	(0.1)
Supplies & Services	5.1	4.4	(0.7)
Unitary charge and other running costs	2.8	2.9	0.1
Income	(0.8)	(0.6)	0.2
Capital Financing	2.3	2.3	
Transfers from/to Reserves	(0.7)	(0.3)	0.4
Funding of capital programme		0.7	0.7
Total	40.5	40.5	(0.0)

Funded by:	
Precept (Council Tax)	23.8
Business Rates	8.7
Revenue Support Grant	8.0
Total	40.5

Overall the financial performance of the Authority has been positive in year by delivering the required savings target of £1.2m as contained within the approved Efficiency Plan, and in addition identifying additional savings throughout the year that have importantly supported the direct financing of capital expenditure.

Pay costs account for approximately 68 percent of the total revenue budget for the year. As at 31 March 2017 the Authority employed 884 staff (815 Full Time Equivalent). This included 366 part-time retained firefighters, 185 support staff and 15 apprentices. The remaining 318 were employed operational (wholetime) staff in either management, response or prevention and protection roles.

Revenue Expenditure and the General Reserve

The Authority is required to prepare the accounts within the framework published by the Chartered Institute of Public Finance and Accountancy (CIPFA), the International Financial Reporting Standards (IFRS) and the Government, the results of which are a deficit for the year of £6,633m (2015/16 was a deficit of £12.998m). However, this includes pensions and depreciation costs which are not chargeable to tax payers (nationally and locally) and the final position for the financial year is set out in the following table:

Reserves	Actual £m
General Reserves	
General Reserves balance 1 April 2016	1.9
Break Even for the Year	
General Reserves balance 31 March 2017	**1.9**
Other (useable) Reserves	
Other Reserves balance 1 April 2016	9.1
Net movement for the year	0.1
Other (useable) Reserves balance 31 March 2017	**9.2**

This means that the General Reserve brought forward from 2015/16 remains at £1.9 million at the end March 2017, this reserve is held to allow for any unexpected or emergency events that are considered to be medium or high risk by the Authority.

The Other (Useable) Reserve has increased by £0.1m in year to £9.2 million and forms an integral and important part of the overall financial strategy and future security for this Authority as incorporated within the approved Medium Term Financial Strategy (MTFS) and Reserves Strategy. Reserves have been earmarked to support the Authority during the ongoing austerity measures that have been imposed by Government during the last few years that has seen the Revenue Support Grant reduced for this Authority by around £5.7 million since 2012. Future capital commitments and vehicle replacement programme will also be supported by this reserve. The reserves balance is forecast to reduce to around £3.8 million by 2020 in line with this reserves strategy and the Authority's approved MTFS.

Capital Expenditure

During 2016/17 the Authority spent £1.4 million on capital projects, summarised as follows:

Capital Expenditure Outturn 2016/17	Actual £m	Actual %
Land and Buildings	0.8	60%
Vehicles, Plant and Equipment	0.3	20%
Information Technology	0.3	20%
Total Capital Expenditure	**1.4**	**100%**

The capital programme outturn for 2016/17 of £1.4 million was significantly reduced in year for the fifth consecutive year, again this reduction has been in response to funding reductions and removal of any capital maintenance grant funding by Central Government.

All capital expenditure for the last four years has been fully funded through a combination of direct revenue contribution, capital grants received and also asset sales. No additional borrowing has been required and when taking into account the provisions made for repayment of debt the overall gross debt position (Capital Financing Requirement excluding PFI) for the Authority has reduced by £1.3m in year and £5.3m during the last four years. This action has improved the long term financial position for the Authority and demonstrates a commitment to deliver ongoing efficiency as a result of effective financial planning and a commitment to the most effective use of available resources during times of sustained financial austerity (see Note 36).

Land and buildings included £0.6m for the expenditure on the two (£5.1 million) transformational funding projects for Stafford and Biddulph. Whilst the project at Biddulph that will deliver a joint Fire and Ambulance Community Station is almost complete the options for the Life Skills project at Stafford remain uncertain and work is ongoing with partners, the Office of the Police and Crime Commissioner and local MP's. A further £0.2m has been spent on minor building enhancements including works at the Service headquarters site in Stone.

The capital expenditure in year was financed from three sources: £0.7m in year direct revenue contribution, £0.6m from government grants and £0.1m from capital receipts.

Pensions

Accounting standards require the full cost of pension benefits as they are earned to be reported in the accounts. The impact of this requirement on the accounts is significant with the total balance sheet liability for pensions amounting to £461 million and this is the main reason for the excess of £414 million worth of liabilities over assets. The amounts included within the balance sheet reflects an estimate of the total pension liability and incorporates a number of assumptions that change over time. This liability does not affect the Authority's ability to continue as a going concern as it refers to future liabilities that will be met by future contributions.

The firefighter pension schemes are unfunded defined benefit schemes and any deficit on the scheme is met by Central Government through the Home Office and a top-up payment is received by the Authority annually to cover any shortfall.

The year on year increase in total pension liability (c.£82 million) incorporated into the Statement of Accounts for 2016/17 is primarily associated with the impact of fund valuation mainly through changes in financial assumptions that included a reduction in the discount rate of 0.9% (from 3.6% to 2.7%) used by the actuary within the valuation of the Firefighter Pension Schemes and a 0.9% reduction used by the actuary in the Local Government Pension Scheme (LGPS). For the Firefighters Pension Schemes the sensitivity for a 0.5% movement on the discount rate is £44.9m for Stoke on Trent and Staffordshire Fire and Rescue Authority and is the main contributory factor driving the increase in pension liability during the year.

Financial Position

The Authority have a strong track record of delivering the level of savings required during the past few years due to the impact of the Government's ongoing austerity agenda. Up to 31 March 2017 cuts of around £5.7 million had already been imposed through lower Revenue Support Grant (RSG) allocations. Despite this reduction the Authority have continued to deliver high performance in terms of fire related deaths and injuries, and a continued reduction in the need for our acute services due to the ongoing priority of our prevention agenda making the communities of Staffordshire more resilient and safer in their homes. Our transformation journey started ahead of the budget reductions to ensure that we considered our changes systematically. A reduction in funding has not resulted in a reduced service but in a fire and rescue service that is smarter and uses resources more intelligently.

As part of the Local Government Finance Settlement for 2016/17 single purpose Fire and Rescue Authorities were all offered firm four-year funding allocations for the period from 2016/17 to 2019/20 in return for robust and transparent efficiency plans that would be published in order to enable local residents to scrutinise these plans.

In October 2016 the Authority published its Efficiency Plan and submitted the document to the Home Office to secure this funding offer.

The published Efficiency Plan includes detailed assumptions around the strategy that the Authority will adopt regarding future Council Tax increases and also the expected increases in business rates and population growth within the county during this time. In total the four year settlement includes a reduction in Revenue Support Grant of £4.8m. The Efficiency Plan and the Medium Term Financial Strategy incorporate a requirement for the Authority to make savings of £4 million by 2020, which included £1.2m for 2016/17 which has been successfully identified and delivered in year. In total the Authority has now identified and approved savings of approximately £2.2m achieving 55% of the required saving. The £2.2m included changes to crewing following the removal of two Tactical Response Vehicles and also the implementation of a new payment scheme for our retained staff.

The Authority will be considering further options during 2017/18 for delivery of the remaining £1.8m of savings in line with the key focus areas identified within the Efficiency Plan document. The Authority remains firmly committed to achieving this ongoing level of savings without compromising community or firefighter safety and protecting as many livelihoods as possible within the Service.

Community Fire Stations use, Funding and Community Interest Company

The Authority has 28 community fire stations across the County of Staffordshire and City of Stoke on Trent, all of which have some space made available, free of charge, to community groups and partners for activities which support the priorities of the Staffordshire Strategic Partnership.

Twenty one of our community stations were funded by two Private Finance Initiatives (PFI). The new stations are all equipped with hi-tech operational facilities and have space for more community safety activities such as Student Firefighter courses. All of the new stations also incorporate dedicated rooms and amenities for the benefit of community groups, while most of the stations have fitness equipment that can be used by supervised groups. The Authority receives £7m in funding annually from central government, which currently supports around 70% of the unitary charge payable for both PFI projects. This government funding is fixed for the 25-year period of each PFI.

Following the completion of the first PFI project in 2011 the Authority established a Community Interest Company (CIC). The company is known as The Stoke on Trent & Staffordshire Safer Communities Community Interest Company. It was formed in partnership between public, private and voluntary sector with the primary purpose of providing opportunities to improve the health, safety, social and economic wellbeing of the communities of Stoke-on-Trent and Staffordshire.

The CIC supports and reports on the community use of the stations ensuring that groups are run by the community for the benefit of the community and to date the community use is exceeding our expectations, with over 900 bookings per month (2,500 hours). Community stations are providing a meeting place for different groups, charities and public sector organisations across the country ranging from Staffordshire Police, West Midlands Ambulance Service, Shropshire and Staffordshire Blood Bikes, the NHS, Citizens Advice Bureau and housing associations to music for the Turkish community, local parish councillors, The Carers Hub, creative writing, community crafters, Busy Minds and gardening.

Safer Communities CIC in partnership with Staffordshire Fire and Rescue Service have also teamed up with The Prince’s Trust and have successfully run a number of Team Programmes on behalf of the charity. The programmes have already made a real difference and had a positive influence on many young people’s lives, enabling them to gain skills and experience that will help them as they embark upon education, training or employment in the future
The CIC is in its infancy and the financial position of the company is not material in terms of the overall financial position of the Authority therefore their figures do not form part of the Authority’s Statement of Accounts. However, the position of the CIC might be of interest to the user and further details about the company’s trading results can be found in notes 34 and 35.

Future Outlook

The Prime Minister confirmed in January 2016 that ministerial responsibility for fire and rescue policy would transfer to the Home Office from the Department for Communities and Local Government, in order to support a radical transformation of how the police and fire and rescue services work together.

The move being part of the government's manifesto commitment to deliver greater joint working between the police and fire service, to pave the way for improvement in local fire and policing by providing clear leadership, supporting greater collaboration, improve national resilience, and deliver value for money for taxpayers. It was also to allow the government to share good practice more effectively on areas such as procurement and prevention. The Police and Crime Bill was introduced into the House of Commons in February 2016 and received royal assent in January 2017 and the Police and Crime Act 2017 came into effect on 3 April 2017. It contains a statutory duty for emergency services to collaborate and gave the opportunity for Police and Crime Commissioners (PCCs) to make a local case to take on responsibility for the governance of the Fire and Rescue Service.

Where a PCC proposes to take on the Governance of the Fire and Rescue Service a local business case is required that demonstrates that a change in governance is in the interest of economy, efficiency and effectiveness; or public safety. A business case has now been commissioned by the PCC for Staffordshire and this business case is due to go out for public consultation across a wide range of stakeholders during July 2017 before being submitted to the Home Office for due consideration and approval.

A pro-active approach to collaboration and integration has already been adopted by the Authority which has led to collaboration with Staffordshire Police in departments such as Occupational Health, Driver Training, Supplies as well as Transport and Engineering. The latter has seen the development of the workshop site at Trentham Lakes into a combined Joint Emergency Transport Service that was fully operation by March 2016 with both fleets being serviced and repaired at this site. The business case is expected to build upon this existing collaborative approach and identify where further synergies are available in terms of frontline service delivery, sharing facilities and combining support service functions. Whilst clear timescales are not yet available it is anticipated that the change in governance of the Fire and Rescue Authority could happen during 2018.

The Authority recognises that the longer term financial stability of the Service, and the protection and safety of firefighters and the communities served by this Authority, relies upon the delivery of significant future savings and continued strong financial performance. Intelligent use of resources and reserves will ensure that the Authority is well equipped to make the important decisions that will be essential in order to ensure that the saving required within the Efficiency Plan are delivered in a timely way by 2020.

These Accounts are due to be approved by the Audit Committee on the 26th July 2017.

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David Greensmith ACMA CGMA
Director of Finance, Assets and Resources, Section 151 Officer, Treasurer to the Authority
Date: 26th July 2017

Audit Certificate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOKE ON TRENT AND STAFFORDSHIRE FIRE AND RESCUE AUTHORITY

We have audited the financial statements of Stoke on Trent and Staffordshire Fire and Rescue Authority (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance, Assets and Resources and auditor

As explained more fully in the Statement of Responsibilities, the Director of Finance, Assets and Resources, is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance, Assets and Resources, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of its resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Mark Stocks

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Mark Stocks
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building
20 Colmore Circus
Birmingham B4 6AT

Date: 26th July 2017

Statement of Responsibilities

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. For this authority, the responsibility of Chief Financial Officer is allocated to the Director of Finance, Assets and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Chairman's Certificate

I certify that the 2016/17 Statement of Accounts for Stoke on Trent and Staffordshire Fire and Rescue Authority were approved by the Audit Committee on .

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Tina Clements
Vice Chairman of the Audit Committee

Date: 26th July 2017

The Director of Finance, Assets and Resources Responsibilities

The Director of Finance, Assets and Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper accounting practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

The Director of Finance, Assets and Resources is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2017.

In preparing this statement of accounts, the Director of Finance, Assets and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code of Practice.

The Director of Finance, Assets and Resources has also:

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

The Director of Finance, Assets and Resources' Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Stoke on Trent and Staffordshire Fire and Rescue Authority as at 31 March 2017 and the income and expenditure for the year ending 31 March 2017.

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David Greensmith ACMA CGMA
Director of Finance, Assets and Resources, Section 151 Officer, Treasurer to the Authority

Date: 26th July 2017

Annual Governance Statement

Scope of Responsibility

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

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

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

The Authority has approved and adopted an updated Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework “Delivering Good Governance in Local Government”. Copies of the Code can be obtained from the Secretary to the Authority.

This statement explains how the Authority has complied with The Code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit (England) Regulations 2015 that requires Stoke on Trent and Staffordshire Fire and Rescue Authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published statement of accounts. Regulation 6(1)(b) requires that the statement is an Annual Governance Statement. In addition the authority’s financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Purpose of the Governance Framework

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

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

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

The Governance Framework has been in place at Stoke on Trent and Staffordshire Fire and Rescue Authority for the year ended 31st March 2017 and up to the date of approval of the 2016/17 Statement of Accounts.

The Governance Framework

The Authority’s Governance Framework is made up of many systems, policies, procedures and operations. The key elements are as follows:

Stoke-on-Trent and Staffordshire Corporate Safety Plan 2014-2017

The Authority has consolidated the IRMP (Integrated Risk Management Plan) and the Strategic Plan into one document called the Corporate Safety Plan that has established our Corporate Aims and Objectives for the three years to 2016/17. This Plan was approved by the Strategy and Resources Committee on 3rd March 2014, and sets out the objectives and strategic priorities of the Authority based on extensive consultation with all stakeholders, and fulfills the requirements of the Fire & Rescue Service National Framework Document.

2016/17 is the final year of the current Corporate Safety Plan and a new three year plan covering the subsequent three year period 2017/18 to 2019/20 has now been published and clearly sets the key Service priorities covering the period to 2020.

Performance Management

A well established and robust performance management system is in place throughout the Authority with regular performance monitoring being carried out by Directors'.

A detailed Resource Control Report is published internally on a monthly basis and incorporates all of the key information expected as part of a commercially focused set of Management Accounts; including revenue and capital spend and also cash flow management with performance comparison to budget. The Resource Control Report closely monitors the performance of the Authority and achievement of actual savings realised against the approved Efficiency Plan. A newsletter style finance update is also issued on a monthly basis and is available to all staff within the Service.

Detailed financial reports are presented to, and scrutinised by Members of the Authority's Strategy and Resources Committee on a quarterly basis. The reports include full details of performance against budget for the key reporting areas namely; revenue, capital, cash and delivery of efficiencies and savings.

As part of its corporate planning the Authority sets out the key performance indicators both quantitative and qualitative that measure the delivery of its strategic objectives. Achievements against these key performance indicators are reported monthly to the Service Delivery Board and regular monitoring reports are sent to the Scrutiny and Performance Committee.

Framework

The framework for running the Authority and Service are embodied in various statutes, standing orders, financial regulations, scheme of delegation, and there are Codes of Conduct for both Members and staff. These are regularly reviewed and induction and training are provided where appropriate. The Authority has Terms of Reference for its Committees which are reviewed annually by the full Authority.

There are a range of policies including anti-fraud and corruption, anti-money laundering and a confidential reporting code (whistle-blowing) which are all reviewed and updated as appropriate.

The Authority has a robust process for risk management and business continuity with strategic risks that are linked into corporate objectives. These processes are regularly tested and reviewed.

A vision for transforming the future of Staffordshire Fire and Rescue Service has been published within the Staffordshire Fire 2020 document. In addition the Authority published online its Efficiency Plan for the four year period 2016/17 to 2019/20 which allows local people to scrutinise the savings required during this challenging period and secured Government funding commitment for the period 2016/17 to 2019/20.

The Authority has well established methods of communication with various stakeholders ensuring that key messages are received by staff and our communities that we serve.

Review of Effectiveness

The review of the effectiveness of internal control is informed by the work of Directors who have responsibility for the development and maintenance of the internal control environment, as well as the Authority's Monitoring Officer, Internal Audit and Managers who have day to day responsibility for ensuring the Governance Framework is functioning properly. Additional comments are made by external audit and other review agencies and inspectorates.

The Service Delivery Board, the Service Management Board, the Authority and its Committees have maintained their governance by setting the budget for 2016/17 and approving the Medium Term Financial Strategy and Efficiency Plan. During the financial year they have received, reviewed and scrutinised reports. Performance delivery and budget management have been kept under regular review and where appropriate remedial action and resource reallocation has been instigated. The Authority held a number of Member Development Workshops throughout the year to ensure that all Members were kept fully up to date with current issues affecting the Service, therefore maximising the effectiveness of Members and importantly their contribution to development and improvement of the Service.

Throughout the year Internal Audit has carried out a range of planned reviews of systems and internal controls across the Service. During 2016/17, twelve audit reviews were undertaken and Table 1 summarises the systems coverage against the Audit Plan and associated opinions:

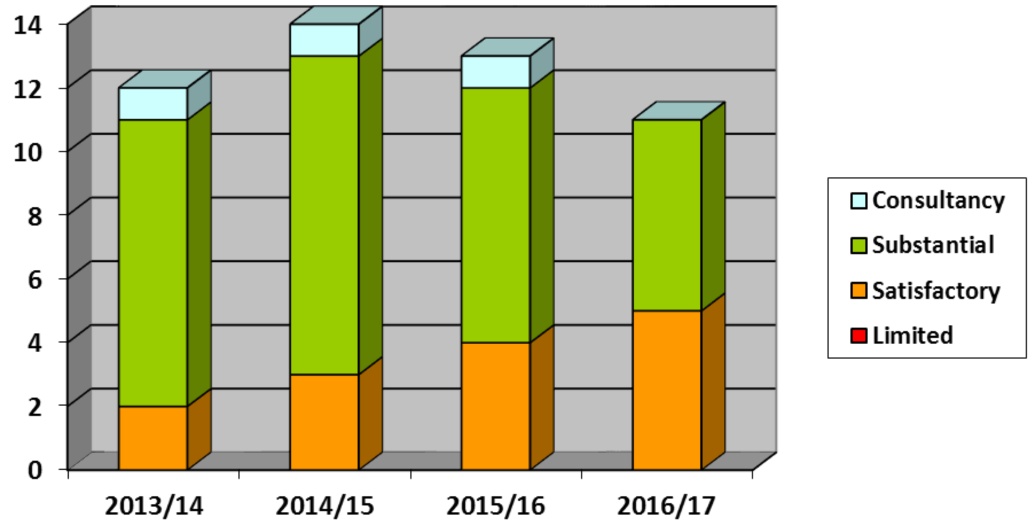
Table 1

	Opinion			
System Description	**Substantial**	**Satisfactory**	**Limited**	**Consultancy**
Purchase Cards (Appendix 1)	√			
Sickness Absence		√		
Procurement Contracts	√			
Fuel Stocks and Fuel Cards	√			
Protective Security		√		
Financial Ledger	√			
Bank Account Reconciliation	√			
Firefighter Pensions (Appendix 1)	√			
Payroll Processing Procedures	√			
Blue Light Collaboration – Fleet Management Workshop (Appendix 1)		√		
Time Management (Appendix 1)		√		
Firewatch IT System		√		
Total Audits Delivered (12)	**7**	**5**	**0**	**0**

The opinions for the reviews completed have all been positive in that substantial assurance has been given to seven audits and satisfactory assurance for a further five audits.

No high level recommendations were made by Internal Audit during 2015/16. In relation to internal audit work in 2016/17, one high level recommendation was made, on the Blue Light Collaboration – Fleet Management Workshop review. This related to value for money and transparency in the process for disposal of vehicles. This recommendation will be followed up by Internal Audit during 2017/18 to ensure its satisfactory implementation.

A comparison of the internal audit opinions issued year on year is shown in the chart below and demonstrates that on a consistent basis there is a high number of audit reviews that are resulting in a substantial opinion in relation to the system and application of internal controls.



Overall Opinion on the Control Environment

Current Methodology

The UK PSIAS requires that the Head of Internal Audit (HIA) must deliver an annual internal audit opinion on the overall internal control environment of the Authority. The methodology for formulating this opinion is set out within the Internal Audit Strategy which was approved by the Audit Committee in March 2016.

Each separate category of audit work is assessed against a benchmark of achieving a score of at least 90% of the total number of audits performed being awarded an opinion of "satisfactory or above" within each category. For reasons of simplicity, each category attracts equal weighting and a simple pass/fail assessment is used to differentiate the overall opinion between "Substantial, Satisfactory and Limited" as illustrated below:

Overall Opinion Level	**No. of categories achieving the 90% benchmark**
Substantial Assurance	5 out of the 5 categories
Satisfactory Assurance	3 or 4 out of the 5 categories
Limited Assurance	3 and below out of the 5 categories

Calculation of the 2016/17 Overall Assessment

Audit category	**% awarded an opinion of at least Satisfactory**	**Pass/Fail**
(1) Systems Audits	1	Pass
(2) Counter Fraud & Corruption	1	Pass
(3) Compliance Audits	N/A – None carried out in 2016/17	N/A
(4) Special Investigations	N/A – None carried out in 2016/17	N/A
(5) Consultancy Reviews (excluding NFI exercise)	N/A – None carried out in 2016/17	N/A
Overall Total		**2 out of 2 categories**

Based on the above, a **"substantial"** assurance opinion on the overall adequacy and effectiveness of Stoke on Trent and Staffordshire Fire and Rescue Authority's governance, risk and control framework (i.e. the control environment) has been given for the 2016/17 financial year.

Performance Against the UK Public Sector Internal Audit Standards

The Internal Audit Service works to a Charter approved by the Audit Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way in which it interfaces with the Authority. A detailed paper outlining how the section meets the specific requirements of PSIAS & LGAN was presented to the Committee in June 2014. This is the fifth year of assessment and the results of the updated self-assessment exercise against the current standards are summarised below. It can be seen that 93% of the standards are deemed to be fully in place.

Process/Control			
In Place	Partially In Place	Not In Place	Not Applicable
286 (93%)	**12 (4%)**	**7 (2%)**	**4 (1%)**

For those areas of partial/non-compliance a detailed action plan has been produced, although none of these are considered to affect significantly the effectiveness of Internal Audit.

Compliance with Key Performance Targets

Description	Target	2014/15	2015/16	2016/17
	%	%	%	%
Reports issued to draft report stage:				
> Systems Audits	**90**	100	100	100
> Compliance audits	**90**	N/A	N/A	N/A
Average score for Quality Questionnaires from clients is equal to or exceeds the 'good' standard:				
> System audits	**90**	100	100	100
> Compliance audits	**90**	N/A	N/A	N/A

Key Performance results for the Internal Audit Section (as defined within the Audit Strategy) show that set targets have been exceeded in the year 2016/17.

External Audit

On 22 November 2016 the Strategy and Resources Committee considered the Annual Audit Letter for 2015/16, issued by Grant Thornton who provide the external audit service to the Authority.

Grant Thornton reported that on the basis of their work, and having regard to the guidance on the specified criteria published by the Audit Commission, they were satisfied that in all significant respects the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

Future Governance Arrangements

As discussed within the Future Outlook section of the Narrative Statement the responsibility for the Fire and Rescue Service moved to the Home Office in January 2016 and with the introduction of the Police and Crime Act in 2017 this may result in some changes to the governance arrangements that exist within Stoke-on-Trent and Staffordshire Fire and Rescue Authority during 2017/18 and beyond. The Act contains a statutory duty for emergency services to collaborate and also gave the opportunity for Police and Crime Commissioners to make a local case to take on the responsibility of their Fire and Rescue Service.

A business case has now been commissioned by the PCC for Staffordshire and this business case is due to go out for public consultation across a wide range of stakeholders during July 2017 before being submitted to the Home Office for due consideration and approval.

The Home Secretary has announced a reform agenda that incorporates accountability, workforce reform, efficiency, effectiveness and achieving value for money for the taxpayer. New models of governance, a more diverse workforce, new approaches to collaboration and the introduction of a new inspection regime will all be aspects of this reform programme that will be fully supported by both the Authority and the Fire and Rescue Service.

…………………………………….
S Sweeney
Chair of Stoke on Trent and
Staffordshire Fire and Rescue Authority

Date: 26th July 2017

…………………………………….
R Bryant
Chief Fire Officer / Chief Executive

Date: 26th July 2017

……………………………………..
D Greensmith ACMA CGMA
Director of Finance, Assets and Resources /Section 151 Officer /Treasurer to the Authority

Date: 26th July 2017

Statement of Main Accounting Policies

1. General Principles

The Statement of Accounts have been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the 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.

2. Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PP&E) has been capitalised provided it yields benefit to the Authority for more than one year. Capital expenditure enhances the value, usage or life of an asset.

PP&E valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). The Authority revalues its entire land and building portfolio sufficiently regularly, as a minimum every five years. At the end of every year values are reviewed and any significant changes are treated appropriately.

Revaluation gains are taken to the revaluation reserve and revaluation losses are written off against any balance on the revaluation reserve for that asset or to the Comprehensive Income and Expenditure account if the balance on the revaluation reserve is less than the loss.

PP&E are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following basis:

- Land is included in the balance sheet at net current replacement cost.
- Properties where there is evidence of Market Value are valued at Open Market Value for Existing Use. Specialised properties, where there is no evidence of market value, are valued at Depreciated Replacement Cost.
- Plant and Equipment is measured at the purchase price and any attributable costs.

The Authority has a de-minimus of £10,000.

Component accounting

From the 1st April 2010 the Authority has adopted component accounting, as set out in IAS 16 – Property, Plant & Equipment. The Authority has componentised all Property, Plant and Equipment where the components have a distinctly different economic life. This enables PP&E to be accurately and fairly included in the Authority's Comprehensive Income and Expenditure Statement (CIES) so that the depreciation charge properly reflects the consumption of the asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts have been grouped together.

Where a component of an existing asset has to be de-recognised and the component amount is not known, then an estimate using a reasonable basis has been used. The component calculation is established using the replacement cost of the component, indexed back to the original component's inception and adjusted for any subsequent depreciation and impairment.

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

3. Intangible Assets

The Authority defines intangible assets as identifiable non-monetary asset without physical substance; as per IAS 38. The intangible assets (e.g. computer software) are measured at cost.

4. Basis of Charge for the use of Assets

A depreciation charge is reflected in the CIES and is calculated on all PP&E and Intangible assets according to the following policy:-

- A charge is made for all fixed assets with a finite useful life. This charge is calculated using the straight line method.
- Land is not normally depreciated.
- Buildings are depreciated in accordance with IAS 16 – Property, Plant and Equipment. According to the most recent valuation report, all buildings have an asset life of 60 years and are depreciated on a straight line basis over this period.
- Operational vehicles, plant and equipment have an asset life between 5 and 10 years. Fire appliances have an asset life of between 11 and 15 years. Both classes are depreciated on a straight line basis over these periods.
- Information technology assets have an asset life of 3-5 years and are depreciated on a straight line basis over this period.
- Newly acquired assets are depreciated from the year following acquisition. Assets in the course of construction are not depreciated until used.
- Intangible assets are amortised over their economic life (between 3 and 10 years).

5. Revenue Provision for the Repayment of Debt

In accordance with the requirements of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Authority is required to calculate a ‘prudent’ level for the repayment of debt. This is achieved through an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. This charge is calculated as follows:

- For capital expenditure incurred before 1st April 2008 or which in the future is supported capital expenditure, the Minimum Revenue Provision (MRP) policy is to set aside a provision equal to 4% of the previous year’s Capital Financing Requirement.
- From 1st April 2008 for all unsupported borrowing, excluding finance leases, the MRP policy uses the Asset Life Method i.e. MRP will be an annual charge based on the estimated life of the assets. The provision is set aside in the year following the capital expenditure.
- MRP is also charged against Private finance Initiatives. The capital element of repayments is being used as a proxy for the PFI MRP.

6. Leasing Charges

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

During 2016/17 the Authority held finance leases under the definition of IAS 17 Leases. Leases are accounted for in accordance with IAS 17, operating leases are not capitalised and rentals are charged directly to the CIES in the year to which they relate. Finance leases are capitalised with transactions reflected on the

Balance Sheet as fixed assets and deferred liabilities and through the CIES as interest payable and similar charges.

7. Non current assets held for sale

Non-current assets are reclassified as an Asset Held for Sale where it is probable that the carrying amount of the asset will be recovered through a sale transaction rather than through its continual use.

The asset is revalued and carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

8. Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003.

9. Inventories

Workshop, Fuel and Stores inventories are maintained, and where material, are shown in the Balance Sheet. The workshop inventory is valued at the lower of cost or net realisable value. The stores' inventory is valued at First In First Out (FIFO) and the fuel is valued at cost. Other immaterial inventories, e.g. stationery, are fully charged to the CIES in the year of purchase.

The Authority does not currently provide for obsolescence or loss in value since amounts written off remain fairly constant and therefore equate to an annual provision.

10. Debtors and Creditors

The Accounts have been prepared on an accruals basis and provision for sums due to or owed by the Authority is included in the accounts where the cash has not actually been received or paid during the year. Income has only been included in the accounts when it can be realised with reasonable certainty. Proper allowance is made for known losses or liabilities where these are material and can be reasonably estimated otherwise these are disclosed by way of note as contingent liabilities.

11. Pensions

The disclosure requirements are included in the main financial statements as notes to the accounts in accordance with CIPFA recommended practice and IAS 19 – Employee Benefits.

Types of pension schemes

The Authority participates in two different pension schemes, which meet the needs of employees.

a) Firefighters

   This scheme is unfunded and the charge to the accounts represents the Authority's (as employer) contribution to the fund for the year.

b) Other Pensionable Employees

   Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees.

In accordance with IAS 19 the authority recognises the cost of retirement benefits within the Net Cost of Services, when they are earned, rather than when benefits are actually paid as pensions. However the charge to be made to the Council Tax, via the precepts, is based on the amount payable in the year. The difference is reversed out in the General Fund.

12. Interest on Balances

During the year surplus money was invested and the interest earned credited to the Comprehensive Income and Expenditure Statement.

13. Government Grants and Contributions

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

14. Changes in Accounting Policies

The Authority has reviewed its accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors which sets out the principles to be adopted and disclosures that are required within the Statement of Accounts. Any appropriate changes have been applied.

15. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure in the CIES in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts are charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

16. Financial Assets

Financial assets are recognised when the Authority becomes party to a financial instrument contract and are de-recognised when the contractual rights have expired.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the CIES.

17. Fair Value Measurement

The Authority measures some of its non-financial assets, such as 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:

- In the principal market for the asset or liability, or
- 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 their economic best interest.

The authority used 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

18. Collection Fund Adjustment Account

The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.

The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.

19. Private Finance Initiative (PFI)

PFI transactions are treated in the Authority's accounts in accordance with latest recommended practice of Control of Assets (IFRIC12 – Service concession arrangements).

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI scheme and the ownership of the fixed assets will pass to the Authority at the end of the contract for no additional charge, the Authority carries the fixed assets used under the contract on the Balance Sheet.

Fixed 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 operators each year (known as Unitary Charges) are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance costs – an interest charge of an agreed % on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs (regular planned refurbishments) – debited to the relevant service in the CIES

20. Employee Benefits – Accumulating Compensating Absences

A review of the cost of holiday entitlements (in the form of annual leave, lieu time and flexi-time) earned by employees but not taken before the year-end which employees can carry forward into the next year. If the value is of a significant amount an accrual is charged to the CIES.

21. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 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. Any investments that do not satisfy this principle are classed as short term investments.

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

22. Reserves

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

The Authority holds the following Usable Reserves:

- **General Reserve** – a risk assessment of the pressures likely to face the Authority is undertaken, and the current balance on this reserve represents those identified high and medium risks, in proportion to the probability of their occurrence.

- **Earmarked Reserves Revenue Grants** – the balance held represents grants received which have no outstanding conditions but have not been fully utilised in the year; the grant is fully recognised in the CIES.

- **Capital Grants Unapplied** – the balance held represents grants received and fully recognised in the CIES but have not been applied to an acquisition.

- **Civil Contingency Reserve** – this reserve is made up of budgeted contributions and unspent balances from previous years. It is held as a contingency to cover unexpected occurrences.

- **Other Reserve** – this reserve is made up of budgeted contributions and planned efficiency savings from previous years and it is utilised in line with the approved Reserve Strategy.

The Authority holds the following Unusable Reserves:

- **Collection Fund Adjustment Account** – the balance held represents the accrued council tax income presented in the CIES.

- **Capital Adjustment Account** – the balance held represents 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.

- **Pension 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.

- **Revaluation Reserve** – contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets.

23. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA subjective analysis and the monthly management accounts production.

24. Heritage Assets

The Authority holds a number of heritage assets. The assets are held in secure locations, either Fire Stations or the local City Museum.

The assets are appropriately and sensitively preserved and insured 20% above the valuation. The Authority does not seek to acquire assets of this nature, and has no intention of disposing of the assets currently held.

The assets have been valued by an independent specialist based on current open market sale value.
Due to the value of the assets held they are not recognised in the balance sheet in accordance with the code.

25. Accounting Standards That Have Been Issued But Not Yet Adopted

The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The additional disclosures that will be required in the 2016/17 and 2017/18 financial statements in respect of accounting changes that are introduced in the 2017/18 code are:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration

26. Events After the Reporting Period

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

- **Adjusting Events**
  Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

- **Non-adjusting Events**
  Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably.

27. Accrued Revenue Income and Expenditure

The revenue accounts are maintained on an accruals basis. Expenditure is charged to the revenue accounts in the period in which goods and services are received and fall due, similarly, income is credited in the period in which it falls due, regardless of the timing of cash payments or receipts. The exception to the accruals basis is where the amounts involved are not material.

Interest due to or from third parties in relation to loans and investments, is accrued in full at the year-end.

Provision is made for the impairment of debts in the General Fund.

Where Income and Expenditure have been recognised but cash has not been received or paid, a Debtor or Creditor for the relevant amount is recognised on the Balance Sheet. Where debts may not be settled and it is likely that collection of such debt is doubtful, the balance of the debt is written down and a charge is made to revenue for the income that may not be collectable.

28. Council Tax and Non-Domestic Rates

The collection of council tax and non-domestic rates is an agency arrangement for both the billing authorities, major preceptors and, in the case of non-domestic rates, central government. The Fire Authority is a preceptor along with the Policing and Crime Commissioner, while the nine local authorities in Staffordshire are the billing authorities.

The council tax and non-domestic rates income included in each body’s Comprehensive Income and Expenditure Statement for the year is their proportion of accrued income for the year. There is a debtor / creditor position between the preceptor authorities, the billing authorities and central government which is recognised on the Balance Sheet.

The Fire Authority only recognise its share of any outstanding council tax and non-domestic rates arrears, receipts in advance, receivables impairments allowance and an allowance for appeals made by non-domestic rates payers.

29. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error.

Where a change in accounting policy is made, or the correction of a material error, 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.

Changes in accounting estimates are accounted for prospectively.

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 'unusable reserves'.

The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase / (Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

2016/17	Note	General Fund (GF) Balance £'000	Earmarked GF Reserves £'000	TOTAL GENERAL FUND £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL AUTHORITY RESERVES £'000
Balance as at 31 March 2016		1,906	15,091	16,997	0	**16,997**	(356,092)	**(339,095)**
Movement in reserves during 2016/17								
Surplus or (deficit) on provision of services		(6,633)	0	(6,633)	0	**(6,633)**	**0**	**(6,633)**
Other Comprehensive Income & Expenditure				0		**0**	**(68,502)**	**(68,502)**
Total Comprehensive Income & Expenditure		(6,633)	0	(6,633)	0	**(6,633)**	**(68,502)**	**(75,135)**
Adjustments between accounting basis & funding basis under regulations	1	7,495	0	7,495	62	**7,557**	(7,557)	**0**
Net Increase / (Decrease) before Transfers to Earmarked Reserves		862	0	862	62	**924**	**(76,059)**	**(75,135)**
Transfers (To) / From Earmarked Reserves		(862)	862	0	0	**0**	**0**	**0**
Increase / (Decrease) in year		0	862	862	62	**924**	(76,059)	**(75,135)**
Balance as at 31 March 2017 c/f		1,906	15,953	17,859	62	**17,921**	(432,151)	**(414,230)**

2015/16	Note	General Fund (GF) Balance £'000	Earmarked GF Reserves £'000	TOTAL GENERAL FUND £'000	Capital Grants Unapplied £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL AUTHORITY RESERVES £'000
Balance as at 31 March 2015		1,906	13,638	15,544	0	**15,544**	(423,173)	**(407,629)**
Movement in reserves during 2015/16								
Surplus or (deficit) on provision of services		(12,998)	0	(12,998)	0	**(12,998)**	0	**(12,998)**
Other Comprehensive Income & Expenditure						**0**	81,532	**81,532**
Total Comprehensive Income & Expenditure		**(12,998)**	**0**	**(12,998)**	**0**	(12,998)	81,532	**68,534**
Adjustments between accounting basis & funding basis under regulations	1	14,451	0	14,451	0	**14,451**	(14,451)	**0**
Net Increase / (Decrease) before Transfers to Earmarked Reserves		**1,453**	**0**	**1,453**	**0**	**1,453**	67,081	**68,534**
Transfers (To) / From Earmarked Reserves		(1,453)	1,453	0	0	**0**	0	**0**
Increase / (Decrease) in year		0	1,453	1,453	0	**1,453**	67,081	**68,534**
Balance as at 31 March 2016 c/f		**1,906**	**15,091**	**16,997**	**0**	**16,997**	**(356,092)**	**(339,095)**

The CIPFA Code of Local Authority Accounting in the UK 2016/17 requires the total General Fund Balance be presented. In the past, it was recommended that the General Fund Balance and the Earmarked Reserves be separately presented. The 2015/16 Movement in Reserves Statement has been restated with the insert of a total column for this change.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing service in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

The Authority raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015/16 Gross Expenditure £,000	2015/16 Gross Income £,000	2015/16 Net Expenditure £,000		2016/17 Gross Expenditure £,000	2016/17 Gross Income £,000	2016/17 Net Expenditure £,000	Note
51,484	(4,604)	46,880	Fire Fighting Services	47,253	(4,768)	42,485	
583	(699)	(116)	Civil Contingencies Unit	609	(692)	(83)	29
52,067	**(5,303)**	**46,764**	**Net Cost of Services**	**47,862**	**(5,460)**	**42,402**	
		208	Other Operating Expenditure			184	10
		15,780	Financing and Investment Income and Expenditure			15,130	11
		(49,754)	Taxation and Non-Specific Grant Income			(51,083)	12
		12,998	**(Surplus) / Deficit on Provision of Services**			**6,633**	1
		(12,767)	(Surplus) / Deficit on revaluation of non-current assets			(7,047)	13
		(68,765)	Remeasurements of the net defined benefit liability			75,549	44
		(81,532)	**Other Comprehensive Income and Expenditure**			**68,502**	
		(68,534)	**Total Comprehensive Income and Expenditure**			**75,135**	

Balance Sheet

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.

The second category of reserves are 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'.

2015/16 Restated £,000		2016/17 £,000	Note
123,663	Property, Plant & Equipment	126,024	13
208	Intangible Assets	179	15
123,871	**Long Term Assets**	**126,203**	
1,600	Short Term Investments	4,500	21
495	Inventories	530	18
4,082	Short Term Debtors	5,482	19
13,901	Cash & Cash Equivalents	11,286	20
20,078	**Current Assets**	**21,798**	
(772)	Bank overdraft	0	20
(594)	Short Term Borrowing	(590)	17
(5,318)	Short Term Creditors	(6,364)	22
(4,981)	Grants Receipts in Advance	(4,314)	33
(11,665)	**Current Liabilities**	**(11,268)**	
(20,050)	Long Term Borrowings	(19,550)	17
(71,967)	Other Long Term Liabilities	(70,251)	38
(379,362)	Pension liability	(461,162)	44
(471,379)	**Long Term Liabilities**	**(550,963)**	
(339,095)	**NET ASSETS**	**(414,230)**	
16,997	Usable Reserves	17,921	23
(356,092)	Unusable Reserves	(432,151)	24
(339,095)	**TOTAL RESERVES**	**(414,230)**	

No third balance sheet has been prepared as there is no impact on the 2014/15 balances resulting from the amendment.

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 the 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.

2015/16 Restated £'000		2016/17 £'000	Note
12,998	**Net Deficit on the Provision of Services**	**6,633**	
(15,682)	Adjustments net deficit on the provision of services for non-cash movements	(12,039)	27
529	Adjustments for items included in the net deficit on the provision of services that are investing or financing activities	778	28
(2,155)	**Net Cash flows from operating activities**	**(4,628)**	
(2,405)	Net cash flows from Investing Activities	4,131	25
1,607	Net cash flows from Financing Activities	2,340	26
(2,953)	**Net (increase) or decrease in cash and cash equivalents**	**1,843**	
10,176	Cash and Cash equivalents and bank overdraft at the beginning of the reporting period	13,129	20
13,129	Cash and Cash equivalents and bank overdraft at the end of the reporting period	11,286	20

It is a requirement to disclose the following items separately.
In 2016/17 the amount of interest received was £57,886 (£62,676 in 2015/16).
In 2016/17 the amount of interest paid was £871,962 (£886,734 in 2015/16). In addition the interest paid for both PFI schemes was £5,238,322 (£5,480,933 in 2015/16), however this is offset with a grant received of £3,835,270 in 2016/17 (£3,994,468 in 2015/16).

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1. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2016/17	General Fund (GF) Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	TOTAL MOVEMENT IN UNUSABLE RESERVES £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):				
Charges for depreciation and revaluation of non-current assets	(5,742)			**5,742**
Revaluation losses on Property Plant and Equipment	0			**0**
Amortisation of intangible assets	(78)			**78**
Capital grants & contributions applied	643			**(643)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(257)			**257**
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	3,136			**(3,136)**
Direct Revenue Financing of Capital	650			**(650)**
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	62			**(62)**
Application of grants to capital financing transferred to the Capital Adjustment Account			(62)	**62**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	73	(73)		**0**
use of the Capital Receipts Reserve to finance new capital expenditure		73		**(73)**
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(19,387)			**19,387**
Government firefighter grant	8,653			**(8,653)**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,482			**(4,482)**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	270			**(270)**
TOTAL ADJUSTMENTS	**(7,495)**	**0**	**(62)**	**7,557**

2015/16	General Fund (GF) Balance £'000	Capital Receipts Reserve £'000	TOTAL MOVEMENT IN UNUSABLE RESERVES £'000
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):			
Charges for depreciation and impairment of non-current assets	(6,631)		**6,631**
Revaluation losses on Property Plant and Equipment	(1,579)		**1,579**
Amortisation of intangible assets	(76)		**76**
Capital grants & contributions applied	182		**(182)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(550)		**550**
Insertion of items not debited or credited to the CIES:			
Statutory provision for the financing of capital investment	2,923		**(2,923)**
Direct Revenue Financing of Capital	970		**(970)**
Adjustments primarily involving the Capital Grants Unapplied Account:			
Capital grants and contributions unapplied credited to the CIES			**0**
Application of grants to capital financing transferred to the Capital Adjustment Account			**0**
Adjustments primarily involving the Capital Receipts Reserve:			
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	342	(342)	**0**
use of the Capital Receipts Reserve to finance new capital expenditure		342	**(342)**
Adjustments primarily involving the Pension Reserve:			
Reversal of items relating to retirement benefits debited or credited to the CIES	(22,768)		**22,768**
Government firefighter grant	7,807		**(7,807)**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,828		**(4,828)**
Adjustments primarily involving the Collection Fund Adjustment Account:			
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	101		**(101)**
TOTAL ADJUSTMENTS	**(14,451)**	**0**	**14,451**

2. EXPENDITURE AND FUNDING ANALYSIS

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

2016/17	As reported to Management £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Net Expenditure Chargable to the General Fund £,000	Adjustments between funding and Accounting Basis £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement £,000
Fire Fighting Services	38,733	787	39,520	2,966	42,486
Civil Contingencies Unit	0	(84)	(84)	0	(84)
Net Cost of Services	**38,733**	**703**	**39,436**	**2,966**	**42,402**
Other Income and Expenditure	(40,516)	156	(40,360)	4,591	(35,769)
(Surplus) / Deficit on Provision of Services	**(1,783)**	**859**	**(924)**	**7,557**	**6,633**
Opening General Fund Balance			(16,997)		
Less/Plus Surplus or (Deficit) on General Fund in Year			(924)		
Closing General Fund Balance 31 March			**(17,921)**		

2015/16	As reported to Management £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Net Expenditure Chargable to the General Fund £,000	Adjustments between funding and Accounting Basis £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement £,000
Fire Fighting Services	39,820	(735)	39,085	7,795	46,880
Civil Contingencies Unit	0	(116)	(116)	0	(116)
Net Cost of Services	**39,820**	**(851)**	**38,969**	**7,795**	**46,764**
Other Income and Expenditure	(41,028)	606	(40,422)	6,656	(33,766)
(Surplus) / Deficit on Provision of Services	**(1,208)**	**(245)**	**(1,453)**	**14,451**	**12,998**
Opening General Fund Balance			(15,544)		
Less/Plus Surplus or (Deficit) on General Fund in Year			(1,453)		
Closing General Fund Balance 31 March			**(16,997)**		

3. NOTES TO EXPENDITURE AND FUNDING ANALYSIS

2016/17	CCU	Income classification in management accounts	Other accruals and adjustment	Adjustment to arrive at the net amount chargeable to the General Fund	Adjustments for Capital Purposes	Net change for the Pension Adjustment	Other Differences	Adjustments between funding and Accounting Basis
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fire Fighting Services	0	(156)	943	787	2,096	1,575	(705)	2,966
Civil Contingencies Unit	(84)	0	0	(84)			0	0
Net Cost of Services	**(84)**	**(156)**	**943**	**703**	**2,096**	**1,575**	**(705)**	**2,966**
Other Income and Expenditure	0	156	0	156		4,677	(86)	4,591
(Surplus) / Deficit on Provision of Services	**(84)**	**0**	**943**	**859**	**2,096**	**6,252**	**(791)**	**7,557**

2015/16	CCU	Income classification in management accounts	Other accruals and adjustment	Adjustment to arrive at the net amount chargeable to the General Fund	Adjustments for Capital Purposes	Net change for the Pension Adjustment	Other Differences	Adjustments between funding and Accounting Basis
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Fire Fighting Services		(606)	(129)	(735)	4,393	3,584	(182)	7,795
Civil Contingencies Unit	(116)			(116)	0	0	0	0
Net Cost of Services	**(116)**		**(129)**	**(851)**	**4,393**	**3,584**	**(182)**	**7,795**
Other Income and Expenditure	0	606	0	606	0	6,549	107	6,656
(Surplus) / Deficit on Provision of Services	**(116)**	**606**	**(129)**	**(245)**	**4,393**	**10,133**	**(75)**	**14,451**

Adjustments to arrive at the net amount chargeable to the General Fund

Staffordshire Fire and Rescue Service administer the Staffordshire Civil Contingencies Unit (CCU), which is funded by contributions from all Staffordshire partners. The CCU financial position is not reported to the Authority with the Staffordshire Fire Management Accounts but is reported separately to the CCU Strategic Partners Board.

The MRP and PFI unitary charge within year is estimated to produce the management accounts. This is calculated accurately at the yearend resulting in a small adjustment.

Adjustment for capital purposes

This adjustment includes depreciation and impairment, disposal of assets and the statutory charges for capital financing (i.e. Minimum Revenue Provision).

Net Change for the Pension Adjustment

This adjustment is the net change for the removal of pension contributions made by the Authority and the replacement with the Current Service Costs as calculated by the actuarial report to comply with IAS19 Employee Benefits.

Other Differences

This adjustment represents the difference between what is chargeable under statutory regulations for Council Tax and NDR and the income recognised under Generally Accepted Accounting Practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the collection fund.

4. EXPENDITURE AND INCOME BY NATURE

2015/16 £000		2016/17 £000
	Expenditure	
37,503	Pay Costs	33,160
2,031	Other Employee Costs	1,915
2,793	Premises Costs	2,893
949	Transport Costs	898
4,801	Supplies & Services	4,982
271	Other Support Costs	259
1,064	Unitary Charge	2,568
6,963	Capital Charges	4,242
887	Interest Payable	872
	Income	
(2,327)	Income General	(2,696)
(681)	Grants Released	(273)
(63)	Interest Receivable	(58)
(41,193)	Government Grants and Precepts	(42,129)
12,998	**(Surplus) / Deficit on Provision of Services**	**6,633**

The above figures are in the format as presented in the monthly Management Accounts but reflect the statutory accounting adjustment.

5. PRIOR PERIOD RESTATEMENT

Temporary Investments

The temporary investments held at 31st March 2016 as Cash and Cash Equivalent included a local authority investment of £1,600,000 which did not satisfy the definition of cash and cash equivalent due to the maturity period exceeding 3 months. This has therefore been restated as a Temporary Investment.

Comprehensive Income and Expenditure Statement

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK.

The 2016/17 code requires that authorities present the expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the authority's internal management reporting structure. This is a change from the previous requirements to present expenditure in accordance with the Service Expenditure Code of Practice (SERCOP).

This note shows how the net expenditure and income has been restated.

2015/16	As reported in the Comprehensive Income and Expenditure Statement 2015/16 £,000	Adjustments between SERCOP classification and internal reporting classifications £,000	As restated 2015/16 £,000	
NET EXPENDITURE				
Community Safety	11,037	(11,037)	0	
Fire Fighting & Rescue Operations	35,629	11,251	46,880	Fire Fighting Services
Fire Service emergency Planning	(116)	0	(116)	
Management & Support Services	7,475	(7,475)	0	
- Recharged to service areas	(7,475)	7,475	0	
Corporate and Democratic Core	214	(214)	0	
Net Cost of Services	**46,764**	**0**	**46,764**	
GROSS EXPENDITURE				
Community Safety	12,170	(12,170)	0	
Fire Fighting & Rescue Operations	39,100	12,384	51,484	Fire Fighting Services
Fire Service emergency Planning	583	0	583	
Management & Support Services	7,475	(7,475)	0	
- Recharged to service areas	(7,475)	7,475	0	
Corporate and Democratic Core	214	(214)	0	
Net Cost of Services	**52,067**	**0**	**52,067**	
GROSS INCOME				
Community Safety	(1,133)	1,133	0	
Fire Fighting & Rescue Operations	(3,471)	(1,133)	(4,604)	Fire Fighting Services
Fire Service emergency Planning	(699)	0	(699)	
Management & Support Services	0	0	0	
- Recharged to service areas	0	0	0	
Corporate and Democratic Core	0	0	0	
Net Cost of Services	**(5,303)**	**0**	**(5,303)**	

On a quarterly basis the overall financial position is reported to the Authority. However, monthly the management accounts include a further analysis by the three Directorates - Response, Prevent and Protect and Finance, Assets and Resources.

6. MOVEMENT IN EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund to provide financing for future expenditure plans.

	Balance as at 1 April 2015 £'000	Transfers from £'000	Transfers to £'000	Balance as at 31 March 2016 £'000	Transfers from £'000	Transfers to £'000	Balance as at 31 March 2017 £'000
Invest to save	8,548	(554)	484	8,478	(2,126)	2,264	8,616
PFI1 unitary charge reserve	3,781	(5,759)	7,044	5,066	(6,775)	7,044	5,335
Civil contingencies unit	169	(10)	125	284	0	84	368
Earmarked reserves PFI2	251	0	0	251	(207)	0	44
PFI1 contingency reserve	307	(221)	292	378	0	156	534
Earmarked grants:							
- New Dimensions Grant	124	(93)	120	151	(97)	95	149
- Enhanced logistic support project	130	(73)	76	133	(78)	60	115
- ESMCP	0	0	0	0	(26)	399	373
- Transparency code set up	8		8	16	0	8	24
- Small business rates relief	255	(245)	245	255	0	0	255
- Tenants smoke alarms	0	(44)	45	1	(1)		0
- Public Health England	0	(9)	9	0	0	0	0
- New Risks	0	0	0	0	0	58	58
- Partnership Income	65	(114)	127	78	(199)	203	82
	13,638	**(7,122)**	**8,575**	**15,091**	**(9,509)**	**10,371**	**15,953**

7. AUTHORISATION OF ACCOUNTS FOR ISSUE

These are the audited financial statements certified by David Greensmith, Director of Finance, Assets & Resources on 1st June 2017. Events after the balance sheet date have been considered up to the 26th July 2017, in preparing the accounts.

In line with statutory requirements the accounts and supporting documentation were made available for public inspection for a period of 30 working days from 5th June until 14th July 2017.

8. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

No Residual Value of Assets –

The Authority assumes that the residual value of plant and equipment will be nil when they are de-commissioned, as the assets are held to provide a service rather than for resale at the end of their useful life. The Authority has determined that the amounts received when assets are decommissioned are negligible and depend on the market demand for the assets at the time of disposal.

Government funding –

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

Property Value –

In order to satisfy The Code of Practice, which explicitly states that revaluations must be 'sufficiently regular to ensure that the carrying amount is not materially different from the current value at the end of the reporting period', all land and buildings, with the exception of Biddulph Fire Station (due to the impending redevelopment) have undergone a desk top valuation assessment on 31st March 2017. All the stations are classed as a specialised building using the Depreciated Replacement Cost (DRC) method.

The Trentham Lakes Workshop is also classed as a specialised building as it is a purpose built structure to accommodate the larger appliances and the Aerial Ladder Platforms including large bays, floor channels for the larger vehicles and specialist lifting gear integral to the building for the removal of the appliance equipment and strip downs. In view of this Trentham Lakes Worskhop is valued under the DRC method.

PFI scheme –

The authority is deemed to control the services provided under the outsourced agreements to rebuilt and maintain 21 fire stations under the PFI1 and PFI2 schemes across Stoke-on-Trent and Staffordshire. The authority is also deemed to control the residual value of assets used in these arrangements at the end of the agreements. The accounting policies for PFI schemes have been applied to these arrangements and the assets are recognised as Property, Plant and Equipment on the authority's balance sheet.

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

The Statement of Accounts sometimes contain 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 31st March 2017 for which there is a risk of a material adjustment in the following financial year are:

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Government Actuary's Department (GAD) and Hymans Robertson provide the Authority with expert advice about the assumptions to be applied (Note 44).

The effect of the net pensions liability of changes in individual assumptions can be measured. For instance, all other factors remaining equal, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £44.9million.

Property, Plant & Equipment

The Authority's assets are depreciated over the useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

Fair Value Measurement

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the Discounted Cash Flow model).

The authority used the Discounted Cash Flow Model to measure the fair value of the PFI Liabilities using observable data (i.e. PWLB Borrowing rates). For the financial assets the fair value is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payment in the future in today's terms. The discount rate used in the calculation is equal to the current rate in relation to the same instrument from a comparable lender.

10. OTHER OPERATING EXPENDITURE

The loss on disposal of £184,000 includes the disposal of fleet vehicles and plant.

2015/16 £,000		2016/17 £,000
208	Loss on disposal of fixed assets	184
208		**184**

11. FINANCING AND INVESTING INCOME AND EXPENDITURE

2015/16 £,000		2016/17 £,000
877	Interest payable on debt	865
10	Interest payable on finance leases	6
3,121	Interest payable on PFI1 Unitary payments	3,054
(2,157)	Grant for interest on PFI1 payments	(2,101)
1,473	Interest payable on PFI2 Unitary payments	2,185
(1,837)	Grant for interest on PFI2 payments	(1,734)
14,356	Net interest on the net defined benefit liability	13,330
0	PFI1 Refinancing	(417)
(63)	Investment Interest Income	(58)
15,780		**15,130**

On 14 April 2016 the Authority successfully refinanced its first PFI scheme that had originally delivered ten community fire stations during 2011. This PFI1 project closed at a market peak in October 2009 when global markets and bank liquidity saw significant lending cost increases. The market rates available during 2015 and 2016 were reflective of the current financial markets being much more favourable, thereby presenting a time-restricted window of opportunity to realise long term financial benefits and was fully endorsed by the Department for Communities and Local Government.

This traditional refinancing did not make any material changes to the original project agreement or the risk profile for the Authority, and despite a lengthy process it delivered a one-off cash benefit of £417,100 that will be reinvested into the building stock; with a minor refurbishment planned for Abbots Bromley during 2018/19.

12. TAXATION AND NON-SPECIFIC GRANT INCOME

2015/16 £,000		2016/17 £,000
(182)	Recognised capital grants and contributions	(705)
(262)	Recognised revenue grants and contributions	(643)
(22,840)	Council Tax	(23,732)
(8,794)	Non-domestic rates redistribution	(8,717)
(9,472)	Revenue Support Grant	(8,043)
(293)	Compensatory Funding	(301)
(87)	Non-domestic rates adjustment	(289)
(17)	Small business rates relief	0
(7,807)	Gain on pension grant	(8,653)
(49,754)		**(51,083)**

13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2016/17

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets included in PP&E £000
Value at 1 April 2016	114,169	23,654	19	137,842	72,853
- Additions	707	430	176	1,313	
- Disposals	(35)	(1,537)	0	(1,572)	
- Revaluations	3,708	0	0	3,708	3,041
- Transfers	0	18	(18)	0	
Gross Book Value at 31 March 2017	**118,549**	**22,565**	**177**	**141,291**	**75,894**
Depreciation:					
- Cumulative net to 31 March 2016	(178)	(14,001)	0	(14,179)	0
- Disposals	0	1,315	0	1,315	
- On revaluations	3,338	0	0	3,338	2,271
- For the Year	(3,409)	(2,332)	0	(5,741)	(2,271)
Depreciation at 31 March 2017	**(249)**	**(15,018)**	**0**	**(15,267)**	**0**
Net Book Value at 31 March 2017	**118,300**	**7,547**	**177**	**126,024**	**75,894**

Movements in 2015/16

	Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	PFI assets included in PP&E £000
Value at 1 April 2015	**94,728**	**24,819**	**575**	**120,122**	**53,465**
- Additions	16,297	996	19	17,312	15,955
- Disposals	(2,576)	(2,383)		(4,959)	
- Revaluations	5,367			5,367	3,433
- Transfers	353	222	(575)	0	
Gross Book Value at 31 March 2016	**114,169**	**23,654**	**19**	**137,842**	**72,853**
Depreciation:					
- Cumulative net to 31 March 2015	(5,174)	(12,990)	0	(18,164)	(1,217)
- Disposals	2,434	2,360		4,794	
- On revaluations	5,822			5,822	2,987
- For the Year	(3,260)	(3,371)		(6,631)	(1,770)
Depreciation at 31 March 2016	**(178)**	**(14,001)**	0	**(14,179)**	**0**
Net Book Value at 31 March 2016	**113,991**	**9,653**	**19**	**123,663**	**72,853**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – 60 years
- Components of buildings – 10-25 years
- Appliances and appliance equipment – 10-15 years
- Vehicles – 5 years
- Furniture, plant and equipment – 10-20 years

Capital Commitments

At 31 March 2017 there is contractually committed capital expenditure of £903,000 to be incurred in 2017/18. £800,000 of this relates to building works with £103,000 relating to ICT spend, including the new financial system.

Valuation of non-current assets

In 2016/17 the Authority engaged Cameron Butler BLE (Hons) MRICS, of FHP Property Consultants to value the entire land and buildings portfolio, with the exception of Biddulph Fire Station (due to the impending redevelopment), to ensure all assets held on the Balance Sheet comply with as per IAS16 by being revalued sufficiently regularly.

The revaluation has resulted in an upward revaluation of £7,046,000.

The valuations have all been carried out in accordance with the Royal Institute of Chartered Surveyors' current Appraisal and Valuation Standards manual. The sources and assumptions made when producing the valuations are set out in the valuation certificates and reports.

14. DETAILS OF ASSETS OWNED BY THE FIRE AUTHORITY

During the year eleven vehicles were disposed of and thirteen vehicles were purchased, being all fleet cars.

31-Mar-16		31-Mar-17
1	Fire Headquarters	1
33	Fire Stations	33
1	Workshops	1
197	Vehicles	199

15. INTANGIBLE ASSETS

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The useful lives assigned to the software are:

2015/16 £,000		2016/17 £,000
33	3 years	27
175	5 years	152
0	10 years	0
208		**179**

The carrying amount of intangible assets is amortised on a straight-line basis. The movements during the year are as follows:

2015/16 £,000		2016/17 £,000
684	Gross Book Value at 1 April	627
3	- Additions	49
(60)	- Disposals	(8)
(403)	- Cumulative amortisation to 31 March	(419)
60	- Amortisation on disposals	8
(76)	- Amortisation for the year	(78)
208	Net Book Value at 31 March	**179**

16. HERITAGE ASSETS

The Authority currently owns two heritage vehicles and a collection of memorabilia which is held around the County; in addition a 1939 fire pump has been gifted to the service during the year. The Authority also displays one heritage vehicle at Newcastle Fire Station which is owned by the Newcastle Brampton Museum.

Of the two heritage assets owned, one is a Leyland Ajax pump escape 1939, one of the last open topped Leyland machines to leave the production line, and the second is a Merryweather horse drawn steam pump fire engine c1894, currently being displayed at The Potteries Museum and Art Gallery, Stoke-on-Trent. The value of the vehicles has been determined as £15,000 and £30,000 respectively.

The assets have been independently valued by an external specialist, John Holland FRICS FAAV of Thimbleby & Shorland, Reading. The values were based on current open market sale value as at 31 March 2012.

During the year a pump was gifted to the service. This is a Coventry Climax with Godiva Pump 1939 which has been restored using donations and fundraising from the local community, the estimated value is £5,000.

The Authority does not seek to acquire assets of this nature, and has no intention of disposing of the assets currently held. Due to the value of the heritage assets held they have not been recognised in the Balance Sheet in accordance with the Code.

17. FINANCIAL INSTRUMENTS

Income, Expense, Gains and Losses

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

	Financial Liabilities	**Financial Assets**		
	measured at amortised cost **£000**	Loans and receivables **£000**	Available-for-sale assets **£000**	**TOTAL** **£000**
Interest expense	(6,109)	0	0	(6,109)
Losses on derecognition	0	0	0	0
Impairment losses	0	0	0	0
Total Expense in Deficit on the Provision of Services	**(6,109)**	**0**	**0**	**(6,109)**
Interest income	417	58	0	475
Gains on derecognition	0	0	0	0
Total Income in Deficit on the Provision of Services	**417**	**58**	**0**	**475**
Gains/Losses on revaluation	0	0	0	0
Net Gain/ (loss) for the year	**(5,692)**	**58**	**0**	**(5,634)**

Categories of 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-Mar-16 £'000	31-Mar-17 £'000	31-Mar-16 £'000	31-Mar-17 £'000
Investments				
Loans and receivables	0	0	15,500	15,785
Available-for-sale financial assets	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
Financial assets at fair value through profit & loss	0	0	0	0
Total investments	**0**	**0**	**15,500**	**15,785**
Debtors				
Loans and receivables	0	0	1,827	1,589
Financial assets carried at contract amounts			0	0
Total Debtors	**0**	**0**	**1,827**	**1,589**
Borrowings				
Financial liabilities at amortised costs	20,050	19,550	1,272	500
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Borrowings	**20,050**	**19,550**	**1,272**	**500**
Other Long Term Liabilities				
PFI 1 liabilities	40,275	39,224	1,205	1,051
PFI 2 liabilities	31,611	31,027	797	825
Finance lease liabilities	81	0	77	81
Total Other Long Term Liabilities	**71,967**	**70,251**	**2,079**	**1,957**
Creditors				
Financial liabilities at amortised costs	0	0	2,084	3,168
Financial liabilities at contract amount	0	0	0	0
Total Creditors	**0**	**0**	**2,084**	**3,168**

Fair Values of Assets and Liabilities

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

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

For financial assets the fair value is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the calculation is equal to the current rate in relation to the same instrument from a comparable lender. The Authority's investments are all at fixed rates and have therefore been calculated using the comparable fixed deposit rates as at 31 March 2017.

The fair value of the PWLB (Public Works Loan Board) and LOBO (Lenders Option Borrowers Option) borrowings have been calculated using a discounted cash flow analysis using other market data (level 2) namely swap rates, credit spreads and option prices.

The fair value of the PFI Liabilities have been calculated using a discounted cash flow analysis and are calculated using PWLB borrowing rates. The fair value is higher than the carrying amount because the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This does not affect future payments made under the PFI scheme.

The summary portfolio position of financial assets and financial liabilities as at 31 March 2017 is as follows:

	Nominal/ Principal		Fair Value	
	31-Mar-16 £'000	31-Mar-17 £'000	31-Mar-16 £'000	31-Mar-17 £'000
Financial Assets				
Cash held by the Authority	0	285	0	285
Fixed Term Deposits	12,500	9,500	12,500	9,500
Money Market Funds	3,000	6,000	3,000	6,000
Debtors	1,827	1,589	1,827	1,589
Total	**17,327**	**17,374**	**17,327**	**17,374**
Financial Liabilities				
Market Loans - LOBO	1,000	1,000	1,525	1,762
PWLB Maturity Loans	19,550	19,050	24,876	27,172
Creditors	2,084	3,168	2,084	3,168
Bank Overdraft	772	0	772	0
Total	**23,406**	**23,218**	**29,257**	**32,102**
Other Liabilities				
PFI 1	41,480	40,275	55,007	50,749
PFI 2	32,408	31,852	45,622	42,094
Finance Lease	158	81	158	81
	74,046	**72,208**	**100,787**	**92,924**

The authority used 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

The valuation hierarchy of financial instruments that were carried at fair value for 2016/17 was:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value				
Cash held by the Authority		285		285
Fixed Term Deposits		9,500		9,500
Money Market Funds	6,000			6,000
Debtors		1,589		1,589
Total	**6,000**	**11,374**	**0**	**17,374**
Financial Liabilities at fair value				0
Market Loans - LOBO		1,762		1,762
PWLB Maturity Loans		27,172		27,172
Creditors		3,168		3,168
Total	**0**	**32,102**	**0**	**32,102**
Other Liabilities				
PFI 1		50,749		50,749
PFI 2		42,094		42,094
Finance Lease		81		81
	0	**92,924**	**0**	**92,924**

The valuation hierarchy of financial instruments that were carried at fair value for 2015/16 was:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets at fair value				
Cash held by the Authority				0
Fixed Term Deposits		12,500		12,500
Money Market Funds	3,000			3,000
Debtors		1,827		1,827
Total	**3,000**	**14,327**	**0**	**17,327**
Financial Liabilities at fair value				0
Market Loans - LOBO		1,525		1,525
PWLB Maturity Loans		24,876		24,876
Creditors		2,084		2,084
Bank Overdraft		772		772
Total	**0**	**29,257**	**0**	**29,257**
Other Liabilities				
PFI 1		55,007		55,007
PFI 2		45,622		45,622
Finance Lease		158		158
	0	**100,787**	**0**	**100,787**

Nature and extent of risks arising from financial instruments

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the authority.
- **Liquidity risk** – the possibility that the authority might not have the funds available to meet its commitments to make payments
- **Market risk** – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates

The risks in relation to the Fire Authority are detailed below:

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.

The authority does not generally allow credit for customers, such that £702,000 of the £5,482,000 debtors' balance is past its due date for payment. Of the £702,000 debtors, £216,000 is due from the Staffordshire Police for the workshops operating rechargeable costs.

The past due amount can be analysed by age as follows:

	£000
Aged as follows:	
Less than three months	701
Three to six months	1
Six months to one year	0
More than one year	0
	702

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the authority has ready access to borrowings, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority has the following debt liabilities on its balance sheet.

	31-Mar-16 £'000	31-Mar-17 £'000
Source of Loan		
Market Loans - LOBO	1,000	1,000
PWLB Maturity Loans	19,550	19,050
	20,550	**20,050**
Analysis of Maturity		
Less than one year	500	500
Between one and two years	500	1,500
Between two and five years	2,500	1,000
More than five years	17,050	17,050
	20,550	**20,050**

All trade and other payables are due to be paid in less than one year.

Market risk

The authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. However all its long term borrowing is on fixed rate contracts.

During 2016/17, if interest rates had been 1% higher with all other variables held constant, the impact on the CIES would be an increase in interest of c.£167,000.

18. INVENTORIES

The value of inventories included in the balance sheet for 2016/17 is £530,000 (£495,000 in 2015/16), as follows:

	Stores HQ		Stores Workshop		Fuel		Total	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	**2015/16**	**2016/17**
Balance outstanding at start of the year	369	399	60	50	67	46	496	**495**
Purchases	586	626	28	40	276	295	890	**961**
Recognised as an expense in the year	(556)	(607)	(38)	(44)	(297)	(275)	(891)	**(926)**
Balance outstanding at end of the year	399	418	50	46	46	66	495	**530**

19. AMOUNTS OWED TO THE AUTHORITY BY DEBTORS

31-Mar-16 £,000		31-Mar-17 £,000
1,343	General Debtors	1,076
485	Payments in Advance	513
1,092	FF Government Top-up Grant	2,425
1,162	Council Tax Billing Authority	1,468
4,082		**5,482**

The general debtors figure is net of a provision for bad and doubtful debts of £3,210 (£2,234 in 2015/16). This provision ensures that sufficient resources are available should unpaid debtor accounts be deemed unrecoverable. The adequacy of this provision is reviewed annually. The general debtors figure also includes VAT at £366,000 and the Cycle Scheme at £6,000.

The Fire Fighter Government Top-up Grant has a balance due from Home Office of £2,425,000 which will be settled in the grant provision of 2017/18.

In addition the Authority also accounts for a proportionate share of the risks that the council tax and non-domestic rates collected by the billing authorities have incurred, being £1,468,000 (£1,162,000 in 2015/16). This includes a provision for doubtful debts for council tax of £1,352,000 (£1,303,000 in 2015/16) and non-domestic rates of £98,000 (£101,000 in 2015/16) in addition to an appeal provision for non-domestic rates of £388,000 (£406,000 in 2015/16). These calculations are based on the policies of the billing authorities.

The Debtors can be further analysed as follows:

31-Mar-16		31-Mar-17
£,000		£,000
1,337	Central government bodies	2,792
2,152	Other local authorities	1,737
593	Other entities and individuals	953
4,082		**5,482**

20. CASH AND CASH EQUIVALENTS

31-Mar-16		31-Mar-17
£,000		£,000
1	Cash Account	1
0	Bank Account	285
13,900	Temporary Investments	11,000
13,901		**11,286**

The cash in hand represents petty cash of £1,000 (£1,000 in 2015/16) which is held at various locations.

The cash book balance of £285,000 (£772,000 overdrawn in 2015/16) takes account of cheques yet to be presented to the Authority's bank for payment at 31 March 2017 and is held in Current Assets.

The Authority holds total temporary investments of £15,500,000 at the 31st March 2017. However, this includes two investments total of £4,500,000 that do not satisfy the definition of cash and cash equivalents due to the maturity period of one of the investments and the early withdrawal penalty for the other. The two investments have been presented in Note 21 within Short Term Investments.

21. SHORT TERM INVESTMENTS

31-Mar-16		31-Mar-17
£,000		£,000
1,600	Temporary Investments	4,500
1,600		**4,500**

The short term investments include a local authority of £3,000,000 and a MMF of £1,500,000.

22. AMOUNTS OWED BY THE AUTHORITY TO CREDITORS

31-Mar-16		31-Mar-17
£,000		£,000
903	General Creditors	1,303
1,677	Accruals and deferred income	2,395
657	Council Tax Billing Authority	709
4,981	Receipts in advance	4,314
2,003	PFI liability	1,876
0	FF Government Top-up Grant	0
78	Finance Lease liability	81
10,299		**10,678**

The general creditors figure includes the supplier creditor accounts at £547,000 (£181,000 2015/16) and Payroll HMRC at £620,000 (£590,000 2015/16).

Receipts in Advance includes a government transformation grant received in 2015/16 for £5,138,000. During the year £643,000 has been utilised (£181,000 in 2015/16) with the balance committed in 2017/18. Due to the grant conditions it is held as a liability and not a reserve.

The Authority also accounts for a proportionate share of the rewards that the council tax and non-domestic rates collected by the billing authorities have incurred being £709,000 (£657,000 2015/16).

The creditors can be further analysed as follows:

31-Mar-16 £,000		31-Mar-17 £,000
5,571	Central government bodies	4,933
657	Other local authorities	709
4,071	Other entities and individuals	5,036
10,299		**10,678**

23. USABLE RESERVES

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

31-Mar-16 £,000		31-Mar-17 £,000
1,906	**General Fund (1)**	**1,906**
0	**Capital grants unapplied**	**62**
633	Earmarked reserves - grants	1,055
5,067	Earmarked reserves - PFI grant	5,337
284	CCU Reserve	368
9,107	Other Reserves (2)	9,193
15,091	**Earmarked Reserves**	**15,953**
16,997	**Total Usable Reserves**	**17,921**

(1) General Reserves - held to protect against any spate or emergency conditions which may arise. The level held is based on a risk assessment.

(2) Other Reserves – held to fund transformation initiatives, invest to save and is utilised against non-recurring revenue spend. It is generated from budgeted contributions and planned efficiency savings from previous years.

24. UNUSABLE RESERVES

31-Mar-16 £,000		31-Mar-17 £,000	Note
24,556	Revaluation Reserve	30,600	
(1,775)	Capital Adjustment Account	(2,348)	
(379,362)	Pensions Reserve	(461,162)	44
489	Collection Fund Adjustment Account	759	
(356,092)		**(432,151)**	

Revaluation Reserve

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

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

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

- Disposed of and the gains are realised.

The balance on the Revaluation Reserve is accounted for on an individual asset basis.

2015/16 £,000		2016/17 £,000	£,000
12,624	Balance as at 1 April		24,556
12,797	Upward revaluation of assets	7,046	
(30)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	0	
12,767	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		7,046
(754)	Different between fair value depreciation and historical cost depreciation	(984)	
(81)	Accumulated gains on assets sold or scrapped	(18)	
(835)	**Amount written off to the Capital Adjustment Account**		(1,002)
24,556	**Balance as at 31 March**		**30,600**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the costs of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

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, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

As the Authority did not inherit debt from the County Council the depreciation charged to the Income and Expenditure Account is greater than the revenue provision for repayment of debt.

2015/16 £,000		2016/17 £,000	£,000
1,809	Balance as at 1 April		(1,775)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(6,631)	Charges for depreciation and impairments of non-current assets	(5,741)	
(1,579)	Revaluation losses on Property, Plant and Equipment	0	
(76)	Amortisation of intangible assets	(78)	
(550)	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	(257)	
(8,836)			(6,076)
835	Adjusting amounts written out of the Revaluation Reserve		1,002
(6,192)	**Net written out amount of the cost of non-current assets consumed in the year**		**(6,849)**
	Capital financing applied in the year:		
342	Use of the Capital Receipts Reserve to finance new capital expenditure		73
181	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		643
970	Direct revenue contributions		650
1,607	Lease payments		1,839
1,317	Statutory provision for the financing of capital investment charged against the General Fund		1,296
(1,775)	**Balance at 31 March**		**(2,348)**

Collection Fund Adjustment Account

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

The following table presents the movements in the CFAA:

31-Mar-16 £,000		31-Mar-17 £,000
387	Balance as at 1 April	489
14	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	(18)
88	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	288
489		**759**

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

2015/16 Restated £,000		2016/17 £,000
1,481	Purchase of property, plant and equipment and intangible assets	1,366
17,600	Purchase of short-term and long-term investments	22,500
(16,000)	Proceeds of short-term and long-term investments	(19,600)
(348)	Proceeds from the sale of property, plant and equipment and intangible assets	(73)
(5,138)	Other receipts from investing activities	(62)
(2,405)	**Cash outflows from Investing Activities**	**4,131**

26. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

2015/16 £,000		2016/17 £,000
75	Cash Payments for the reduction of the outstanding liabilities relating to finance leases	78
1,532	Cash Payments for the reduction of the outstanding liabilities relating to PFI contracts	1,762
0	Repayment of short and long-term borrowing	500
1,607	**Cash outflows from Financing Activities**	**2,340**

27. CASH FLOW STATEMENT – ADJUSTMENTS FOR NON-CASH MOVEMENTS

2015/16 £,000		2016/17 £,000
(8,286)	PPE movements (depreciation, impairment, amortisation)	(5,820)
3,289	Movement in current assets (debtors, creditors, stock)	290
(10,133)	Movement in Pension Liability	(6,252)
(552)	Carrying amount of Non current assets sold	(257)
0	Other non-cash movements	0
(15,682)	**Other Non-cash movements**	**(12,039)**

28. CASH FLOW STATEMENT – ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET DEFICIT THAT ARE INVESTING OR FINANCING ACTIVITIES

2015/16 £,000		2016/17 £,000
181	Capital grants credited to Surplus or Deficit on provision of services	705
348	Proceeds from the sale of property, plant and equipment and intangible assets	73
529	**Adjust for items included in the net deficit on the provision of services that are investing or financing activitites**	**778**

29. AGENCY INCOME AND EXPENDITURE

The Authority acts as an agent for other Fire Authorities under Sections 13 and 16 of the Fire Services Act 1947. Where assistance provided is greater than that received charges are made. The following transactions have been made between the Authority and West Midlands FRA and Derbyshire FRA.

2015/16 £,000		2016/17 £,000
89	Payments to West Midlands	85
(8)	Income from Derbyshire	(25)
81		**60**

Staffordshire Fire and Rescue Service administer the Staffordshire Civil Contingencies Unit (CCU) on behalf of the local authorities within the county.

The CCU funds are included in the Authority's Comprehensive Income and Expenditure Statement and the Balance Sheet. The expenditure for 2016/17 amounted to £609,000 (£583,000 in 2015/16) and income totalled £692,000 (£699,000 in 2015/16) leaving a net surplus position in 2016/17 of £84,000 (£116,000 net surplus in 2015/16).

The accumulated reserves balance at 31st March 2017 is £367,000 (£284,000 in 2015/16) which is held in the Authority's short term investments.

30. MEMBERS ALLOWANCES

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

2015/16 £,000		2016/17 £,000
107	Allowances	111
9	Expenses	8
116		**119**

31. OFFICERS' REMUNERATION

The following table sets out the remuneration for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

For the Year of 2016/17	Salary (Including fees & allowances £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding pension contributions £	Pensions Contributions £	Total Remuneration including pension contributions £	Note
Chief Fire Officer	143,607	0	143,607	20,536	164,143	1
Chief Fire Officer	6,841	0	6,841	1,485	8,326	2
Deputy Chief Fire Officer	107,790	0	107,790	15,076	122,866	3
Director of Response	68,854	0	68,854	14,941	83,795	4
Secondment to DCLG	63,623	0	63,623	9,276	72,899	5
Director of Finance, Assets & Resources	81,939	6,897	88,836	13,684	102,520	
Director of People	47,972	3,487	51,459	5,184	56,643	6
Director of Prevent & Protect	77,694	0	77,694	11,110	88,804	
Total Senior Officers between £50,000 and £150,000	**598,320**	**10,384**	**608,704**	**91,292**	**699,996**	

Note 1: Chief Fire Officer from 18/04/16, previously Deputy Chief Fire Officer, annualised salary as CFO is £144,873
Note 2: Retired as Chief Fire Officer on 17/04/16 , annualised salary is £144,873
Note 3: Deputy Chief Fire Officer from 01/05/16, previously Director of Response, annualised salary as DCFO is £109,741, (salary based upon development pay rate)
Note 4: Director of Response from 06/06/16, previously ESDG Group Manager, annualised salary as Director of Response is £71,102 (salary based upon development pay rate)
Note 5: This post is part funded by Home Office
Note 6: Director of People post redundant from 01/09/16 with an annualised salary of £73,570.

For the Year of 2015/16	Salary (Including fees & allowances £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding pension contributions £	Pensions Contributions £	Total Remuneration including pension contributions £	Note
Chief Fire Officer	144,873	0	144,873	31,437	176,310	
Deputy Chief Fire Officer	118,360	0	118,360	24,553	142,913	
Director of Response	79,543	0	79,543	8,340	87,883	
Secondment to DCLG	78,239	0	78,239	16,977	95,216	1
Director of Finance, Assets & Resources	73,023	6,297	79,320	12,195	91,515	
Director of People	73,023	4,864	77,887	12,195	90,082	
Director of Prevent & Protect	46,268	0	46,268	10,039	56,307	2
Director of Prevent & Protect	62,414	0	62,414	8,925	71,339	3
Total Senior Officers between £50,000 and £150,000	**675,743**	**11,161**	**686,904**	**124,661**	**811,565**	

Note 1: This post is part funded by DCLG.
Note 2: Retired as Director of Prevent and Protect on 30/10/15, annualised salary is £79,346
Note 3: Director of Prevent and Protect from 31/10/15 with an annualised salary of £67,973.

There are no Senior Officers whose salary is £150,000 or more per year.

The numbers of employees whose remuneration, excluding employer's pension contribution, was £50,000 or more in bands of £5,000, were as follows. These include both Senior Officers and Other Officers.

Remuneration Band	2015/16 No of Employees	2016/17 No of Employees
£50,000 - £54,999	12	12
£55,000 - £59,999	8	14
£60,000 - £64,999	1	1
£65,000 - £69,999	-	1
£70,000 - £74,999	-	-
£75,000 - £79,999	4	1
£80,000 - £84,999	-	1
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	1
£145,000 - £149,999	-	-
	27	**32**

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £	2016/17 £
£0 - £20,000			5	6	5	6	30,035	73,437
£20,001 - £40,000			2	1	2	1	56,604	34,712
£40,001 - £60,000			1	1	1	1	47,500	48,458
£60,001 - £80,000			1	-	1	-	62,972	-
£80,001 - £100,000			-	-	-	-	-	-
£100,001 - £150,000			-	1	-	1	-	106,401
£150,001 - £200,000			-	-	-	-	-	-
£200,001 - £250,000			-	-	-	-	-	-
Total	**0**	**0**	**9**	**9**	**9**	**9**	**197,110**	**263,008**

32. EXTERNAL AUDIT COSTS

The Authority has paid the following amounts for external audit services during the year.

2015/16 £,000		2016/17 £,000
31	Fees payable to Grant Thornton for external audit services carried out by the appointed auditor	31
0	- in respect of other services	9
31	Total Audit Fees	**40**

33. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17.

2015/16 £,000		2016/17 £,000
Credited to Net Costs of Service:		
0	various partnership income	0
214	DCLG - Fire Link	252
27	DCLG - Fire Control	24
1,657	DCLG - PFI1	1,714
1,392	DCLG - PFI 2	1,495
3,290		**3,485**
Credited to Financial and Investment income:		
2,158	DCLG - PFI 1	2,101
1,837	DCLG - PFI 2	1,734
3,995		**3,835**
Credited to Taxation and Non-specific Grant Income & Expenditure:		
76	DCLG - Enhanced Logistic Support Project	61
121	DCLG - New Dimensions	95
13	various partnership income	4
0	HO - Emergency Services Mobile Comms Programme	418
0	HO - Response to New Risks	58
7	DCLG - Transparency Code set up	7
45	DCLG - Donated Smoke Alarms	0
262	**Revenue grants**	**643**
182	DCLG - Capital fire	643
0	HO - New Risks	62
182	**Capital grants**	**705**
9,472	**Revenue Support Grant**	**8,043**
7,807	**Fire Fighter Pension Top Up Grant**	**8,653**
17,723		**18,044**

The Authority holds two grants that have conditions attached and these are held as a liability in Grants Receipts in Advance, the income will be recognised in the year it is utilised.

2015/16 £,000		2016/17 £,000
51	Balance at 1 April	4,981
5,138	- Transformation Fund (capital)	0
	Grant released in year	
(27)	- Fire Control (revenue)	(24)
(181)	- Transformation Fund (capital)	(643)
4,981	**Total held in Receipts in Advance**	**4,314**

34. RELATED PARTY TRANSACTIONS

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

Central Government

Central 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, and prescribes the terms of many of the transactions that the Authority has with other parties.

Members
Members and Senior Officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and Senior Officers are aware of the requirement of this disclosure and have declared that they have not been involved in any such related party transactions. However, one officer is currently on secondment to the Home Office, part funded by the Home Office.

Outsourcing of pension scheme administration
The Authority contracts with Staffordshire County Council for the provision of various administrative support. The amount paid in 2016/17 was £240,000 (£252,000 in 2015/16). This includes the internal audit services, treasury management, payroll provision, pension provision, SAP accounting system, property services, VAT advice and archiving services.

Community Interest Company
The Authority hold shares in The Stoke on Trent & Staffordshire Safer Communities Community Interest Company which was established following the completion of the PFI1 project in 2011. The Stoke on Trent & Staffordshire Safer Communities Community Interest Company is a company limited by shares. Like all CICs, it has some unique and important additional features to safeguard its social mission that it was set up for. The shares have a nominal value in the accounts. The distribution of those shares is as follows:

Party	No. of Shares	No. of Directors	Vision
Staffordshire Fire & Rescue Service	55	Two	To make Staffordshire the safest place to live and work
Fire Support (Stoke on Trent & Staffordshire Holdings Ltd)	25	Two	Supporting fire rescue, education and prevention
Groundwork West Midlands	20	One	A society of sustainable communities which are vibrant, healthy and safe and where individuals and enterprise prosper

The CIC also has a “lock” on its assets. This prevents profits from being distributed to its members or shareholders other than in certain limited circumstances. It also means that all assets must be used for the community purpose or, if they are sold, open market value must be obtained for them and the proceeds used for the community purposes. In addition, if the CIC is wound up, its assets must be transferred to another, similarly asset-locked body.

During 2016/17 the value of transactions entered into between the Authority and the CIC company was income of £159,700 (2015/16 £128,770) with expenditure to match as cost recovery only is in operation. At the 31st March 2017 there is a debtors balance owed to Staffordshire Fire of £5,898 (debtors at the 31st March 2016 was £23,515).

Financial Statements have been prepared for the CIC.

35. INTEREST IN COMPANIES

The Stoke on Trent & Staffordshire Safer Communities Community Interest Company is a company limited by shares. The company was established following the completion of the PFI1 project in 2011. It was formed in partnership between public, private and voluntary sector with the primary purpose of providing opportunities to improve the health, safety, social and economic wellbeing of the communities of Stoke-on-Trent and Staffordshire. Its vision is to support active citizenship and financial sustainability through social enterprise and income generation.

The company is considered to be a related party to the Authority and details of transactions between the two entities have been disclosed in Note 34.

For the year ending December 2016 the company achieved a neutral position (profit of £21,693 in 2015) and holds net assets of £76,000. The key financial information for the CIC is below:

For the year ending 31 December	2015 £000	2016 £000
Profit and Loss		
Turnover	150	186
Operating Profit	26	(2)
Profit on ordinary activities after taxation	21	(2)
Balance Sheet		
Net Current Assets	72	76

A copy of the accounts can be requested from Staffordshire Fire & Rescue Service Headquarters.

36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

The CFR is analysed as follows:

2015/16 Non PFI £,000	2015/16 PFI & Lease £,000	2015/16 TOTAL £,000		2016/17 Non PFI £,000	2016/17 PFI & Lease £,000	2016/17 TOTAL £,000
28,421	58,947	87,368	**Opening Capital Financing Requirement**	27,104	73,174	100,278
			Capital investment			
3	0	3	Intangible Assets	49	0	49
1,478	15,834	17,312	Property, Plant & Equipment	1,317	0	1,317
			Sources of finance			
(329)	0	(329)	Capital receipts	(73)	0	(73)
(182)	0	(182)	Government grants and other contributions	(643)	0	(643)
(970)	0	(970)	Direct Revenue Financing	(650)	0	(650)
(1,317)	(1,607)	(2,924)	Revenue Provision	(1,296)	(1,840)	(3,136)
27,104	**73,174**	**100,278**	**Closing Capital Financing Requirement**	**25,808**	**71,334**	**97,142**
			Explanation of movements in the year			
(1,317)	(1,607)	(2,924)	Decrease in underlying need to borrow (unsupported by Government financial assistance)	(1,296)	(1,840)	(3,136)
0	15,834	15,834	Assets acquired under PFI contracts	0	0	0
(1,317)	**14,227**	**12,910**	**Increase / (Decrease) in Capital Financing Requirement**	**(1,296)**	**(1,840)**	**(3,136)**

37. MINIMUM REVENUE PROVISION

There is a statutory requirement for the Authority to set aside sums from its General Fund Account in the form of a minimum revenue provision. The sum is based on a combination of either 4% of the Authority's capital financing requirement at the end of the previous financial year and a proportion of an assets value based on asset life. MRP is also charges against Private Finance Initiatives. The capital element of repayments is being used as a proxy for the PFI MRP.

The charges for this are reflected in the table below:

2015/16 £,000		2016/17 £,000
(1,317)	Other Services	(1,296)
(75)	Finance Lease	(78)
(1,126)	PFI1	(1,205)
(406)	PFI2	(557)
(2,924)	**Total MRP**	**(3,136)**

38. OTHER LONG TERM LIABILITIES

The Other Long Term Liabilities include finance leases and the PFI Liability as disclosed in notes 39 and 40. The following schedule analyses the liability:

2015/16 Total Liability £,000	2015/16 Payable less than 1 year £,000	2015/16 Payable more than 1 year £,000		2016/17 Total Liability £,000	2016/17 Payable less than 1 year £,000	2016/17 Payable more than 1 year £,000
158	77	81	Finance Lease	81	81	0
41,480	1,205	40,275	PFI 1 Liability	40,275	1,051	39,224
32,408	797	31,611	PFI 2 Liability	31,852	825	31,027
74,046	**2,079**	**71,967**		**72,208**	**1,957**	**70,251**

The liabilities payable less than one year are included in the Short Term Creditors.

39. LEASES

Finance Leases

The assets acquired under finance lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2015/16 £,000		2016/17 £,000
250	**Opening Net Value at 1 April**	**182**
0	Additions	0
0	Revaluations	0
(68)	Depreciation	(80)
0	Disposals	0
182	**Value at 31 March**	**102**

The Authority acquired fire appliances under the terms of finance leases. The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while liability remains outstanding.

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17
	£,000	£,000	£,000	£,000
Obligations payable not later than one year	85	84	77	81
Obligations payable later than one year and not later than five years	84	0	81	0
Obligations payable later than five years	0		0	
	169	**84**	**158**	**81**

The rentals payable under these arrangements in 2016/17 were £85,000 (£85,000 in 2015/16), charged to the Comprehensive Income and Expenditure Statement as £7,000 and £78,000 relating to the write-down of obligations to the lessor charged to the General Fund.

Operating Lease

The Authority currently has no operational vehicles or equipment financed under the terms of operating leases.

40. PRIVATE FINANCE INITIATIVES (PFI)

The PFI transactions are treated in the Authority's accounts in accordance with the latest recommended practice with the adaptation of IFRIC12 (Service Concession Arrangements).

The assets used to provide services at the fire stations are recognised on the Authority's Balance Sheet.

The Authority makes an agreed payment annually which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

Although the payments made to the contractor are described as unitary payment, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

PFI 1 scheme

The contract to build ten new community fire stations in Staffordshire as part of the first PFI project was officially signed on 15 October 2009 by representatives of the Authority and the consortium delivering the project, Fire Support. The project will benefit from £50 million of PFI credits from DCLG.

The project has seen seven fire stations rebuilt as well as the construction of an additional three new stations. All ten stations are now operational; five being built in 2010/11 and the remaining built in 2011/12.

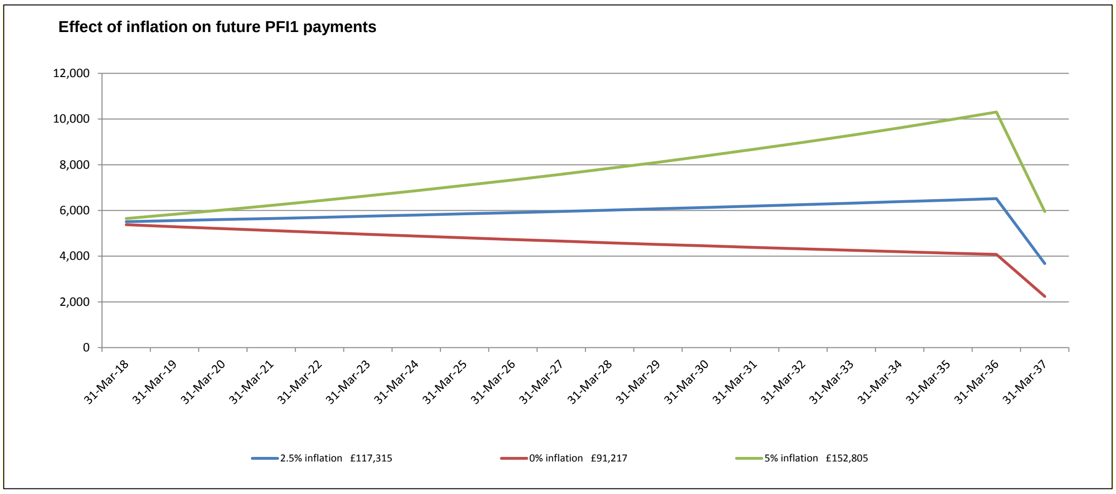
Payments remaining to be made under the PFI contract are as follows:

Future Unitary Payments	Operating Costs	Contingent Rental/ Interest	Lifecycle Replacement	Capital Repayment	Total Unitary Charge
	£'000	£'000	£'000	£'000	£'000
within 1 year	1,269	2,928	264	1,051	**5,512**
2-5 years	5,420	10,972	1,122	4,996	**22,510**
6-10 years	7,662	11,548	1,677	8,380	**29,267**
11-15 years	8,980	7,964	2,626	11,104	**30,674**
16-20 years	9,019	3,695	1,894	14,744	**29,352**
	32,350	**37,107**	**7,583**	**40,275**	**117,315**

The liability outstanding to pay the contractor's liability for capital expenditure incurred is £40,275,000 over the next 20 years, as stated in the above table.

Effect of inflation on future payments

The accounting model is based on RPI at 2.5%. The effects on the future liability if RPI was plotted at 0% and at 5% can be demonstrated below:



Transactions under the scheme during 2016/17 were:

2015/16 £'000		2016/17 £'000
1,228	Fair Value of Services	1,240
3,047	Finance Costs	2,966
74	Contingent Rent	87
4,349	**Revenue Unitary Payments**	**4,293**
43	Other Revenue Expenditure	45
1,217	Depreciation	1,133
5,609	**Total Expenditure**	**5,471**
(3,814)	PFI Special Grant	(3,814)
-	Other Contributions	-
1,795	**(Surplus)/Deficit Amount in Income & Expenditure Account**	**1,657**
	Statement of Movement on the General Fund Balance	
(1,217)	Amounts required by statue to be Excluded - depreciation	(1,133)
1,126	amounts required by statue to be Included - MRP	1,205
(194)	Transfer to/(from) Earmarked Reserves	(212)
(285)	**Net Charge to the General Fund**	**(140)**
-	Interest Earned on Balance	-
-	Interest Accrued from Previous Years	-

The Net Book Value of assets held under the PFI1 scheme as at 31 March 2017 was £43,275,000.

PFI 2 scheme

The contract to build eleven new community fire stations in Staffordshire as part of the second PFI project was officially signed on 10 July 2013 by representatives of the Authority and the consortium delivering the project, Blue[3]. The project will benefit from £45 million of PFI credits from DCLG.

The project has seen ten fire stations rebuilt as well as the construction of a new station as a replacement of a current station on a different site. All stations were operational by the end of 2015/16.

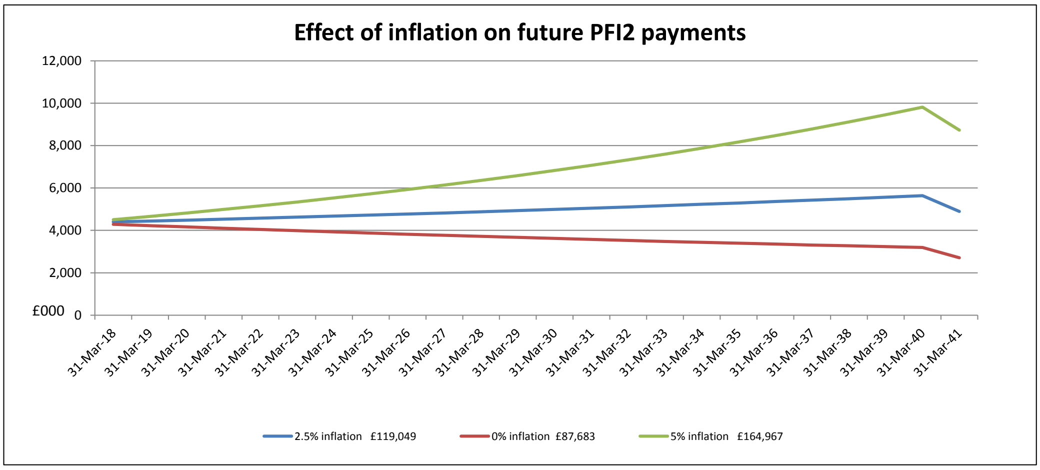
Payments remaining to be made under the PFI contract are as follows:

Future Unitary Payments	Operating Costs	Contingent Rental/ Interest	Lifecycle Replacement	Capital Repayment	Total Unitary Charge
	£'000	£'000	£'000	£'000	£'000
within 1 year	1,360	2,172	39	825	**4,396**
2-5 years	5,790	8,212	424	3,600	**18,026**
6-10 years	8,090	8,986	1,206	5,327	**23,609**
11-15 years	9,153	6,753	3,341	5,706	**24,953**
16-20 years	10,356	4,763	3,769	7,584	**26,472**
21-25 years	8,860	2,750	1,172	8,809	**21,591**
	43,609	**33,636**	**9,951**	**31,851**	**119,047**

The liability outstanding to pay the contractor's liability for capital expenditure incurred is £31,851,000 over the next 25 years, as stated in the above table.

Effect of inflation on future payments

The accounting model is based on RPI at 2.5%. The effects on the future liability if RPI was plotted at 0% and at 5% can be demonstrated below:



Transactions under the scheme during 2016/17 were:

2015/16 £'000		2016/17 £'000
710	Fair Value of Services	1,327
1,467	Finance Costs	1,955
7	Contingent Rent	229
2,184	**Revenue Unitary Payments**	**3,511**
-	Other Revenue Expenditure	1
553	Depreciation	1,138
2,737	**Total Expenditure**	**4,650**
(3,230)	PFI Special Grant	(3,230)
-	Other Contributions	-
(493)	**(Surplus)/Deficit Amount in Income & Expenditure Account**	**1,420**
	Statement of Movement on the General Fund Balance	
(553)	Amounts required by statue to be Excluded - depreciation	(1,138)
406	amounts required by statue to be Included - MRP	557
1,480	Transfer to/(from) Earmarked Reserves	480
1,333	**Net Charge to the General Fund**	**(101)**
-	Interest Earned on Balance	-
-	Interest Accrued from Previous Years	-

The Net Book Value of assets held under the PFI2 scheme as at 31 March 2017 was £32,619,000.

41. CONTINGENT LIABILTIES

The Authority has contingent liabilities totaling £502,000 relating to pending insurance claims.

These cases are still being progressed through the legal process and final decisions are not yet known. The Authority could be liable for up to £5,000 for each claim. If all the claims were found in favour of the claimants and all settled in this current financial year there is a potential liability of £40,000 plus the potential for a further £20,000 should the temporarily closed claims be re-opened.

42. TERMINATION BENEFITS

In 2016/17 the Authority incurred liabilities of £263,000 for nine voluntary redundancies as disclosed in Note 31.

43. EVENTS AFTER THE REPORTING PERIOD

There are no events to report.

44. PENSION SCHEMES

INCOME AND EXPENDITURE COSTS

Uniformed Fire-fighters

This is an unfunded scheme which means that there are no investment assets to match with the liability. Cash has to be generated to meet actual pension payments as they fall due. The fire-fighters pension scheme is a defined benefit scheme. Any annual surplus or deficit on the scheme is paid to or met by the Department of Communities and Local Government (DCLG).

Other Pensionable Employees

In 2016/17 the Authority paid an employer’s contribution of £992,000 into the Staffordshire County Pension Fund. The fund gives members defined benefits related to pay and service. The contribution rate is determined by the fund's actuary based on the triennial actuarial valuation.

The costs of providing pensions are charged to the service revenue accounts as they are earned over the service lives of scheme members. Any variations from regular costs are spread over the remaining working life of current members using the percentage of salary method.

The Authority is responsible for all pension payments for added year’s benefits it has awarded along with related increases. In 2016/17 these amounted to £68,000 (£68,000 in 2015/16).

The Fire Authority participates in six schemes, all administered by Staffordshire County Council, these are:

a) Five fire-fighters’ schemes are:

   i. Pension Scheme 1992 (FF'92)
   ii. Pension Scheme 2006 (FF'06) which includes whole time and retained staff as members
   iii. Compensation Scheme 2006 (FF'CS) with non-contributory provisions covering death and injury on duty
   iv. Pension Scheme 2015
   v. Pension Modified Scheme (included in the FF’06 figures for this disclosure)

b) A Local Government Pension Scheme (LGPS) for other employees

The cost of the retirement benefits in the Cost of Services represents the cost of benefits earned during the year and past service costs, which represent the estimated liability of discretionary benefits awarded by the employer. The charge to the Council Tax is based upon employers contribution paid in the year to the Pension Fund, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure. The following transactions were made in the income and expenditure account during the year.

	Local Government Pension Scheme		Fire Fighters 1992 Pension Scheme		Fire Fighters 2006 Pension Scheme		Fire Fighters 2015 Pension Scheme		Compensation Scheme 2006		**Total Scheme**	
	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000	2016/17 £'000	**2015/16 £'000**	**2016/17 £'000**
Comprehensive Income and Expenditure Statement												
Net Cost of Services:												
- Current service costs	1,325	1,198	3,110	1,850	410	360	2,820	2,290	720	120	**8,385**	**5,818**
- curtailments	27	79	0	160	0	0	0	0	0	0	**27**	**239**
Financing and Investment Income and Expenditure:												
- net interest on the net defined benefit liab	626	540	11,950	11,160	1,050	770	60	170	670	690	**14,356**	**13,330**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,978	1,817	15,060	13,170	1,460	1,130	2,880	2,460	1,390	810	**22,768**	**19,387**
Remeasurement of the net defined benefit liability comprising:												
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability	(682)	2,754	0	0	0	0	0	0	0	0	**(682)**	**2,754**
- changes in demographic assumptions	0	204	4,980	4,450	310	(20)	40	0	250	1,190	**5,580**	**5,824**
- changes in financial assumptions	5,129	(8,529)	26,600	(64,280)	14,530	(9,640)	290	(2,870)	1,090	(2,830)	**47,639**	**(88,149)**
- other experience	548	4,832	18,900	1,250	(3,280)	(2,140)	380	310	(320)	(230)	**16,228**	**4,022**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	4,995	(739)	50,480	(58,580)	11,560	(11,800)	710	(2,560)	1,020	(1,870)	**68,765**	**(75,549)**
- Employers contributions	(890)	(1,103)	(1,198)	(914)	(213)	(162)	(1,119)	(1,187)			**(3,420)**	**(3,366)**
- Retirement benefits paid to Pensioners	0	0	(12,514)	(12,462)	(334)	(235)	0	(100)	(980)	(970)	**(13,828)**	**(13,767)**
- Unfunded benefits	(68)	(68)									**(68)**	**(68)**
Actual amount charged against the General fund Balance for pensions in the year	(958)	(1,171)	(13,712)	(13,376)	(547)	(397)	(1,119)	(1,287)	(980)	(970)	**(17,316)**	**(17,201)**

The cumulative actuarial loss recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2017 is £75.5m (2015/16 gain £68.7m). This reflects the re-measurement of the net defined liability including changes arising from the discount rate, salary increase, mortality improvements and take up rate. The effects of which has increased the liability of the pension fund.

THE AUTHORITY'S ASSETS AND LIABILITIES

The underlying assets and liabilities of the Authority are as follows:

	2015/16					**2016/17**				
	LGPS £'000	**FF'92 £'000**	**FF'06 £'000**	**FF'15 £'000**	**FF'CS restated £'000**	**LGPS £'000**	**FF'92 £'000**	**FF'06 £'000**	**FF'15 £'000**	**FF'CS £'000**
Scheme liabilities	47,266	319,338	21,582	3,262	19,805	53,029	379,205	34,401	9,282	21,515
Unfunded liabilities	0	0	0	0	0	0	0	0	0	0
Total Liabilities	47,266	319,338	21,582	3,262	19,805	53,029	379,205	34,401	9,282	21,515
Estimated assets	31,888	0	0	0	0	36,266	0	0	0	0
Net liabilities	**15,378**	**319,338**	**21,582**	**3,262**	**19,805**	**16,763**	**379,205**	**34,401**	**9,282**	**21,515**

The liability shows the underlying commitments the Authority has to pay as retirement benefits.

The total liability of £461.1m reduces the Authority's net worth significantly as shown in the Balance Sheet and results in overall negative balance of £414.2m at 31 March 2017. The Government top up grant required to balance to the Pension Fund Account of £8.6m has not been included in the net liabilities above or in the Balance Sheet.

However, a statutory arrangement for funding the deficit means the financial position of the Authority remains healthy. The LGPS deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's actuary.

BASIS FOR ESTIMATING ASSETS

The LGPS Scheme's liabilities have been valued by Hymans Robertson, an independent and professionally qualified firm of actuaries. The Unfunded Scheme's liabilities have been re-valued using the Projected Unit Method by the Government's Actuary Department.

An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels and other financial assumptions, see below:

	2015/16					2016/17				
	LGPS	FF'92	FF'06	FF'15	FF'CS	LGPS	FF'92	FF'06	FF'15	FF'CS
Mortality:										
Longevity at 65 for current pensioners:										
- Men	22.1	22.3	22.3	22.3	22.3	22.1	22.4	22.4	22.4	22.4
- Woman	24.3	22.3	22.3	22.3	22.3	24.4	22.4	22.4	22.4	22.4
Longevity at 65 for future pensioners:										
- Men	24.3	24.6	24.6	24.6	24.6	24.1	24.7	24.7	24.7	24.7
- Woman	26.6	24.6	24.6	24.6	24.6	26.4	24.7	24.7	24.7	24.7
Financial assumptions:										
Price Increases	2.2%	2.2%	2.2%	2.2%	2.2%	2.4%	2.4%	2.4%	2.4%	2.4%
Salary Increases	4.2%	4.2%	4.2%	4.2%	4.2%	2.8%	4.4%	4.4%	4.4%	4.4%
Pension Increases	2.2%	2.2%	2.2%	2.2%	2.2%	2.4%	2.4%	2.4%	2.4%	2.4%
Discount Rate	3.5%	3.6%	3.6%	3.6%	3.6%	2.6%	2.7%	2.7%	2.7%	2.7%
Expected Return on Assets	3.5%		(unfunded schemes)			2.6%		(unfunded schemes)		

For the LGPS an allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Scheme Profile and funding liability:

LGPS:	Active members	Deferred members	Pensioner members	
Liability split	38.3%	27.2%	34.5%	100%
Weighted Average Duration	24.6	25	13.1	19.9

Fire Fighter Pension:	Active members	Deferred members	Pensioner members
Number	669	298	628
Total Salaries in membership data (pa) (£m)	14.43		
Total accrued pensions (£m)	4.14		
Total deferred pension (pa) (£m)		0.36	
Total pension (pa) (£m)			9.58

Sensitivity analysis:

The estimation of the defined benefit liability is sensitive to the actuarial assumptions set out in the table previously shown. The sensitivity analyses 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 whilst all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	LGPS		FF'92		FF'06		FF'15	
Change in assumptions at 31 Ma	Approx. % increase to Employer Liability %	Approx. monetary amount £m	Approx. % increase to Employer Liability %	Approx. monetary amount £m	Approx. % increase to Employer Liability %	Approx. monetary amount £m	Approx. % increase to Employer Liability %	Approx. monetary amount £m
0.5% decrease in Real Discount Rate	11.0%	5.6	8.6%	32.7	14.8%	5.1	16.2%	1.5
1 year increase in member life expectancy	-	-	2.8%	10.5	2.4%	0.8	2.2%	0.2
1 year earlier in member early retirement	-	-	0.1%	0.2	-0.6%	(0.2)	70.0%	0.1
0.5% increase in the Salary Increase Rate	1.0%	0.7	0.6%	2.2	4.7%	1.6	7.5%	0.7
0.5% increase in the Pension Increase Rate	9.0%	4.9	8.6%	32.5	11.1%	3.8	11.3%	1.0

SCHEME HISTORY

	2012/13	2013/14	2014/15	2015/16	2016/17
Present Value of liabilities	£'000	£'000	£'000	£'000	£'000
LGPS	(37,947)	(41,597)	(50,689)	(47,266)	(53,029)
FF92	(343,930)	(339,680)	(366,437)	(319,338)	(379,205)
FF06	(17,806)	(20,118)	(31,788)	(21,582)	(34,401)
FF15	0	0	0	(3,262)	(9,282)
FF Compensation	(33,315)	(30,075)	(20,415)	(19,805)	(21,515)
Fair Value of Assets	£'000	£'000	£'000	£'000	£'000
LGPS	25,378	27,096	31,336	31,888	36,266
Surplus/(deficit) in the scheme	£'000	£'000	£'000	£'000	£'000
LGPS	(12,569)	(14,501)	(19,353)	(15,378)	(16,763)
FF92	(343,930)	(339,680)	(366,437)	(319,338)	(379,205)
FF06	(17,806)	(20,118)	(31,788)	(21,582)	(34,401)
FF15	0	0	0	(3,262)	(9,282)
FF Compensation	(33,315)	(30,075)	(20,415)	(19,805)	(21,515)
Experience gains and losses on assets	£'000	£'000	£'000	£'000	£'000
LGPS	2,026	(177)	2,905	(682)	2,754
% of assets at end of year	%	%	%	%	%
LGPS	8.0	-0.7	9.3	-2.1	7.6
Experience gains and losses on liabilities	£'000	£'000	£'000	£'000	£'000
LGPS	70	1,042	298	548	4,832
FF92	(6,770)	6,400	15,400	18,900	1,250
FF06	(800)	90	3,740	(3,280)	(2,140)
FF15	0	0	0	380	310
FF Compensation	1,850	2,760	(1,550)	(320)	(230)
% of liabilities at end of year	%	%	%	%	%
LGPS	-0.2	-2.5	-0.6	-1.2	-9.1
FF92	-2.0	1.9	4.2	5.9	0.3
FF06	-4.5	0.4	11.8	-15.2	-6.2
FF15				11.6	3.3
FF Compensation	5.6	9.2	-7.6	-1.6	-1.1

LOCAL GOVERNMENT PENSION SCHEME

Year Ended:	31-Mar-16	31-Mar-17
	£'000	£'000
Opening Defined Benefit Obligation	**50,689**	**47,266**
Current Service Cost	1,325	1,198
Interest Cost	1,632	1,664
Contributions by scheme participants	300	311
Remeasurement gains and losses	(5,677)	3,493
Losses / (Gains) on Curtailments	27	79
Estimated Unfunded Benefits Paid	(68)	(68)
Estimated Benefits Paid	(962)	(914)
Closing Defined Benefits Obligation	**47,266**	**53,029**
The Scheme Assets		
Year Ended:	**31-Mar-16**	**31-Mar-17**
	£'000	£'000
Opening Fair Value of Employer Assets	**31,336**	**31,888**
Interest income on plan assets	1,006	1,124
Contributions by scheme participants	300	311
Contributions by the employer	890	1,103
Contributions in respect of Unfunded Benefits	68	68
Remeasurement gains and losses	(682)	2,754
Unfunded Benefits Paid	(68)	(68)
Benefits Paid	(962)	(914)
Closing Fair Value of Employer Assets	**31,888**	**36,266**

The movement in the net pension's deficit for the LGPS for the year can be analysed as follows:

	2015/16	2016/17
	£'000	£'000
Net surplus/(deficit) at the beginning of year	**(19,353)**	**(15,378)**
Movement in the year:		
Current service cost	(1,325)	(1,198)
Contributions by the employer	890	1,103
Net return on assets (after Interest on pension liabilities)	(626)	(540)
Past Service Costs	0	0
Impact of settlements and curtailments	(27)	(79)
Unfunded Benefits	68	68
Actuarial gains/(loss)	4,995	(739)
Change in valuation of pension fund assets		
Net surplus/(deficit) at the end of year	**(15,378)**	**(16,763)**
The actuarial gain/loss can be analysed as follows:		
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability	(682)	2,754
- changes in demographic assumptions	0	204
- changes in financial assumptions	5,129	(8,529)
- other experience	548	4,832
Actuarial gain/(loss)	**4,995**	**(739)**

The estimated Employer's contributions for the period to 31st March 2018 will be £1,057,000.

Further information can be found in the Staffordshire County Council Superannuation Fund Annual Report, which is available upon request from the County's Finance Directorate, Eastgate Street, Stafford.

Fair value of employers' assets:

Asset Category	Period Ended 31 March 2016				Period Ended 31 March 2017			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:								
Consumer	2,272.3	-	2,272.3	7%	2,432.7	-	2,432.7	7%
Manufacturing	1,859.0	-	1,859.0	6%	2,097.2	-	2,097.2	6%
Energy and Utilities	727.2	-	727.2	2%	899.1	-	899.1	2%
Financial Institutions	2,056.4	-	2,056.4	6%	2,429.1	-	2,429.1	7%
Health and Care	1,713.1	-	1,713.1	5%	2,017.8	-	2,017.8	6%
Information Technology	1,942.1	-	1,942.1	6%	2,427.2	-	2,427.2	7%
Other	37.7	-	37.7	0%	36.1	-	36.1	0%
Debt Securities:								
Corporate bonds (investment grade)	1,604.6	-	1,604.6	5%	2,693.1	-	2,693.1	7%
Corporate bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK government	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Private Equity:								
All	-	997.8	997.8	3%	-	1,151.2	1,151.2	3%
Real Estate:								
UK Property	-	2,830.7	2,830.7	9%	-	2,919.6	2,919.6	8%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment funds and Unit Trusts:								
Equities	10,838.5	-	10,838.5	34%	12,104.8	-	12,104.8	33%
Bonds	1,628.5	-	1,628.5	5%	1,983.5	-	1,983.5	5%
Hedge Funds	-	746.3	746.3	2%	-	711.8	711.8	2%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	-	-	0%
Other	-	892.3	892.3	3%	-	541.1	541.1	1%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
Cash and Cash Equivalents:								
All	1,741.5	-	1,741.5	5%	1,821.7	-	1,821.7	5%
Total	**26,420.9**	**5,467.1**	**31,888**	**100%**	**30,942.3**	**5,323.7**	**36,266**	**100%**

FIREFIGHTER PENSION SCHEMES

The movement in the net pension's deficit for the Unfunded Firefighters' Schemes for the year can be analysed as follows:

	2015/16				2016/17			
	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000
Net deficit - start of year	**(366,437)**	**(31,788)**	**0**	**(20,415)**	**(319,338)**	**(21,582)**	**(3,262)**	**(19,805)**
Movement in the year:								
Current service cost	(3,110)	(410)	(2,820)	(720)	(1,850)	(360)	(2,290)	(120)
Contributions by scheme participants	(814)	(173)	(942)	0	(579)	(124)	(1,020)	0
Past service cost	0	0	0	0	(160)	0	0	0
Pension transfers-in	(22)	(50)	(150)	0	0	0	(80)	0
Pension/benefits paid	12,515	329	0	980	12,462	235	100	970
Interest on pension liabilities	(11,950)	(1,050)	(60)	(670)	(11,160)	(770)	(170)	(690)
Actuarial gains/(loss)	50,480	11,560	710	1,020	(58,580)	(11,800)	(2,560)	(1,870)
Net deficit - end of year	**(319,338)**	**(21,582)**	**(3,262)**	**(19,805)**	**(379,205)**	**(34,401)**	**(9,282)**	**(21,515)**

The actuarial gain/(loss) can be analysed as follows:

	2015/16				2016/17			
	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000
Return on plan assets, excluding amounts included in net	0	0	0	0	0	0	0	0
changes in assumptions for retained settlement	0	10,370	0	0	0	0	0	0
changes in demographic assumptions	4,980	310	40	250	4,450	(20)	0	1,190
changes in financial assumptions	26,600	4,160	290	1,090	(64,280)	(9,640)	(2,870)	(2,830)
other experience	18,900	(3,280)	380	(320)	1,250	(2,140)	310	(230)
Actuarial gain/(loss)	**50,480**	**11,560**	**710**	**1,020**	**(58,580)**	**(11,800)**	**(2,560)**	**(1,870)**

Pension Reserve

To comply with IAS19 the Local Government and Firefighters Pension Scheme values are included in the Balance Sheet.

	LGPS £000	FF '92 £000	FF '06 £000	FF '15 £000	FF 'CS £000	Totals £000
Balance brought forward	(15,378)	(319,338)	(21,582)	(3,262)	(19,805)	(379,365)
Transfer provision for injury awards	0	0	0	0	0	0
Actuarial Gain / (loss)	(739)	(58,580)	(11,800)	(2,560)	(1,870)	(75,549)
Contribution to Revenue Accounts	(646)	(1,287)	(1,019)	(3,460)	160	(6,252)
Balance carried forward	**(16,763)**	**(379,205)**	**(34,401)**	**(9,282)**	**(21,515)**	**(461,166)**

45. PENSION LIABILITY

At 31st March 2017, 35 employees of the Authority who are members of the Firefighters' Pension Scheme were eligible for voluntary retirement, having reached age 50 and completed 25 years' service.

If all were to exercise their right to retire in the 2017/18 financial year, the Authority would have to make payments amounting to £2.6 million. The total includes lump sum payments of £2.3 million and annual pension payment of £0.3 million assuming that everyone retired on 1 April 2017.

Firefighters' Pension Fund Account

2015/16 £'000		2016/17 £'000	2016/17 £'000
	Contributions receivable		
	From employer		
(2,530)	- normal	(2,202)	
0	- Ill health	(61)	
(2,530)			(2,263)
(2,288)	From members		(1,795)
	Transfers in		
(223)	- individual transfers in from other schemes	(80)	
(223)			(80)
	Benefits payable		
9,591	- pensions	10,296	
3,017	- commutations and lump sum retirement benefits	2,340	
0	- other benefits payable	160	
12,608			12,796
	Payments to and on account of leavers		
240	- individual transfers out to other schemes	0	
240			0
7,807	**Net amount payable for the year before top-up grant receivable to sponsoring department**		**8,658**
(7,807)	Top-up grant payable by the Government		(8,658)
0	**Fund Account Balance**		**0**

2015/16 £'000		2016/17 £'000
	Net Current Assets and Liabilities	
(6,711)	Top-up grant received	(5,951)
7,807	Pension costs for the year	8,653
0	Additional grant for contributions holiday	(277)
(295)	Top-up receivable for the commutation provision	0
291	Additional costs for commutation lump sums	0
(1,092)	Amount owing (to)/from General Fund	(2,425)
0		**0**

Statement of Accounting Policies for Firefighters' Pension Fund

1. The fund accounts have been prepared on an accruals basis.

2. An exception to the accruals basis is the transfer values which are on a cash basis. Note: transfer payments between English fire authorities were repealed by Regulation 36 of 1810/2006. Therefore transfer payments which arise will relate to Firefighters transferring to/from Welsh and Scottish authorities or transferring out of the Firefighters Pension Scheme entirely.

3. The fund has been valued by the Government Actuary's Department using the Projected Unit Credit method. The actuarial assumptions are shown in Note 44 to the Core Financial Statements.

4. The pension fund accounts do not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year. The liabilities are shown in Note 45 IAS19 disclosure in the core financial statements.

Notes to the Pension Fund Account

1. Legal Status of the Pension Fund

The Pension Fund was established under the Firefighters Pension Fund Regulations 2006 (SI1810/2006) and from 1st April 2014 is administered by Staffordshire County Council, previously by Capita.

2. Management of the Fund

During the year the pension fund is managed by the Director of Finance, Assets and Resources.

3. Pension Benefits Payable from the Fund

The pension benefits payable from the fund include:

- Fire Fighters 1992 Scheme
- Fire Fighters 2006 Scheme
- Fire Fighters 2015 Scheme
- Fire Fighters Modified Scheme

The injury benefits are payable from the main authority accounts rather than the pension fund.

4. Unfunded Scheme

The Firefighters' pension scheme is an unfunded scheme, consequently:

- the fund has no investment assets;
- benefits payable are funded by contributions from employers and employees;
- any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

5. Statutory Restrictions

The pension fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund and that these expenses are borne by the fire authority main accounts.

6. Pension Fund Scheme Contribution Levels

Employees and employers contribution levels are set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department.

7. Government 'Top-Up' Grant

The pension fund account receives contributions from the Authority, as the employer, and from scheme members, with any deficit being funded by a 'top-up' grant from Government or by paying over the surplus to the Government sponsoring department. The Government grant balances the fund to nil. The net assets statement shows £8.6m grant to be paid to the Authority as this is the deficit balance on the fund for 2016/17 costs.

8. IFRS

As a result of the introduction of The IFRS Code there are no material changes to the pension statements arising from the transition.

Glossary

Accrual
A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or work done, but for which payment has not been received/made by the end of an accounting period.

Actuarial Strain
This is a charge paid, or due to be paid to the pension fund for paying pensions early.

Capital Charge
A charge to service expenditure accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of significant fixed assets that will be of use or benefit to the authority in providing its services beyond the year of account.

Capital Adjustment Account
Provides a balancing mechanism between the different rates at which assets are depreciated under accounting rules and are financed through the capital controls system.

Capital Receipts
Proceeds from the sale of an asset e.g. Land and Buildings which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within regulations set by Central Government.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the professional organisation for accountants working in the public service.

Contingent Liabilities
A potential liability at the balance sheet date when the accounts are submitted for approval the outcome of which is uncertain. If material the liability will be disclosed as a note to the accounts.

Deferred Charges
An item in a balance sheet where there is no tangible asset. It also represents outstanding borrowing in respect of a capital asset which has been disposed of but where the proceeds have been insufficient to clear the outstanding debt.

Deferred Liabilities
Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Financial Regulations
A written code of procedures we have approved, aimed at providing a framework for sound financial management.

Impairment
Where an asset's value has been reduced for reasons other than normal wear and tear. The asset's value in the accounts has to be reduced to reflect this impairment.

Leasing
A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:

a) Finances leases which transfer the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

b) Operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the income and expenditure account

LOBO
A longer term loan which, at set points during its term, gives the lender the option to change the interest rate and the borrower the option to continue or end the agreement.

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

Non-Current Assets
Assets that give us value for more than one year.

Public Works Loan Board (PWLB)
A government agency which provides longer term loans to local authorities, at interest rates below market rate. It also acts as a lender of last resort (at a higher rate of interest).

'Prudent' Level
In this instance the term relates to amount charged to the Income and Expenditure Account for the provision for the repayment of debt. This is a more cautious approach thus linking borrowing to asset lives rather than just the standard 4% charge in previous years regardless of asset life.

Revaluation Reserve
Records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets.

Revenue Contribution to Capital Outlay / Direct Revenue Financing (RCCO) / (DRF)
A contribution to the financing of capital expenditure by a charge to the income and expenditure account, i.e. as a source of capital expenditure funding also can be used to avoid borrowing.

Service Reporting Code of Practice (SeRCOP)
The CIPFA Code of Practice which sets out the categories for reporting services externally.

Virement
The transfer of resources between budget heads.

Work in Progress
The cost of work done on an uncompleted project at a specified date that has not been recharged to the appropriate account at that date.