



# **Staffordshire Commissioner Fire and Rescue Authority**

## **Unaudited Statement of Accounts**

**2020/21**

The draft accounts do not include the Collection Fund Adjustments and the Non-Domestic Rate Adjustments from the nine billing authorities. The adjustments will be included in the final statement of accounts.

Version 2 17/6/21

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## **Foreword by the Police Fire and Crime Commissioner (PFCC)**

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**Ben Adams**  
**Police, Fire and Crime Commissioner for Staffordshire**

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## Narrative Statement by the Director of Finance

The Statement of Accounts sets out the financial activities of the Staffordshire Commissioner Fire and Rescue Authority for the year ended 31 March 2021 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 2020/21, 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.

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 2021, by clearly explaining the funding position, and how this funding is spent in order to deliver the priorities as set out within the Corporate Safety Plan (CSP). In addition, the Narrative Statement also provides further information to the reader about economy, efficiency and the effective use of resources during the financial year. It also looks to the future and considers some of the challenges faced by Staffordshire Fire and Rescue Service (SFRS) and importantly discusses the ongoing collaboration work with Staffordshire Police.

The Staffordshire Commissioner became responsible for the governance of Staffordshire Fire and Rescue Service, in addition to his existing role overseeing Staffordshire Police, from August 1, 2018. The Commissioner made it clear from the outset the move would not affect frontline operations at the fire and rescue service, but it would bring the opportunity to further improve the way police and fire work together and explore wider collaboration opportunities that would be possible through the new governance arrangements.

Whilst this Statement of Accounts looks back over the year ended 2020/21 a new Staffordshire Commissioner, Ben Adams, was elected to office in May 2021 and is responsible for approving this set of accounts.

This statement also reflects upon the impact of Covid-19 and discusses how the Service supported the communities it serves during the very challenging time dealing with the Coronavirus pandemic.

This narrative report contains:

1. Introduction to Staffordshire
2. Organisation overview
3. Our priorities
4. Our service delivery
5. Covid-19
6. Risks
7. Basis of preparation
8. Financial performance
9. Outlook

### 1. Introduction to Staffordshire

The Staffordshire Commissioner is responsible for the finances of Staffordshire Fire and Rescue Service (SFRS) with a net revenue budget of £40.404m approved for 2020/21 on 10 February 2020 by the Staffordshire Commissioner following presentation to the Police Fire and Crime Panel. SFRS 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. There are varying levels of deprivation amongst the diverse communities of the county and this is reflected by the differing demand levels placed upon the Service, with Stoke-on-Trent having the most accidental dwelling fires and total number of incidents attended over the last three years. In total, the Service attended over 8,000 emergency incidents during the year ending 31 March 2021, with almost half of the incidents attended occurring in the north of the county (Stoke on Trent, Newcastle and Staffordshire Moorlands)



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Staffordshire has the largest total road length of any authority area of the West Midlands and has one of the largest in the country. There are 63 miles of motorway in Staffordshire and the West Coast Mainline connects the county by rail. The section of the motorway through Staffordshire and Cheshire has around 21 million vehicle movements per year.

## **2. Organisation Overview**

The Service operates through three main service delivery areas covering the county and has thirty three fire stations, a headquarters site based in Stone and a separate Joint Emergency Transport and Engineering facility that is shared with Staffordshire Police. A close relationship with our communities and partners is at the heart of our Service supported by our estate strategy which includes 21 community fire stations across the county built under two Private Finance Initiatives (PFI's); which complements our existing premises and enabling additional opportunities for community use, along with shared facilities for partners.

The number of deaths and injuries caused by fire have fallen in recent years and the Service continue to focus and invest in proactive activities that help prevent fires and other emergencies happening in the first place. However, demand placed on the fire and rescue service has started to rise and change both locally and nationally with new risks emerging, including terrorism, illegal waste tipping and incidents caused by extreme weather and the recent pandemic. With these comes increased pressure on our people and our resources. The fire safety work undertaken with building owners and other partners has increased in the aftermath of the Grenfell Tower fire and will firmly remain a key priority.

Work remains ongoing between the Service and Staffordshire Police to identify where the combined estate can be rationalised and used more effectively and efficiently to deliver future savings. This has already resulted in the Police and Fire Service sharing the community fire station in Tamworth Belgrave that now includes the local area community policing team. In addition a major project has now been completed which has culminated with the closure of Hanley Police Station, in the City of Stoke on Trent, with the shift based operational staff moving into the repurposed Hanley Response Hub based within the existing fire station building.

For both Tamworth and Hanley this will allow the disposal of two existing police buildings generating a substantial capital receipt, reduce running costs and also result in additional income for the Fire and Rescue Service.

The Fire and Rescue National Framework sets out the requirement that each Fire and Rescue Authority must produce an Integrated Risk Management Plan (IRMP) demonstrating how prevention, protection, and response activities will best be used to mitigate the impact of risk on communities, through authorities and partners working either individually or collectively, in a cost effective way. This task is delivered by producing the Corporate Safety Plan (CSP) which sets out the strategic priorities and shapes and drives the Service's vision of 'making Staffordshire the safest place to be' covering the period 2020 to 2024 and is discussed in more detail below.

### **Our People**

At the end of the financial year, Staffordshire Fire employed 728 full time equivalent staff, consisting of 302 wholetime operational firefighters, 274 on-call firefighters, 140 support staff and secondments and 12 senior management staff including the principle management team.

In addition to the above a number of shared service arrangements are in place with Staffordshire Police, this includes the following departments: Human Resources, Finance, Communications, Property, Commercial Services, Joint Emergency Transport Service (JETS) and also Occupational Health and Stores. All staff, with the exception of Stores, are employed by the Chief Constable with agreements in place that manages the contractual arrangements and costs recharges for each business area.

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### 3. Our priorities

As required by the government's Fire and Rescue National Framework for England, every fire and rescue service must produce a high-level Integrated Risk Management Plan (IRMP) which explains how they use their resources to respond to and reduce the risks they have identified in their local area.

Listening to feedback from our people and our communities, we now call the IRMP for Staffordshire our Safety Plan.

We identify and assess all foreseeable fire and rescue-related risks across Staffordshire and use this information to plan how to control these risks, respond to emergencies and deliver our fire prevention and protection activities in the most efficient and effective way. This means we can make sure we have the right people and resources in the right places at the right time to protect our communities, our buildings, our people and the environment.

This Safety Plan sets out the priorities, which support our vision of making Staffordshire 'the safest place to be' and are driven by our assessment of the risks across the county. Ensuring that our communities are protected by a first-class fire and rescue service is at the heart of everything that we do. We recognise that delivering these priorities will depend on collaboration, co-operation and effective communication.

The priorities for the Corporate Safety Plan have been established as follows:

- a) Prevention and Early Intervention
- b) Protecting Staffordshire and Its people
- c) Public Confidence
- d) Service Reform

#### **a) Prevention and Early Intervention**

**What we aim to do** - Develop a detailed community risk profile of Staffordshire, so that we can use our resources in the most efficient and effective way.

In order to prevent fires and respond promptly and effectively to fires and other emergencies the Service will work together with partners across the county, share information and create a more detailed understanding of the risks to our communities and identify the people and properties most at risk. In addition, the Service will prioritise these risks to ensure our activities have the most positive impact on community safety and develop targeted activities to make the most efficient use of our resources and minimise our impact on the environment.

We are committed to working with partners to educate our communities and share goals to reduce duplication and inefficiencies in the public sector.

#### **b) Protecting Staffordshire and Its people**

**What we aim to do** - Reduce and remove risks in our communities using a combination of prevention, protection and response activities and help make Staffordshire a safer place to live, work and visit.

To protect our people, buildings, the environment and reduce local risk the Service will: continue to modify and develop our activities to embrace the changing needs of the county and use advances in technology and techniques to ensure our response to emergencies is efficient and effective. We will contribute to building communities which are fit for the future – resilient, healthy and sustainable and contribute to ensuring that buildings in Staffordshire are safe for residents and visitors for generations to come. Ensure that we have the capability to meet new and emerging risks from incidents that may involve flooding, wildfire, terrorism or supporting other emergency services.

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### **c) Public Confidence**

**What we aim to do** - Report regularly on our progress and communicate openly about our plans so that, they are clearly understood, meet our legal duties and provide assurance to the public in a way which is transparent and easy to scrutinise.

In order to ensure plans and resources are in place to provide a flexible efficient and resilient response to emergency incidents the Service is will consult with our communities and listen to our people when developing our plans and services. In addition, provide evidence that our activities are based on a recognised need and are targeted where they are needed most. A transparent and easily understood approach will be adopted to planning and reporting throughout the service.

### **d) Service Reform**

**What we aim to do** - Develop and support a diverse, healthy and highly professional workforce who are motivated and empowered to improve our service.

To ensure that we continue to be effective, efficient and able to transform the Service to meet the challenges ahead we will invest in our people by providing them with the right equipment, training and skills to keep them safe, encourage innovation and inspire our future leaders. The Service will continue to strive to improve the services we provide and be honest and open, encouraging people to be themselves and treat each other with kindness and respect. This will promote a positive and supportive culture committed to improving the health, fitness and wellbeing of our people and work with our communities and partners to improve the diversity of our workforce.

Further details supporting the Corporate Safety Plan priorities can be found on our website:  
<https://www.staffordshirefire.gov.uk/your-service/our-safety-plan-2020-2024/>

## **4. Our Service Delivery**

This Safety Plan discussed above sets out the priorities, which support our vision of making Staffordshire ‘the safest place to be’ and are driven by our assessment of the risks across the county. Ensuring that our communities are protected by a first-class fire and rescue service is at the heart of everything that we do. We recognise that delivering these priorities will depend on collaboration, co-operation and effective communication.

Our resources are placed so that we are able to respond to incidents as quickly and as safely as possible. As part of our planning process, we monitor and review the risks within Staffordshire to ensure we remain flexible in our approach and are best placed to suggest improvements where they will benefit the safety of our firefighters and our communities.

This helps us to:

- Improve our knowledge of vulnerability and identify those most at risk
- Better understand the needs of our diverse communities
- Prepare for the challenges ahead.

We continue to use and develop a range of data-driven tools, techniques and modelling programmes to help us monitor, assess and anticipate the impact of future changes in risk and levels of demand. These are key to supporting our risk planning processes. They involve the use of both social and demographic data, consideration of local strategic infrastructure plans, industrial strategies and, information and learning from previous emergency incidents.

The next four years are likely to be the most challenging and uncertain we have known. When planning how we combine our prevention, protection and response activities in the most effective and efficient way possible, we will need to take into account a range of issues, including:

- The changing face of Staffordshire in terms of the risks faced by our communities and our firefighters
- The impact of increased demand upon our services coupled with reduced public sector funding
- The sustainability of our buildings and other assets

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- The benefits of new and emerging technologies and tactics.

We will continue to invest in the level of operational training for our staff to ensure that it is effective and meets the foreseeable risks that our firefighters are likely to face in the future.

In planning our response to risk, we work closely with partners including Staffordshire Police, West Midlands Ambulance Service and the Environment Agency. We contribute towards the risk assessment process in the Staffordshire Local Resilience Forum, which produces a community risk register drawing upon local and regional risks set against a national risk framework. Through the Staffordshire Civil Contingencies Unit, we are part of the Staffordshire Resilience Forum and regularly take part in joint exercises and training, testing our Joint Emergency Service Interoperability Principles to ensure we are adequately prepared when crisis hits.

We work with other fire and rescue services and partner organisations to identify new and emerging risks, such as naturally occurring hazards (extreme weather), pandemic illnesses and malicious threats (including terrorism) and use this intelligence to prepare our firefighters for the types of emergencies they may face.

- In recent years, the number of waste fires and wildfires has increased with several large waste fires at illicit sites and fires involving fly-tipped materials. Extreme weather conditions have already seen hundreds of hours spent tackling wildfires in the Moorlands, which destroyed hundreds of acres of countryside and threatened homes. We have specially-trained waste and wildfire tactical advisors.
- Climate change causing wide-scale flooding across Staffordshire and further afield. We have high-volume fire engines and enhanced logistical support vehicles (used during the Cumbria and Thames Valley floods and more recently at the collapse of Whaley Bridge dam)
- As well as aiming to cause physical harm, terrorist attacks now seek to disrupt services by preventing access to buildings or damaging computer systems. We have measures in place involving physical and cyber security, but we must continue to be vigilant and develop our buildings, systems and staff knowledge to keep pace with the threat.

## **5. Covid-19**

On 23<sup>rd</sup> March 2020, the Government announced restrictions aimed at reducing the spread of coronavirus, and the Commissioner's office and Staffordshire Fire reacted quickly to ensure the ongoing protection of staff and also the continuity of the provision of services to the communities of Stoke on Trent and Staffordshire. Of course the daily engagement with our communities has changed throughout the year and also modified based upon the instructions for social distancing etc. provided by Government.

The Fire and Rescue Sector has demonstrated that it is flexible in its approach and through negotiations at a national level via the NFCC has agreed to carry out tasks that are outside of the traditional role for the Fire Service in order to support the National effort. Outside of normal business and specifically relating to the COVID response, the NFCC LGA and Representative bodies agreed a set of principles under which the Service could provide support. These principles as highlighted in a tripartite agreement:

- Ambulance Service assistance: Ambulance Driving and Patient/Ambulance personnel support limited to current competence (Not additional FRS First or Co-Responding)
- Vulnerable persons – delivery of essential items
- COVID-19 – Mass casualty (Movement of bodies)

SFRS have been engaged and involved in range of positive activities during the pandemic, from food parcel deliveries to the most vulnerable to storage and distribution of emergency Personal Protective Equipment for frontline Health care professionals and care workers. In addition deliveries of essential items such as hand sanitiser, and general household items, to community members have been completed by a range of staff from operational crews through to our community support officers.

Funding and support for Covid-19 has been received from Central Government throughout the financial year in three blocks. This funding has covered the additional costs incurred as a result of the pandemic during the year 2020/21. The following points are of note:



- Initial funding was received as part of the Governments initial £32bn commitment to support local government. As part of these two tranches a total of £1,015,186 was received by the Commissioner, issued as a section 31 grant.
- As at the end of March 2021 around 68% of this funding had been committed with the balance carried forward into 2021/22.
- Further funding has been announced for 2021/22 that will contribute to the carry-forward funding available.

The full impact of Covid-19 will not be fully known for a number of years, but the Staffordshire Commissioner has been well supported by Central Government during the year and has grant funding remaining that has been carried forward into 2021/22.

## 6. Risks

The Staffordshire Commissioner and SFRS both have risks registers both at strategic and operational level. The risk register is reviewed and challenged by Ethics, Transparency Audit Panel (ETAP) on a regular basis. Both registers form a part of the Internal Audit programme delivered by our internal auditors, RSM and reported to ETAP. The Service holds a regular review of all strategic risks and risk owners are invited to the meeting to explain the risk and its mitigation along with how it is being pro-actively managed by the Service.

## 7. Basis of preparation

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.

These accounts are prepared on a going concern basis, assuming that the Staffordshire Commissioner Fire and Rescue Authority will continue in operation for the foreseeable future in accordance with the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting 2020/21.

The Commissioner is required by statute to make funding decisions on a different basis from the way in which it reports the Statement of Accounts. A number of adjustments are therefore made to the accounts that are used for budget setting and budget management to incorporate proper accounting adjustments in the area of pensions, employee benefits and depreciation.

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 2020/21; and presents all the recognised gains and losses of the Authority during 2020/21;
- **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 2021;
- **Cash Flow Statement** which summarises the inflows and outflows of cash in the year.

## 8. Financial performance

The Revenue Budget was approved on 10 February 2020 by the Staffordshire Commissioner, and was set at £42.404 million. Revenue expenditure consists of the day-to-day running costs, such as employee costs, pension costs, premises, transport, ICT, income and financing costs. Overall the financial performance of the Authority has been positive in year by delivering the required savings target of £0.5m as contained within the approved Efficiency Plan, and in addition identifying additional savings throughout the year that have importantly supported an element of direct financing of capital expenditure.

The 2020/21 outturn position is summarised below and the details of how this expenditure has been funded during the year and provides a comparison to budget:

Revenue Budget Outturn 2020/21	Original Budget	Outturn	Variance
	£m	£m	£m
<b>Pay</b>	28.2	27.2	1.0
<b>Non Pay</b>			
Premises Costs	3.3	3.5	(0.2)
Transport Costs	0.8	0.8	0.0
Supplies and Services	6.4	6.1	0.3
Community Fire Safety	0.4	0.1	0.3
<b>Total Non Pay</b>	10.9	10.6	0.3
Income, Grants and Interest Receivable	(1.9)	(2.0)	0.0
Capital Financing Costs	2.3	2.0	0.3
Unitary Charge Payments	3.0	3.0	0.0
Direct Financing Capital Expenditure		1.0	(1.0)
<b>Total before the use of Reserves</b>	42.5	41.8	0.7
Use of Reserves	(0.05)	(0.2)	0.1
<b>Total</b>	42.4	41.6	0.8
Contribution to Reserves		0.8	(0.8)
<b>Total</b>	42.4	42.4	
<b>Funded By:</b>	£m		
<b>Settlement Funding</b>			
Local Business Rates (1%)	3.8		
Business Rates Top-Up	6.0		
Revenue Support Grant	4.8		
<b>Total</b>	14.6		
<b>Council Tax</b>	27.8		
<b>Total</b>	42.4		

The statutory accounts are published within the framework issued 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 £2.663m (2019/20 was a deficit of £6.285m). 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 (also see Note 23):

Reserves	General Fund Actual	Earmarked Reserves
	£m	£m
<b>General Reserves</b>		
General Reserves balance 1 April 2020	1.9	
Break Even for the Year		
<b>General Reserves balance 31 March 2021</b>	1.9	
<b>Other (useable) Reserves</b>		
Other Reserves balance 1 April 2020		7.1
<b>Net movement for the year:</b>		
Funding for Revenue purposes		
Contribution to Reserves		1.4
Funding to support the Capital Programme		(1.0)
<b>Other (useable) Reserves balance 31 March 2021</b>		7.5

This means that the General Reserve brought forward from 2019/20 remains at £1.9 million at the end March 2021, this reserve is held to allow for any unexpected or emergency events that are assessed to be either medium or high risk. This reserves remains under 5% of the total Revenue budget and is considered to be a reasonable provision for any emergency events that may occur.

The Other (Useable) Reserve has increased to £7.5 million and forms an integral and important part of the overall financial strategy and financial resilience for the Staffordshire Commissioner as incorporated within the approved Medium Term Financial Strategy (MTFS) and Reserves Strategy. Reserves are not held without good reason and are earmarked to support funding into the medium term and are a key in reducing borrowing costs and maintaining liquidity. Ongoing austerity measures that have been imposed by Government during the last few years has seen the Revenue Support Grant funding reduced by around £9 million since 2012 (65%). Future capital commitments and vehicle replacement programme continue to be supported by this reserve. The reserves balance is forecast to reduce to around £4.1 million by 2025 in line with this reserves strategy and approved MTFS, thus demonstrating effective and efficient utilisation of reserve balances into the medium term.

### Capital Investment

During 2020/21, £2.691m was invested in capital projects, summarised as follows.

Capital Expenditure Outturn 2020/21	Revised Budget £m	Actual Spend £m	Actual %
Land and Buildings	4.80	1.50	56%
Vehicles, Plant and Equipment	2.10	0.50	19%
Information Technology	0.80	0.70	26%
<b>Total Capital Expenditure</b>	<b>7.70</b>	<b>2.70</b>	<b>100%</b>

The table above shows the net capital position against budget for 2020/21. The shortfall against budget is attributable to some project slippage mainly due to the impact on capital spend during the pandemic, which had a significant impact upon the building industry. It should be noted that the capital programme was set before awareness of the pandemic in the UK. A majority of the underspend will be carried forward into 2021/22

The capital programme is supported mainly by external borrowing and planned capital receipts, with no capital grant funding from the government being made available.

The capital programme spend of £2.691 million in year has been funded as follows:

	31 <sup>st</sup> March 2021 £000
Capital Grants	1.4
Use of Reserves	0.3
Revenue Contribution to Capital	1.0
New Borrowing	
<b>Total Capital Funding</b>	<b>2.7</b>

The capital grant funding of £1.4m was drawn down from the Transformation Funding Grant provided by the Home Office to support collaboration within the public sector. This investment delivered during the pandemic has now been completed which has culminated with the closure of Hanley Police Station, in the city of Stoke on Trent, with the shift based operational Police staff moving into the repurposed Hanley Response Hub based within the existing Fire Station building. This will allow the disposal of the existing police buildings generating a substantial capital receipt, and reduce ongoing running costs for both Police and Fire, demonstrating improved economy and efficiency in the use of resources across the combined Police and Fire estate.

## Balance Sheet

The Balance sheet is a snapshot of the Authority's assets and liabilities, cash balances and reserves at the balance sheet date. A table summary is provided below.

	31 <sup>st</sup> March 2020 £m	31 <sup>st</sup> March 2021 £m
Long Term Assets	132.2	129.9
Current Assets	20.5	17.9
Current Liabilities	(11.9)	(7.9)
Long Term Pension Liabilities	(463.9)	(515.5)
Other Long Term Liabilities	(80.8)	(78.5)
<b>Net Liabilities</b>	<b>(403.9)</b>	<b>(454.1)</b>
Usable Reserves	16.3	17.2
Unusable Reserves	(420.2)	(471.3)
<b>Total Reserves</b>	<b>(403.9)</b>	<b>(454.1)</b>

As at 31<sup>st</sup> March the balance sheet shows the group had negative assets, fortunately this is not the case. The sole reason for this is the unfunded Firefighters' Pension Schemes and the funded Local Government Pension Scheme (LGPS) pension scheme. Excluding these pension liabilities the Group Balance sheet has net assets of £61.4m including usable reserves of £17.2m.

The pension liability has increased significantly by £51.6m in year following the actuarial reports received by the two actuaries for the Firefighters' Pension Schemes (Government Actuarial Department) and LGPS Pension Scheme (Hymans). This is reviewed in more detail within the pension section below.

## Treasury Management

The Staffordshire Commissioner approves a Treasury Management and Investment Strategy before start of each financial year and receives regular updates on treasury performance during the year.

### Cash Flow

	31 <sup>st</sup> March 2020 £m	31 <sup>st</sup> March 2021 £m
Cash and Cash Equivalents	14.1	11.7
Short Term Investments	1.5	1.5
<b>Total</b>	<b>15.6</b>	<b>13.2</b>

Overall, cash flow has remained in a healthy state during the year with £13.158m of cash held in cash and cash equivalents and investments as at 31 March 2021. The cash flow overall was better than budget in year primarily associated with the pandemic and delays in capital spend in addition to revenue savings achieved in year.

### External Debt

Historically long term borrowing has been utilised to finance part of the overall capital programme. As at 31<sup>st</sup> March 2021 the Authority had total external borrowing of £17.050m (£17.550m 2019/20). This is still under the Authorised limit for external debt and includes £0.5m of debt repaid during the year.

The total Capital Financing Requirement (CFR) is shown in note 37, this shows a total CFR requirement of £22.1m, a reduction in overall debt levels of £1.3m despite the overall level of capital spend achieved in year. This demonstrates the intelligent use of capital receipts supported by direct funding of capital from revenue during the year, and when also including the level of Minimum Revenue Provision (MRP) in year has reduced the indebtedness of the Authority

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The Capital Financing Requirement has reduced by around £9m since March 2013, demonstrating the commitment of the Authority to reduce debt levels during the long period of austerity experienced within the public sector.

The PFI liability has also reduced by £2.2m in year and will continue to unwind during the concessionary period for both PFI projects (see Note 41 for further information).

### **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 £515.5m. 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 ability to continue as a going concern as it refers to future liabilities that will be met by future contributions. Excluding the pension liability, the balance sheet shows net assets of £61.4m.

The Firefighters 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 annually to cover any shortfall. Contributions to the scheme are at a rate of between 28.8% and 37.3% of pay depending upon the scheme for current operational staff are funded from the current revenue budget which includes council tax funding. The cost of pension payments to pensioners is largely met from the Home Office top-up grant and is therefore not funded by Council Tax. The assessed liability overall of Staffordshire in the Firefighters Pension Schemes as at 31<sup>st</sup> March 2021 was £497.3m (£449.9m 31<sup>st</sup> March 2020).

Support staff working for the Authority are eligible to be members of the Local Government Pension Scheme (LGPS) administered by Staffordshire County Council and is a funded scheme: The current contribution rate for employers is 16.7% of pay, and this is met from the current revenue budget which includes council tax funds. The assessed liability overall of Staffordshire in the LGPS as at 31<sup>st</sup> March 2021 was £18.3 million (£14.0 million 31<sup>st</sup> March 2020).

Following the recent three year “triennial” review of the Local Government Pension Scheme (LGPS), the actuary, Hymans Robertson, proposed that a further deficit repair payments was required for the three year period to 2022/23 in order for the employer contribution rates to remain unchanged. The Staffordshire Commissioner agreed to make an upfront payment of £1.121m as a lump sum and receive a favorable discount rate offered by the actuary for this payment in advance.

The total pension liability has increased by £51.6 million in year as incorporated into the Statement of Accounts for 2020/21 is primarily associated with the impact of fund valuation mainly through changes in financial assumptions that included a reduction in the discount rate of 0.25% (from 2.25% to 2.0%) used by the actuary within the valuation of the Firefighters Pension Schemes. In addition the rate of CPI has also been adjusted upwards by 0.4%, as has the long term assumption for salary increases by 0.15% increase. Life expectancy assumptions for both males and females has also changed. Assumptions for the Local Government Pension Scheme have also been revised resulting in a lower discount rate by (0.25%, the CPI pension inflation assumption up 0.85% and future salary increases to 3.25% from 2.3%.

The assumptions used by both actuaries has been challenged by management and external auditor's to ensure the assumptions used are consistent and robust.

### **McCloud / Sargeant Judgment**

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

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of

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the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the case.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to the Firefighter Pension Scheme and LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and HMT published their response to their consultation on 4 February 2021, confirming their approach to remedying age discrimination, in line with their proposals. The pension liability calculations have been updated to be in line with the agreed final remedy.

### **Firefighters' Pension Schemes**

The final remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. To make that choice all members will be automatically defaulted to the legacy scheme during the remedy period and the reformed scheme benefits kept as an underpin. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme.

Given the uncertainty in how members' benefits will accrue over the remedy period, due to future salary increases, preferences for early/late retirement over more pension, we have made assumptions in order to determine which scheme the member will choose to accrue benefits in at retirement.

We calculated the estimated present value of the benefits that would accrue over the remedy period under each member's legacy and the CARE scheme and determined that the member would choose the scheme that had the highest present value. Where retirement dates differed we applied early retirement factors to the CARE benefits to bring in line with the assumed retirement age of the legacy scheme. Where the member's legacy scheme retirement age is lower than 55 we have assumed that the member would remain in their legacy scheme. The effect of this adjustment to the McCloud allowance is a very slight reduction to the overall liability.

### **LGPS**

The Scheme Advisory Board, with consent of the Ministry of Housing, Communities and Local Government (MHCLG), commissioned GAD to report on the possible impact of the McCloud/Sargeant judgement on LGPS liabilities, and in particular, those liabilities to be included in local authorities' accounts as at 31 March 2019.

This followed an April 2019 CIPFA briefing note which said that local authorities should consider the materiality of the impact. This analysis was to be carried out on a "worst-case" basis, (i.e. what potential remedy would incur the highest increase in costs/liabilities). The results of this analysis are set out in GAD's report dated 10 June 2019.

Although GAD were asked to carry out their analysis on a "worst-case" basis, there are a number of other potential outcomes to the case which would potentially inflict less cost to the Employer. For example, the solution proposed by the Government would only apply the underpin to all members who were active on 31 March 2012. This would have less impact than GAD's scenario (which also includes any new joiners from 1 April 2012).

IAS19/FRS102 requires us to place a best estimate value on liabilities and costs. Consistent with the approach we adopted for the McCloud impact estimates made last year, we will adjust GAD's estimate to include only members that were active on 31 March 2012. This is in line with that proposed in the Government's consultation.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Firefighters Pension valuation has been carried out in 2020, however the results of this valuation have not yet been reported.

## **9. Outlook**

The longer term view of funding for the Staffordshire Commissioner remains very uncertain, this is due to the impact of the pandemic on public finances both locally and centrally in addition to the uncertainty regarding the content of the next Comprehensive Spending Review (CRS). The 2021/22 MTFS sets out the basis of our current assumptions for the future, however this is within the context of a spending review for 2021/22 only. We have seen a reduction in the council tax base between 2020/21 and 2021/22 as a result of the pandemic with

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the Medium Term Financial Strategy (MTFS) forecasting slower growth in this over the MTFS compared to previous forecasts resulting in lower income levels from the Fire precept on council tax bills.

In addition to this we have used the Office for Budget Responsibility forecast commentary of departmental spending totals for non-ring-fenced departmental bodies (such as local government, police, justice and fire) which forecasts a return to below inflation (real terms reductions) growth in spending over the coming years.

Whilst a balanced budget has been approved by the Commissioner for 2021/22, the table below sets out the current known MTFS challenges:

	2021/22	2022/23	2023/24	2024/25
<b>Saving Requirement</b>		-£1.7m	-£2.4m	-£3.0m
<b>Iterative gap year on year</b>	-	-£1.7m	-£0.7m	-£0.6m

The above funding gaps beyond 2022/23 are predicated on the assumptions set out in our MTFS and include an assumed 1.99% increase in the Fire Precept on council tax bills each and every year as well as a return to pay awards (at 2%) from 2022/23 following the pay pause announced by the Chancellor for 2021/22. It has also been assumed that employer contribution rates will increase from 2022/23 following the impact of the Sargeant /McCloud case in addition to the 2020 revaluation of the Firefighters' Pension Schemes.

The MTFS position takes account in full of the capital programme and the impact through on to the revenue budget of these decisions, including an increase in capital financing costs as a result of the capital programme. There is significant investment in ICT as part of this programme, as well as the modernisation of estate including the refurbishment of three on-call fire stations starting with Abbots Bromley in 2021/22 and work to downsize and the existing station in Stafford as part of the Service 2025 project.

To address the above funding challenges Staffordshire Commissioner and the Service has continued to develop the Service 2025 project and run a number of financial planning scenarios. This plan will aim to both address the anticipated budget gaps but also improve outcomes. The plan will evolve over the coming months to take account of new political priorities as well as the operational priorities of a new Chief Fire Officer, with the current Chief Fire Officer retiring from the Service in October 2021. The plan, for the first time, will also address issues of sustainability and the environmental impact of Staffordshire Fire in line with government commitments.

Since the MTFS was published in February 2021 we have seen the election of a new Commissioner in May 2021, Ben Adams, who will publish his Police Fire and Crime plan before the MTFS is updated for 2022/23. This will enable us to refresh the MTFS to incorporate the new Commissioner's priorities and also assumptions around precept increases.

These accounts are due to be approved by the Staffordshire Commissioner following the external audit and a detailed review and recommendation by the Ethics, Transparency and Audit Panel on 27 September 2021.

**David Greensmith ACMA CGMA**  
**Director of Finance, Staffordshire Commissioner's Office / Section 151 Officer**  
**Date**

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## **Audit Certificate**

**Independent auditor's report to the members of Staffordshire Commissioner Fire and Rescue Authority**

Intentionally blank

Mark C Stocks, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor  
Birmingham



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## Statement of Responsibilities

### The Staffordshire Commissioner'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 (Staffordshire Commissioner's Office);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

I accept the above responsibilities and I am due to approve the 2020/21 Statement of Accounts for Staffordshire Commissioner Fire and Rescue Authority following a detailed review and recommendation made by the Ethics, Transparency and Audit Panel on **insert date**.

.....  
**Ben Adams**  
**Staffordshire Commissioner**

**Date:**

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### **The Director of Finance's Responsibilities**

The Director of Finance 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 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 2021.

In preparing this statement of accounts, the Director of Finance 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 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 Certificate**

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Staffordshire Commissioner Fire and Rescue Authority as at 31 March 2021 and the income and expenditure for the year ending 31 March 2021.

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**David Greensmith ACMA CGMA**  
**Director of Finance (Staffordshire Commissioner's Office) / S151 Officer**

**Date:**

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# Annual Governance Statement

## 1. Introduction

The Staffordshire Commissioner became responsible for the governance of Staffordshire Fire and Rescue Service, in addition to his existing role overseeing Staffordshire Police, from August 1, 2018. Whilst the Staffordshire Commissioner has responsibility for the governance of both Police and Fire, Staffordshire Police and Staffordshire Fire and Rescue Service remain separate organisations with separate budgets, staff and governance processes.

The Commissioner is responsible for delivering the strategic vision and holding the Chief Fire Officer to account in delivering that vision. He has oversight and applies scrutiny and in turn the Police, Fire and Crime Panel scrutinises publicly his decisions – an important check and balance in the system.

In order to support effective decision making and to drive continuous improvement across Staffordshire Police and Staffordshire Fire and Rescue Service, the Commissioner has set up a number of boards. These boards support him and ensure that he has the right guidance, support and advice from the right people when decisions need to be made.

The Staffordshire Commissioner, as required within his statutory role, has set out the strategic vision, priorities and objectives within his published Fire and Rescue Plan which sets out the basis on which the Service is held to account.

## 2. Scope of Responsibility

The Staffordshire Commissioner is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

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

In discharging these overall responsibilities, the Commissioner 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 the 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 Monitoring Officer and Chief Executive for the Staffordshire Commissioner’s Office.

This statement explains how the Staffordshire Commissioner Fire and Rescue Authority has complied with The Code and meets the requirements of Regulation 6(1)(a) of the Accounts and Audit (England) Regulations 2015 that requires the Staffordshire Commissioner 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.

## 3. The Purpose of the Governance Framework

The Governance Framework comprises of the systems and processes, 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.

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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 potential 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 Corporate Governance Framework has been in place at Staffordshire Commissioner Fire and Rescue Authority for the year ended 31st March 2021 and up to the date of approval of the 2020/21 Statement of Accounts.

#### **4. The Governance Framework**

The Authority's Governance Framework is made up of many systems, policies, procedures and operations. A new Corporate Governance Framework was introduced on 1 August 2018 following the change in governance arrangements. The key elements of the Governance Framework are as follows:

##### Corporate Safety Plan 2020-2024

As required by the government's Fire and Rescue National Framework for England, every fire and rescue service must produce a high-level Integrated Risk Management Plan (IRMP) which explains how they use their resources to respond to and reduce the risks they have identified in their local area.

The Authority has consolidated the IRMP and the Strategic Plan into one document called the Corporate Safety Plan that has established our Corporate Aims and Objectives for the four years to 2024. This new and updated Plan was approved by the Commissioner during the year and sets out the objectives and strategic priorities of the Authority based on extensive consultation with all stakeholders.

This Safety Plan sets out the priorities, which support our vision of making Staffordshire 'the safest place to be' and are driven by our assessment of the risks across the county. Ensuring that our communities are protected by a first-class fire and rescue service is at the heart of everything that we do. We recognise that delivering these priorities will depend on collaboration, co-operation and effective communication.

The Staffordshire Commissioner's Office has developed and published a Fire and Rescue Plan that sits alongside the Corporate Safety Plan and has been actively involved in the development of the updated Corporate Safety Plan document.

##### Performance Management

A well-established and robust performance management system is in place internally throughout the Fire and Rescue Service with regular performance monitoring being carried out by Directors' and reported through to the Performance and Assurance Board and Strategic Governance Board.

A detailed Resource Control Report is published internally on a monthly basis and incorporates all of the key information expected as part of a professional, commercially focused, set of Management Accounts; including revenue and capital spend and a 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 targets. A newsletter style finance update is also issued on a monthly basis and is available to all staff within the Service.

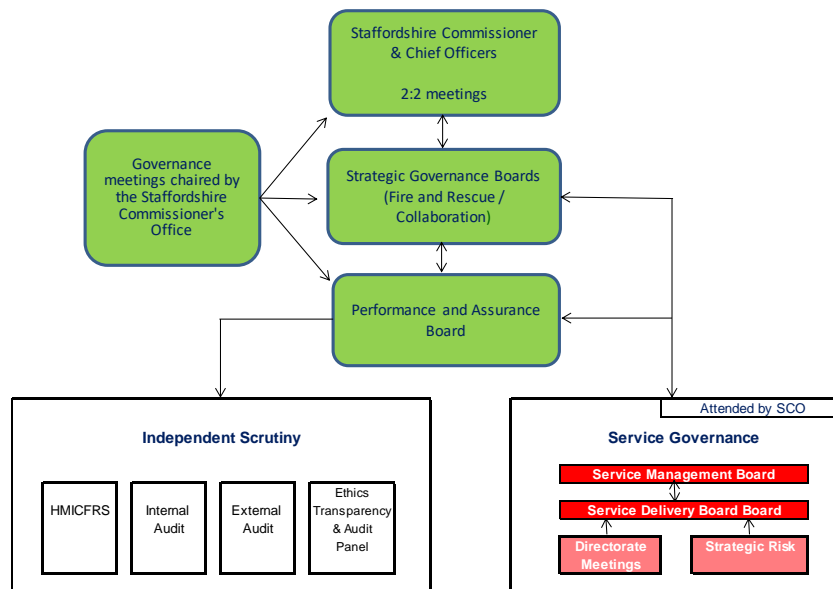
Detailed financial reports are presented to, and scrutinised by the Strategic Governance Board on a quarterly basis. The reports include full details of performance against budget for the key reporting areas namely; revenue, capital, cash and delivery of efficiencies and savings.

Under the governance arrangements the Audit Committee arrangements are undertaken by the Ethics, Transparency and Audit Panel (ETAP), which also has a separate Finance Panel that receives bi monthly finance and audit reports from both internal and external audit. The Finance Panel includes a number of

qualified accountants who are able to provide detailed scrutiny to the monthly Resource Control Report, Internal and External Audit Reports and also the Annual Statement of Accounts.

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 regularly to the Service Delivery Board and monitoring reports are sent to the Performance and Assurance Board.

The Corporate Governance Structure in place under the Staffordshire Commissioner is detailed below:



## Framework

The framework for Governance of the Fire and Rescue Authority is embodied in various statutes, standing orders, financial regulations and scheme of delegation. These are regularly reviewed and induction and training is provided where appropriate. Terms of Reference are in place for Authority meetings which are reviewed annually by the Strategic Governance Board.

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.

A robust process for risk management and business continuity is in place across the Service with strategic risks that are linked into corporate objectives. These processes are regularly tested and reviewed.

The Statement of Assurance for 2019/20 has also been published, a document that supports and sets out the financial, governance and response arrangements that the Staffordshire Commissioner Fire and Rescue Authority had in place for the period 1 April 2019 to 31 March 2020. It was written in accordance with the guidance published by the Ministry of Housing, Communities and Local Government on statements of assurance for fire and rescue authorities in England.

The Staffordshire Commissioner has well established methods of communication in place with various stakeholders ensuring that key messages are received by both staff and the communities that we serve.

## 5. 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 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, internal audit and the Ethics Transparency and Audit Panel and other review agencies and inspectorates.

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The Service Delivery Board, the Service Management Board, and the Staffordshire Commissioner's Office have maintained their governance by setting the budget for 2020/21 and approving the Medium Term Financial Strategy and also both the Capital and Reserve Strategies. 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.

## **6. The Role of the Director of Finance / S151 Officer**

The Staffordshire Commissioner Fire and Rescue Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. A Service Level Agreement has been put in place between the Authority and the Staffordshire Commissioners Office as the Director of Finance performs the Statutory Role for the Police Fire and Crime Commissioner in addition to the Fire and Rescue Authority.

**The chief financial officer (CFO) in a public service organisation according to the CIPFA guidance should:**

- be a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The finance function for the Authority is provided through a shared service arrangement with Staffordshire Police and includes both the Deputy Chief Finance Officer and Deputy S151 Officer and also a dedicated Management Accountant. These two posts are both undertaken by highly competent and professionally qualified individuals.

## **7. HMICFRS Inspection**

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carries out its own independent inspections of all 45 Fire and Rescue Services in England in addition to carrying out all national policing assessments. The inspection assesses how effectively and efficiently Fire and Rescue Services' prevents, protects the public against and responds to fires and other emergencies. They also assess how well the Service looks after its people.

These inspections focus upon three key themes:

- Effectiveness (how effective we are at keeping people safe and secure from fire and other risks).
- Efficiency (how efficient we are at keeping people safe and secure from fire and other risks).
- People (how well we look after our people).

HMICFRS inspected Staffordshire Fire and Rescue during the financial year 2019/20 and were overall rated as Good by the Inspectorate within the published report. The report stated that Staffordshire FRS is good at looking after its people and judged the service to be outstanding at promoting the right values and culture.

Overall, HMICFRS commended Staffordshire FRS for its performance and the inspectorate are confident it is well equipped for this to continue. The next full inspection by HMICFRS is scheduled for 2022/23.

## **8. Internal Audit**

RSM Risk Assurance Services LLP were appointed to undertake the internal audit work for the Authority for the year 2020/21 replacing Staffordshire County Council who had been delivering this service for a number of years though a Service Level Agreement. RSM now undertake internal audit work for the Staffordshire Commissioner's Office, Staffordshire Police and Staffordshire Fire and Rescue Service.

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This importantly has provided the opportunity to undertake a number of combined audits across both Police and Fire ensuring a more efficient and effective service can be delivered.

Throughout the year internal audit has carried out a range of planned reviews of systems and internal controls across the Service. Seven audit reviews were undertaken during the year, this included; safeguarding, mental health and wellbeing, absence management and fleet as well as key financial control audits.

The internal audit team also provided support to the Authority's continued participation in the latest National Fraud Initiative exercise.

The opinions for the reviews completed have all been positive in that substantial assurance has been given to 3 audits and reasonable assurance to 2 audits, with a follow-up audit on previous audit recommendations and fleet management not requiring any opinion. No limited assurance opinions were awarded during the year.

In relation to internal audit work in 2020/21, no high priority recommendations have been made during the year reflecting the robust control environment in place within the Service.

This has been the first annual opinion for Staffordshire Fire & Rescue Service provided by RSM and as such the annual report has been discussed with the Director of Finance to further explain the rationale and context behind the positive annual opinion that has been provided.

Internal audit coverage, has importantly considered more operational activities across the organisation, such as fleet management and those wider topics such as health and wellbeing, areas that perhaps previously had not been subject to review. Furthermore, internal audit resource continues to be effectively directed to those areas of the business where management have identified risks, are aware of weaknesses, or where new system are being implemented. Consequently, management actions and themes have been agreed for the organisation to implement and embed across the control frameworks.

### **Opinion on the Control Environment**

The UK PSIAS requires that the Head of Internal Audit 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 and Plan each year.

RSM has stated that Staffordshire Commissioner Fire and Rescue Authority has an adequate and effective framework for risk management, governance and control in place. However, the work undertaken by RSM has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and in control.

To ensure that RSM remains compliant with the PSIAS framework a dedicated internal Quality Assurance Team who undertake a programme of reviews is in place to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs for the audit teams.

## **9. External Audit**

External Audit discharge a statutory function because of the special accountabilities attached to public money and how public business is conducted. External Audit are appointed independently from the Authority and the scope of the auditors work is to not only give opinion of the financial statements but to also include governance arrangements that secure the economic, efficient and effective use of resources, this being termed as the value for money being achieved by the organisation.

The appointed external auditor, (Grant Thornton LLP), provide regular reports at ETAP's formal meetings. ETAP members due to their independence have the opportunity to consider the audit findings, to challenge and ask for further clarification where necessary and also to make recommendations on their findings.

## **10. Conclusion**

The details given within this statement represents a clear approach to ensuring that appropriate and proper governance arrangements are in place for Staffordshire Commissioner Fire and Rescue Authority.

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**Staffordshire Commissioner:**

**Date:**

**R Bryant  
Chief Fire Officer**

**Date:**

.....

**D Greensmith ACMA CGMA  
Director of Finance (Staffordshire Commissioner's Officer) /Section 151 Officer**

**Date:**



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# 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 2020/21, 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

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

### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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

### Measurement and Valuation

Assets are initially measured at cost, comprising of the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Donated assets are measured initially at fair value.

Plant, Property and Equipment is 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.

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 Statement if the balance on the revaluation reserve is less than the loss.

Operational properties are carried in the Balance Sheet at Depreciated Replacement Cost for specialised properties, where there is no evidence of market value, and Open Market Value for properties where there is evidence of market value.

### Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance

- 
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

## **Depreciation**

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using a straight line method from the year following acquisition. Assets in the course of construction are not depreciated until used. The following useful lives apply:

- 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.
- Fire appliances have an asset life of between 10 and 15 years, other vehicles have an asset life of between 4 and 8 years depending on the vehicle function.
- Plant and equipment have an asset life between 10 and 20 years.

Where a property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

## **Disposals**

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

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.

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

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

## **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.

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#### **4. 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.

#### **5. 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 2020/21 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.

#### **6. 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.

#### **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. 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.

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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.

## **9. 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.

## **10. 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.

## **11. Interest on Balances**

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

## **12. 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.

## **13. 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.

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## **14. Financial Instruments**

### **Financial Assets**

Financial assets are classified into three types which are based on the intention of use when the asset was purchased:

- Amortised Cost – held to collect contractual cash flows of principle and interest on specific dates
- Fair Value through Other Comprehensive Income (FVOCI) – held to both collect contractual cash flows and sell the financial asset on specified dates
- Fair Value through Profit or Loss (FVP&L) – Achieve objectives by any other means than collecting contractual cash flows.

The Authority does not have any FVOCI or FVP&L.

Financial assets are recognised in the Statement of Accounts when the authority becomes party to the financial instrument contract. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Loans and receivables are measured at amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains and losses arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provision of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Financial liabilities are derecognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

The Authority has liabilities in relation to loans from the Public Works Loan Board (PWLb), Lender Options Borrowing Options (LOBO), creditors for goods and services and two PFI contracts.

Interest Payable Is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year which it relates.

## **15. 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.

## **16. 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.

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

The amounts payable to the PFI 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

## 17. 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.

## 18. 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.

## 19. 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.

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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.

## **20. 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.

## **21. Fees and Charges Income**

The Authority recognises revenue from contracts with service recipients in accordance with the provision of International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers.

Revenue is recognised in the financial year that services are provided in accordance with the performance obligations of the contract.

## **22. Accounting Standards That Have Been Issued But Not Yet Adopted**

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires the Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The standards introduced by the 2021/22 Code and relevant for additional disclosure that will be required in the 2020/21 financial statements are as follows:

- Definition of a business: amendments to IFRS3 Business Combinations
- Interest Rate Benchmark Reform: amendments to IFRS9, IAS39 and IFRS7
- Interest Rate Benchmark Reform: phase 2, amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16.

These changes are not expected to have an impact on the Authority's financial statements.

A revised standard with regard to leases has been issued by the International Accounting Standards Board that became effective as of the 1<sup>st</sup> January 2019. The interpretation for this has not been adopted for the 2019/20 accounts and has been deferred to the 2021/22 CIPFA Code of Practice. The Authority has undertaken a review of its current contracts to determine if any are to be treated as a finance lease from the date of implementation. Only 1 was identified but this is already treated as a finance lease. The review will be updated at the time of the implementation of The Code.

## **23. 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.

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Two types of events can be identified as:

- **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.

## **24. 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.

## **25. 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 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.

## **26. 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.

2020/21	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
Note							
Balance as at 31 March 2020	1,906	14,354	16,260	1	16,261	(420,153)	(403,892)
<b>Movement in reserves during 2020/21</b>							
Surplus or (deficit) on provision of services	(2,663)	0	(2,663)	0	(2,663)	0	(2,663)
Other Comprehensive Income & Expenditure			0		0	(47,528)	(47,528)
<b>Total Comprehensive Income &amp; Expenditure</b>	(2,663)	0	(2,663)	0	(2,663)	(47,528)	(50,191)
Adjustments between accounting basis & funding basis under regulations 1	3,640	0	3,640	0	3,640	(3,640)	0
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	977	0	977	0	977	(51,168)	(50,191)
Transfers (To) / From Earmarked Reserves	(977)	976	(1)	0	(1)	0	(1)
Increase / (Decrease) in year	0	976	976	0	976	(51,168)	(50,192)
<b>Balance as at 31 March 2021 c/f</b>	1,906	15,330	17,236	1	17,237	(471,321)	(454,084)

2019/20	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 2019	1,906	14,219	16,125	5	16,130	(456,255)	(440,125)
<b>Movement in reserves during 2019/20</b>							
Surplus or (deficit) on provision of services	(6,285)	0	(6,285)	0	(6,285)	0	(6,285)
Other Comprehensive Income & Expenditure					0	42,518	42,518
<b>Total Comprehensive Income &amp; Expenditure</b>	(6,285)	0	(6,285)	0	(6,285)	42,518	36,233
Adjustments between accounting basis & funding basis under regulations 1	6,416	0	6,416	0	6,416	(6,416)	(0)
<b>Net Increase / (Decrease) before Transfers to Earmarked Reserves</b>	131	0	131	0	131	36,102	36,233
Transfers (To) / From Earmarked Reserves	(131)	135	4	(4)	0	0	0
Increase / (Decrease) in year	0	135	135	(4)	131	36,102	36,233
<b>Balance as at 31 March 2020 c/f</b>	1,906	14,354	16,260	1	16,261	(420,153)	(403,892)

## 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.

2019/20				2020/21			
Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000	Note
51,543	(7,160)	44,383	Fire Fighting Services	51,429	(6,553)	44,876	
629	(654)	(25)	Civil Contingencies Unit	659	(626)	33	30
0	(1,147)	(1,147)	Non-distributed costs	0	(341)	(341)	
<b>52,172</b>	<b>(8,961)</b>	<b>43,211</b>	<b>Net Cost of Services</b>	<b>52,088</b>	<b>(7,520)</b>	<b>44,568</b>	
		6	Other Operating Expenditure			(55)	10
		14,231	Financing and Investment Income and Expenditure			12,512	11
		<u>(51,163)</u>	Taxation and Non-Specific Grant Income and Expenditure			<u>(54,362)</u>	12
		<b>6,285</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>2,663</b>	
		(2,013)	(Surplus) / Deficit on revaluation of property			1,704	13
		(40,505)	Remeasurements of the net defined benefit liability / (asset)			45,825	45
		<b>(42,518)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>47,529</b>	
		<b>(36,233)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>50,192</b>	

## 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 liabilities 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 is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2019/20		2020/21	
£,000		£,000	Note
132,116	Property, Plant & Equipment	129,427	13
72	Intangible Assets	424	15
<b>132,188</b>	<b>Long Term Assets</b>	<b>129,851</b>	
1,500	Short Term Investments	1,500	21
561	Inventories	550	18
4,444	Short Term Debtors	4,210	19
14,005	Cash & Cash Equivalents	11,658	20
<b>20,510</b>	<b>Current Assets</b>	<b>17,918</b>	
0	Bank overdraft	0	20
(584)	Short Term Borrowing	(81)	17
(7,360)	Short Term Creditors	(6,128)	22
(3,940)	Grants Receipts in Advance	(1,639)	22 /34
<b>(11,884)</b>	<b>Current Liabilities</b>	<b>(7,848)</b>	
0	Long Term Creditors	0	
(17,050)	Long Term Borrowings	(17,050)	17
(63,773)	Other Long Term Liabilities	(61,442)	39
(463,883)	Pension liability	(515,513)	45
<b>(544,706)</b>	<b>Long Term Liabilities</b>	<b>(594,005)</b>	
<b>(403,892)</b>	<b>NET LIABILITIES</b>	<b>(454,084)</b>	
16,261	Usable Reserves	17,237	23
(420,153)	Unusable Reserves	(471,321)	24
<b>(403,892)</b>	<b>TOTAL RESERVES</b>	<b>(454,084)</b>	

## 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.

2019/20		2020/21	
£'000		£'000	Note
<b>6,285</b>	<b>Net Deficit on the Provision of Services</b>	<b>2,663</b>	
(12,243)	Adjustments net deficit on the provision of services for non-cash movements	(7,929)	27
394	Adjustments for items included in the net deficit on the provision of services that are investing or financing activities	1,493	28
<b>(5,564)</b>	<b>Net Cash flows from operating activities</b>	<b>(3,773)</b>	
(1,072)	Net cash flows from Investing Activities	2,636	25
2,589	Net cash flows from Financing Activities	2,737	26
(361)	LGPS Pension deficit contributions	747	24
<b>(4,408)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>2,347</b>	
9,597	Cash and Cash equivalents and bank overdraft at the beginning of the reporting period	14,005	20
14,005	Cash and Cash equivalents and bank overdraft at the end of the reporting period	11,658	20

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## Notes to the Core Financial Statements

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## 1. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2020/21	General Fund (GF) Balance £'000	Earmarked Other GF Reserves £'000	CCU Reserves £'000	Capital Grants Unapplied £'000	TOTAL MOVEMENT IN UNUSABLE RESERVES £'000
<b><u>Adjustments primarily involving the Capital Adjustment Account:</u></b>					
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>					
Charges for depreciation and revaluation of non-current assets	(3,327)				3,327
Revaluation losses on Property Plant and Equipment					0
Amortisation of intangible assets	3				(3)
Capital grants & contributions applied	1,438				(1,438)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	55				(55)
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of capital investment	3,492				(3,492)
Direct Revenue Financing of Capital	1,253				(1,253)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account:</u></b>					
Capital grants and contributions unapplied credited to the CIES					0
Application of grants to capital financing transferred to the Capital Adjustment Account					0
<b><u>Adjustments primarily involving the Pension Reserve:</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(21,024)				21,024
Government firefighter grant	7,961				(7,961)
Employer's pensions contributions and direct payments to pensioners payable in the year	6,509				(6,509)
<b><u>Adjustments primarily involving the Collection Fund Adjustment Account:</u></b>					
Amounts by which council tax income and non-domestic rates credited to the CIES is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements					0
<b>TOTAL ADJUSTMENTS</b>	<b>(3,640)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,640</b>

2019/20	General Fund (GF) Balance £'000	Earmarked Other GF Reserves £'000	CCU Reserves £'000	Capital Grants Unapplied £'000	TOTAL MOVEMENT IN UNUSABLE RESERVES £'000
<b><u>Adjustments primarily involving the Capital Adjustment Account:</u></b>					
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b>					
Charges for depreciation and impairment of non-current assets	(3,725)				3,725
Revaluation losses on Property Plant and Equipment					0
Amortisation of intangible assets	(32)				32
Capital grants & contributions applied	361				(361)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(6)				6
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of capital investment	3,197				(3,197)
Direct Revenue Financing of Capital	1,595				(1,595)
<b><u>Adjustments primarily involving the Capital Grants Unapplied Account:</u></b>					
Capital grants and contributions unapplied credited to the CIES	12				(12)
Application of grants to capital financing transferred to the Capital Adjustment Account					0
<b><u>Adjustments primarily involving the Pension Reserve:</u></b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(22,504)				22,504
Government firefighter grant	8,397				(8,397)
Employer's pensions contributions and direct payments to pensioners payable in the year	6,296				(6,296)
<b><u>Adjustments primarily involving the Collection Fund Adjustment Account:</u></b>					
Amounts by which council tax income and non-domestic rates credited to the CIES is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	(7)				7
<b>TOTAL ADJUSTMENTS</b>	<b>(6,416)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,416</b>

## 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.

2020/21	As reported to Management £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Net Expenditure Chargeable 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	40,732	2,506	43,238	1,297	44,535
Civil Contingencies Unit	0	33	33	0	33
<b>Net Cost of Services</b>	<b>40,732</b>	<b>2,539</b>	<b>43,271</b>	<b>1,297</b>	<b>44,568</b>
Other Income and Expenditure	(42,404)	(1,843)	(44,247)	2,342	(41,905)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(1,672)</b>	<b>696</b>	<b>(976)</b>	<b>3,639</b>	<b>2,663</b>
Opening General Fund Balance			(16,261)		
Less/Plus Surplus or (Deficit) on General Fund in Year			(976)		
<b>Closing General Fund Balance 31 March</b>			<b>(17,237)</b>		

2019/20	As reported to Management £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Net Expenditure Chargeable 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	39,933	625	40,558	2,678	43,236
Civil Contingencies Unit	0	(25)	(25)	0	(25)
<b>Net Cost of Services</b>	<b>39,933</b>	<b>600</b>	<b>40,533</b>	<b>2,678</b>	<b>43,211</b>
Other Income and Expenditure	(40,936)	272	(40,664)	3,738	(36,926)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(1,003)</b>	<b>872</b>	<b>(131)</b>	<b>6,416</b>	<b>6,285</b>
Opening General Fund Balance			(16,130)		
Less/Plus Surplus or (Deficit) on General Fund in Year			(131)		
<b>Closing General Fund Balance 31 March</b>			<b>(16,261)</b>		



### 3. NOTES TO EXPENDITURE AND FUNDING ANALYSIS

2020/21	CCU £,000	Income classification in management accounts £,000	Other accruals and adjustment £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Adjustments for Capital Purposes £,000	Net change for the Pension Adjustment £,000	Other Differences £,000	Adjustments between funding and Accounting Basis £,000
Fire Fighting Services		1,843	663	2,506	(1,421)	4,157	(1,438)	1,298
Civil Contingencies Unit	33			33	0	0	0	0
<b>Net Cost of Services</b>	<b>33</b>	<b>1,843</b>	<b>663</b>	<b>2,539</b>	<b>(1,421)</b>	<b>4,157</b>	<b>(1,438)</b>	<b>1,298</b>
Other Income and Expenditure		(1,843)		(1,843)	0	2,398	(56)	2,342
<b>(Surplus) / Deficit on Provision of Services</b>	<b>33</b>	<b>0</b>	<b>663</b>	<b>696</b>	<b>(1,421)</b>	<b>6,555</b>	<b>(1,494)</b>	<b>3,640</b>

2019/20	CCU £,000	Income classification in management accounts £,000	Other accruals and adjustment £,000	Adjustment to arrive at the net amount chargeable to the General Fund £,000	Adjustments for Capital Purposes £,000	Net change for the Pension Adjustment £,000	Other Differences £,000	Adjustments between funding and Accounting Basis £,000
Fire Fighting Services		(272)	897	625	(1,047)	4,087	(362)	2,678
Civil Contingencies Unit	(25)			(25)	0	0	0	0
<b>Net Cost of Services</b>	<b>(25)</b>	<b>(272)</b>	<b>897</b>	<b>600</b>	<b>(1,047)</b>	<b>4,087</b>	<b>(362)</b>	<b>2,678</b>
Other Income and Expenditure		272	0	272	0	3,724	14	3,738
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(25)</b>	<b>0</b>	<b>897</b>	<b>872</b>	<b>(1,047)</b>	<b>7,811</b>	<b>(348)</b>	<b>6,416</b>

#### 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. The true cost is included 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 Non-domestic Rates 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

2019/20	2020/21
£000	£000
<b>Expenditure</b>	
23,576 Pay Costs	21,036
21,544 Pension Cost (IAS 19 amended)	19,799
1,980 Other Employee Costs	2,198
3,290 Premises Costs	3,595
840 Transport Costs	780
4,734 Supplies & Services	4,940
413 Other Support Costs	1,647
862 Unitary Charge net of grant	804
3,762 Capital Charges	3,269
799 Interest Payable	777
<b>Income</b>	
(2,202) Income General	(2,584)
(324) Grants Released	(159)
(119) Interest Receivable	(45)
(8,397) Fire Fighter Top Up Grant	(7,961)
(44,473) Government Grants and Precepts	(45,433)
<b>6,285 (Surplus) / Deficit on Provision of Services</b>	<b>2,663</b>

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

#### 5. PRIOR PERIOD RESTATEMENT

There are no prior period restatements needed.

#### 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 2019 £'000	Transfers from £'000	Transfers to £'000	Balance as at 31 March 2020 £'000	Transfers from £'000	Transfers to £'000	Balance as at 31 March 2021 £'000
Invest to save	6,422	(509)	390	6,303	(1,994)	2,353	6,662
PFI1 unitary charge reserve	5,591	(7,020)	7,044	5,615	(7,083)	7,044	5,576
Civil contingencies unit	452	0	76	528	(109)	299	718
Earmarked reserves PFI2	44	0	0	44	0	0	44
PFI1 contingency reserve	680	0	74	754	0	27	781
Earmarked grants:							
- New Dimensions Grant	143	(115)	70	98	(109)	69	58
- Enhanced logistic support project	47	(83)	44	8	(51)	43	0
- ESMCP	662	(142)	6	526	(211)		315
- Transparency code set up	28		7	35		7	42
- Business Rates Pool income	0			0		200	200
- New Risks	61	(4)	29	86	(4)	29	111
- Mass fatalities maintenance	43	(16)	49	76	0	49	125
- CCU Covid	0			0	(200)	200	0
- Brexit Local resilience	0	(35)	117	82	(23)		59
- Covid	0	(4)	170	166	(683)	846	329
- DWP - access to work	0			0		11	11
- Protection uplift & building review	0			0		205	205
- fire protection accreditation	0			0		10	10
- Pension remedy admin	0			0		57	57
- Partnership Income	46	(45)	32	33	(33)	27	27
	<b>14,219</b>	<b>(7,973)</b>	<b>8,108</b>	<b>14,354</b>	<b>(10,500)</b>	<b>11,476</b>	<b>15,330</b>

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## **7. AUTHORISATION OF ACCOUNTS FOR ISSUE**

The unaudited financial statement were certified by David Greensmith, Director of Finance (Staffordshire Commissioner's Office) / Section 151 Officer on 23<sup>rd</sup> June 2021.

The Accounts and Audit (Amendment) Regulations 2021 extend the statutory audit deadlines for 2020/21. The requirement for the public inspection period to include the first 10 working days of June has been removed, instead the Authority must commence the public inspection period on or before the first working day of August 2021. This means the draft accounts must be approved and published by 31st July 2021.

In line with statutory requirements the accounts and supporting documentation were made available for public inspection for a period of 28<sup>th</sup> June to 6<sup>th</sup> August 2021.

## **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:

### **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 have undergone a desk top valuation assessment on 31<sup>st</sup> March 2021. 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 Workshop 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 31<sup>st</sup> March 2021 for which there is a risk of a material adjustment in the following financial year are:

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## 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 45).

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 £51 million (see note 45).

## 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.

If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets would fall. It is estimated that based on the current carrying value of depreciating assets of £118m at 31 March 2021 the annual depreciation charge for property plant and equipment assets would increase by c£0.5m for every year that the useful life had been reduced. However, the assets are revalued annually and the asset lives are kept under regular review; a re-life exercise has been performed this year which has resulted in a number of assets having the life extended.

## 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

From 18 vehicles disposals in year, 11 were sold resulting in proceeds of £54,800.

2019/20		2020/21
£,000		£,000
6	Loss/ (surplus) on disposal of fixed assets	(55)
6		(55)

## 11. FINANCING AND INVESTING INCOME AND EXPENDITURE

2019/20		2020/21
£,000		£,000
785	Interest payable on debt	764
14	Interest payable on finance leases	12
2,786	Interest payable on PFI1 Unitary payments	2,706
(1,856)	Grant for interest on PFI1 payments	(1,788)
2,109	Interest payable on PFI2 Unitary payments	2,065
(1,609)	Grant for interest on PFI2 payments	(1,560)
12,121	Net interest on the net defined benefit liability	10,358
(119)	Investment Interest Income	(45)
<b>14,231</b>		<b>12,512</b>

## 12. TAXATION AND NON-SPECIFIC GRANT INCOME

2019/20		2020/21
£,000		£,000
(361)	Recognised capital grants and contributions	(1,438)
(473)	Recognised revenue grants and contributions	(1,591)
(26,458)	Council Tax	(27,787)
(9,630)	Non-domestic rates redistribution	(9,867)
(4,674)	Revenue Support Grant	(4,751)
(1,004)	Transitional funding	(968)
(166)	Non-domestic rates adjustment	
(8,397)	Gain on pension grant	(7,960)
<b>(51,163)</b>		<b>(54,362)</b>

The Collection Fund Adjustments and the non-domestic rate adjustments from the nine billing authorities have not been included in the above figures. They will be incorporated in the final statement of accounts.

## 13. PROPERTY, PLANT AND EQUIPMENT

### Movements in 2020/21

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment	PFI assets included in PP&E
	£000	£000	£000	£000	£000
Value at 1 April 2020	123,487	24,455	1,432	149,374	79,523
- Additions	27	826	1,490	2,343	
- Disposals	0	(1,152)	0	(1,152)	
- Revaluations	(3,962)	0	0	(3,962)	(2)
- Impairment	0	0	0	0	
- Reclassification	0	0	0	0	
- Transfers	1,453	1,329	(2,782)	0	
<b>Gross Book Value at 31 March 2021</b>	<b>121,005</b>	<b>25,458</b>	<b>140</b>	<b>146,603</b>	<b>79,521</b>
Depreciation:					
- Cumulative net to 31 March 2020	0	(17,258)	0	(17,258)	0
- Disposals	0	1,152	0	1,152	
- On revaluations	2,258	0	0	2,258	1,428
- For the Year	(2,258)	(1,070)		(3,328)	(1,428)
<b>Depreciation at 31 March 2021</b>	<b>0</b>	<b>(17,176)</b>	<b>0</b>	<b>(17,176)</b>	<b>0</b>
<b>Net Book Value at 31 March 2021</b>	<b>121,005</b>	<b>8,282</b>	<b>140</b>	<b>129,427</b>	<b>79,521</b>

## Movements in 2019/20

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment	PFI assets included in PP&E
	£000	£000	£000	£000	£000
Value at 1 April 2019	123,704	22,474	2,401	148,579	79,525
- Additions	0	939	1,011	1,950	
- Disposals	0	(968)	0	(968)	
- Revaluations	(176)	0		(176)	(2)
- Reclassification			(11)	(11)	
- Transfers	(41)	2,010	(1,969)	0	
<b>Gross Book Value at 31 March 2020</b>	<b>123,487</b>	<b>24,455</b>	<b>1,432</b>	<b>149,374</b>	<b>79,523</b>
Depreciation:					
- Cumulative net to 31 March 2019	0	(16,651)	0	(16,651)	0
- Disposals	0	928	0	928	
- On revaluations	2,190	0	0	2,190	1,428
- For the Year	(2,190)	(1,535)	0	(3,725)	(1,428)
<b>Depreciation at 31 March 2020</b>	<b>0</b>	<b>(17,258)</b>	<b>0</b>	<b>(17,258)</b>	<b>0</b>
<b>Net Book Value at 31 March 2020</b>	<b>123,487</b>	<b>7,197</b>	<b>1,432</b>	<b>132,116</b>	<b>79,523</b>

## 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 – 4-8 years
- Furniture, plant and equipment – 10-20 years

## Review of asset life

During 2020/21 a review has been performed of the asset life of assets held. This has resulted in a number of assets having their life extended which an in-year depreciation adjustment of £472,000 (£448,000 for tangible and £24,000 for intangible). The majority of the impact was on vehicles with some on software licences.

## Capital Commitments

At 31 March 2021 there is contractually committed capital expenditure of £23,000 for a vehicle, to be incurred in 2021/22.

## Revaluations

In 2020/21 the Authority engaged Cameron Butler BLE (Hons) MRICS, of FHP Property Consultants to value the entire land and buildings portfolio to ensure all assets held on the Balance Sheet comply with as per IAS16 by being revalued sufficiently regularly.

This has resulted in a downward revaluation of £1,704,000 which includes the results of a detailed valuation report of the recent investment into Hanley Fire Station to convert the station to a Fire and Police Response Base.

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 eighteen vehicles were disposed of and twelve purchased to maintain the operational fleet.

31-Mar-20		31-Mar-21
1	Fire Headquarters	1
33	Fire Stations	33
1	Workshops	1
187	Vehicles	181

#### 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:

2019/20		2020/21
£,000		£,000
0	3 years	0
72	5 years	363
0	upto 10 years	61
<b>72</b>		<b>424</b>

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

2019/20		2020/21
£,000		£,000
521	Gross Book Value at 1 April	510
11	- Additions	349
(22)	- Disposals	0
(429)	- Cumulative amortisation to 31 March	(438)
23	- Amortisation on disposals	0
(32)	- Amortisation for the year	3
<b>72</b>	Net Book Value at 31 March	<b>424</b>

The amortisation of a negative £3,000 includes the actual amortisation charge for the year of £21,000 less the adjustment for a re-life exercise (extending software licences) of £24,000.

#### 16. HERITAGE ASSETS

The Authority currently owns four heritage vehicles and a collection of memorabilia which is held around the County. The Authority also displays one heritage vehicle at Newcastle Fire Station which is owned by the Newcastle Brampton Museum;

- Leyland Ajax pump escape 1939, one of the last open topped Leyland machines to leave the production line
- Merryweather horse drawn steam pump fire engine c1894, currently being displayed at The Potteries Museum and Art Gallery, Stoke-on-Trent
- Coventry Climax with Godiva Pump 1939 which has been gifted to the Authority and restored using donations and fundraising from the local community
- Thornycroft 1954 Fire Appliance displayed at Uttoxeter Fire Station gifted during the year by Windrush Farm, Gloucestershire

The first two assets have been independently valued by an external specialist, John Holland FRICS FAAV of Thimbleby & Shorland, Reading. The value of the vehicles has been determined as £15,000 and £30,000 respectively. The values were based on current open market sale value as at 31 March 2012. However, the most recent additions are yet to be professionally valued but similar vehicles are costing in the region of £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

### Categories of financial instruments

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

#### Financial Assets

	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000
Amortised costs:										
Cash held					905	778			905	778
Fixed Term Deposits					9,500	3,500			9,500	3,500
Money Market Funds					5,100	8,880			5,100	8,880
Debtors							304	446	304	446
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,505</b>	<b>13,158</b>	<b>304</b>	<b>446</b>	<b>15,810</b>	<b>13,604</b>

#### Financial Liabilities

	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000	31-Mar-20 £,000	31-Mar-21 £,000
Amortised costs:										
Market loans - LOBO	1,000	1,000							1,000	1,000
PWLB loans	16,050	16,050			500	0			16,550	16,050
Creditors							3,934	2,607	3,934	2,607
PF11	35,607	34,229			1,288	1,379			36,895	35,608
PF12	27,917	27,001			913	915			28,830	27,916
Finance Lease	249	212	0	0	36	37	0	0	285	249
<b>Total Financial Liabilities</b>	<b>80,823</b>	<b>78,492</b>	<b>0</b>	<b>0</b>	<b>2,737</b>	<b>2,331</b>	<b>3,934</b>	<b>2,607</b>	<b>87,494</b>	<b>83,430</b>

There are no assets or liabilities classified as Fair Value through Profit and Loss, Fair Value through Other Comprehensive Income and non-financial assets.

### 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 2021.



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 has 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 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 2020/21:

31-Mar-21	Carrying Amount £,000	Fair Value			Total £,000
		Level 1 £,000	Level 2 £,000	Level 3 £,000	
<b>Financial Assets:</b>					
Cash held	778		778		778
Fixed Term Deposits	3,500		3,500		3,500
Money Market Funds	8,880	8,880			8,880
Debtors	446		446		446
<b>Total Financial Assets</b>	<b>13,604</b>	<b>8,880</b>	<b>4,724</b>	<b>0</b>	<b>13,604</b>
<b>Financial Liabilities:</b>					
Market loans - LOBO	1,000		1,566		1,566
PWLB loans	16,050		23,314		23,314
Creditors	2,607		2,607		2,607
PFI1	35,608		42,081		42,081
PFI2	27,916		34,948		34,948
Finance Lease	249		268		268
<b>Total Financial Liabilities</b>	<b>83,430</b>	<b>0</b>	<b>104,784</b>	<b>0</b>	<b>104,784</b>

The valuation hierarchy of financial instruments that were carried at fair value for 2019/20:

31-Mar-20	Carrying Amount £,000	Fair Value			Total £,000
		Level 1 £,000	Level 2 £,000	Level 3 £,000	
<b>Financial Assets:</b>					
Cash held	905		905		905
Fixed Term Deposits	9,500		9,500		9,500
Money Market Funds	5,100	5,100			5,100
Debtors	304		304		304
<b>Total Financial Assets</b>	<b>15,810</b>	<b>5,100</b>	<b>10,710</b>	<b>0</b>	<b>15,810</b>
<b>Financial Liabilities:</b>					
Market loans - LOBO	1,000		1,821		1,821
PWLB loans	16,550		23,906		23,906
Creditors	3,934		3,934		3,934
PFI1	36,895		44,021		44,021
PFI2	28,830		38,425		38,425
Finance Lease	285		316		316
<b>Total Financial Liabilities</b>	<b>87,494</b>	<b>0</b>	<b>112,423</b>	<b>0</b>	<b>112,423</b>

## 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 £447,000 of the £4,210,000 debtors' balance is past its due date for payment.

Of the £447,000 debtors, £317,000 is due from the Staffordshire Police for the rechargeable costs of joint services and £26,000 is due from Other Local Authorities therefore only a small debt is held for general customer charges. The debt is less than three months.

### 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-20 £'000	31-Mar-21 £'000
<b>Source of Loan</b>		
Market Loans - LOBO	1,000	1,000
PWLB Maturity Loans	16,550	16,050
	<b>17,550</b>	<b>17,050</b>
<b>Analysis of Maturity</b>		
Less than one year	500	0
Between one and two years	0	250
Between two and five years	900	900
More than five years	16,150	15,900
	<b>17,550</b>	<b>17,050</b>

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 2020/21, 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.£158,000. However, this is an unlikely scenario given the low interest environment.

## 18. INVENTORIES

The Authority holds three areas of inventories; the main stores at headquarters, transport and engineering stores held at the Trentham workshop and fuel stock which is held at various locations across the service. The inventories included in the balance sheet for 2020/21 is £550,000 (£561,000 in 2019/20) being HQ stores £430,000 Transport £36,000 and fuel £84,000 (respectively for 2019/20 £432,000, £36,000 and £93,000).

## 19. AMOUNTS OWED TO THE AUTHORITY BY DEBTORS

31-Mar-20		31-Mar-21
£,000		£,000
723	General Debtors	701
332	Payments in Advance	473
573	Accrued Income	0
1,426	FF Government Top-up Grant	1,646
1,390	Council Tax Billing Authority	1,390
<b>4,444</b>		<b>4,210</b>

The general debtors figure is net of the impairment of doubtful debts of £1,000 (£3,198 in 2019/20). 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 £251,635 and the Cycle Scheme at £4,299.

The Fire Fighter Government Top-up Grant has a balance due from Home Office of £1,646,000 which will be settled in the grant provision of 2020/21.

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, which also includes a provision for doubtful debts and an appeal provision. The 2020/21 adjustments have not been included in the unaudited accounts due to timescales on information received. However, this will be updated for the final accounts.

The Debtors can be further analysed as follows:

31-Mar-20		31-Mar-21
£,000		£,000
1,851	Central government bodies	1,898
1,567	Other local authorities	1,733
1,026	Other entities and individuals	579
<b>4,444</b>		<b>4,210</b>

## 20. CASH AND CASH EQUIVALENTS

31-Mar-20		31-Mar-21
£,000		£,000
0	Cash Account	0
905	Bank Account	778
13,100	Temporary Investments	10,880
<b>14,005</b>		<b>11,658</b>

The cash in hand represents a canteen float of a negligible amount £100.

The cash book balance of £778,000 (£905,000 in 2019/20) takes account of cheques yet to be presented to the Authority's bank for payment at 31 March 2021 and is held in Current Assets.

The Authority holds total temporary investments of £12,380,000 at the 31<sup>st</sup> March 2021. However, this includes one investment of £1,500,000 that does not satisfy the definition of cash and cash equivalents due to

the maturity period and the early withdrawal penalty for the other. This has been presented in Note 21 within Short Term Investments.

## 21. SHORT TERM INVESTMENTS

31-Mar-20		31-Mar-21
£,000		£,000
1,500	Temporary Investments	1,500
<b>1,500</b>		<b>1,500</b>

The short term investment of £1,500,000 is for a Money Market Fund.

## 22. AMOUNTS OWED BY THE AUTHORITY TO CREDITORS

31-Mar-20		31-Mar-21
£,000		£,000
2,317	General Creditors	1,790
2,163	Accruals and deferred income	1,364
643	Council Tax Billing Authority	643
3,940	Receipts in advance	1,639
2,201	PFI liability	2,294
0	FF Government Top-up Grant	0
36	Finance Lease liability	37
<b>11,300</b>		<b>7,767</b>

The general creditors figure includes the supplier creditor accounts at £298,000 (£1,293,000 2019/20), Payroll HMRC at £628,000 (£630,000 2019/20) and Pension creditor at £402,000 (£112,000 2019/20).

Receipts in Advance includes a government transformation grant received in 2015/16 for £5,138,000. During the year £1,502,000 has been utilised (£361,000 in 2019/20) with the balance committed in 2021/22; the grant remaining is £1,639,000. 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. However, the 2020/21 adjustments have not been included in the unaudited accounts due to timescales on information received. This will be updated for the final accounts.

The creditors can be further analysed as follows:

31-Mar-20		31-Mar-21
£,000		£,000
4,570	Central government bodies	2,330
707	Other local authorities	737
6,023	Other entities and individuals	4,700
<b>11,300</b>		<b>7,767</b>

## 23. USABLE RESERVES

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

31-Mar-20		31-Mar-21
£,000		£,000
<b>1,906</b>	<b>General Fund (1)</b>	<b>1,906</b>
<b>1</b>	<b>Capital grants unapplied</b>	<b>1</b>
1,109	Earmarked reserves - grants	1,550
5,616	Earmarked reserves - PFI grant	5,577
528	CCU Reserve	718
7,101	Other Reserves (2)	7,485
<b>14,354</b>	<b>Earmarked Reserves</b>	<b>15,330</b>
<b>16,261</b>	<b>Total Usable Reserves</b>	<b>17,237</b>

- (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.
- (3) The Authority has an approved reserve strategy that is updated annually.

## 24. UNUSABLE RESERVES

31-Mar-20		31-Mar-21
£,000		£,000
39,596	Revaluation Reserve	37,087
3,418	Capital Adjustment Account	7,136
(463,883)	Pensions Reserve	(516,260)
716	Collection Fund Adjustment Account	716
<b>(420,153)</b>		<b>(471,321)</b>

### 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.

2019/20		2020/21	
£,000		£,000	£,000
38,348	Balance as at 1 April		39,596
2,013	Upward revaluation of assets	0	
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(1,704)	
2,013	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		(1,704)
(765)	Different between fair value depreciation and historical cost depreciation	(805)	
(765)	<b>Amount written off to the Capital Adjustment Account</b>		(805)
<b>39,596</b>	<b>Balance as at 31 March</b>		<b>37,087</b>

### 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.

2019/20 £,000		2020/21 £,000	£,000
1,250	Balance as at 1 April		3,418
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
(3,725)	Charges for depreciation and impairments of non-current assets	(3,327)	
(31)	Amortisation of intangible assets	3	
(6)	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	55	
(3,762)		(3,269)	(3,269)
765	Adjusting amounts written out of the Revaluation Reserve		805
<b>(1,747)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>954</b>
	<u>Capital financing applied in the year:</u>		
361	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,438	
1,595	Direct revenue contributions	1,253	
12	Application of grants to capital financing from the Capital Grants Unapplied Account	0	
2,088	Lease payments	2,237	
1,109	Statutory provision for the financing of capital investment charged against the General Fund	1,254	6,182
<b>3,418</b>	<b>Balance at 31 March</b>		<b>7,136</b>

Charges for depreciation and amortisation include the impact of an asset re-life exercise, an adjustment of £472,000 (depreciation of £448,000 and amortisation of £24,000).

## Pension Reserves

The 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. The Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them.

The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31-Mar-20 £,000		31-Mar-21 £,000
<b>(496,576)</b>	<b>Balance brought forward</b>	<b>(463,883)</b>
40,505	Remeasurement of the net defined benefit liability	(45,825)
(22,504)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of services in the CIES	(21,023)
14,331	Employer's pensions contributions and direct payments to pensioners payable in the year	14,097
361	LGPS deficit contribution prepayment	374
<b>(463,883)</b>	<b>Total Pension Reserve</b>	<b>(516,260)</b>

The option to prepay the LGPS deficit contribution of £1,121,000 for 2020/21, 2021/22 and 2022/23 was exercised. The prepayment is used to offset the pension liabilities held on the balance sheet.

### 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-20		31-Mar-21
£,000		£,000
723	Balance as at 1 April	716
(174)	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	
167	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	
<b>716</b>		<b>716</b>

The 2020/21 adjustments have not been included in the unaudited accounts due to timescales on information received. This will be updated for the final accounts.

## 25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

2019/20		2020/21
£,000		£,000
1,961	Purchase of property, plant and equipment and intangible assets	2,691
12,000	Purchase of short-term and long-term investments	6,000
(12,000)	Proceeds of short-term and long-term investments	(6,000)
(33)	Proceeds from the sale of property, plant and equipment and intangible assets	(55)
(3,000)	Proceeds from short-term and long-term investments	0
<b>(1,072)</b>	<b>Cash outflows from Investing Activities</b>	<b>2,636</b>



## 26. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

2019/20		2020/21
£,000		£,000
34	Cash Payments for the reduction of the outstanding liabilities relating to finance leases	36
2,055	Cash Payments for the reduction of the outstanding liabilities relating to PFI contracts	2,201
500	Repayment of short and long-term borrowing	500
<b>2,589</b>	<b>Cash outflows from Financing Activities</b>	<b>2,737</b>

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

2019/20		2020/21
£,000		£,000
(3,757)	PPE movements (depreciation, impairment, amortisation)	(3,324)
(625)	Movement in current assets (debtors, creditors, stock)	1,884
(7,811)	Movement in Pension Liability	(6,554)
(50)	Carrying amount of Non current assets sold	0
<b>(12,243)</b>	<b>Other Non-cash movements</b>	<b>(7,929)</b>

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

2019/20		2020/21
£,000		£,000
361	Capital grants credited to Surplus or Deficit on provision of services	1,438
33	Proceeds from the sale of property, plant and equipment and intangible assets	55
<b>394</b>	<b>Adjust for items included in the net deficit on the provision of services that are investing or financing activities</b>	<b>1,493</b>

## 29. CASH FLOW STATEMENT – OPERATING ACTIVITIES INCLUDE THE FOLLOWING ITEMS

2019/20		2020/21
£,000		£,000
(119)	Interest Received	(45)
785	Interest Paid	764

### 30. 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. There has been no over-border services to Derbyshire FRA during 2020/21.

2019/20		2020/21
£,000		£,000
99	Payments to West Midlands	116
(63)	Income from Derbyshire	0
	Over-accrual of income for Derbyshire past income	11
<b>36</b>		<b>127</b>

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 2020/21 amounted to £659,000 (£629,000 in 2019/20) and income totalled £626,000 (£654,000 in 2019/20) leaving a net surplus position of £33,000 (£25,000 net surplus in 2019/20).

The accumulated reserves balance at 31st March 2021 is £718,000 (£528,000 in 2019/20) which is held in the Authority's short term investments.

### 31. MEMBERS ALLOWANCES

From 1<sup>st</sup> August 2018 the governance arrangements transferred to The Office of Police and Crime Commissioner (OPCC) therefore there is no allowances paid.

### 32. 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 2020/21	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	41,723	186,596	
Deputy Chief Fire Officer	124,831	0	124,831	35,951	160,782	
Director of Response	96,627	0	96,627	27,828	124,455	2
Director of Finance	92,467	8,202	100,669	15,442	116,111	1
Director of Prevent & Protect	96,627	0	96,627	27,828	124,455	2
<b>Total Senior Officers between £50,000 and £150,000</b>	<b>555,425</b>	<b>8,202</b>	<b>563,627</b>	<b>148,772</b>	<b>712,399</b>	
<b>Note 1:</b> Director of Finance 50% of the salary is recharged to Staffordshire Commissioners Office						
<b>Note 2:</b> Director of Response and Director of Prevent & Protect received a pay award on 1st January 2021, £108,654						

For the Year of 2019/20	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	41,723	186,596	
Deputy Chief Fire Officer	122,383	0	122,383	35,246	157,629	
Director of Response	44,044	0	44,044	12,685	56,729	1
Director of Response	90,654	0	90,654	26,108	116,762	2
Director of Finance, Assets & Resources	90,654	8,202	98,856	15,139	113,995	3
Director of Prevent & Protect	57,473	0	57,473	16,552	74,025	4
<b>Total Senior Officers between £50,000 and £150,000</b>	<b>550,081</b>	<b>8,202</b>	<b>558,283</b>	<b>147,453</b>	<b>705,736</b>	
<b>Note 1:</b> Retired as Director of Response on 23/09/2019, annualised salary is £90,211 <b>Note 2:</b> Director of Response from 12/08/2019, previously Director of Prevent & Protect <b>Note 3:</b> Director of Finance, Assets & Resources 50% of the salary is recharged to Staffordshire Commissioners Office <b>Note 4:</b> Director of Prevent & Protect from 12/08/2019, annualised salary is £90,211						

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	2019/20 No of Employees	2020/21 No of Employees
£50,000 - £54,999	20	38
£55,000 - £59,999	10	8
£60,000 - £64,999	7	8
£65,000 - £69,999	3	2
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	1	-
£95,000 - £99,999	1	3
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	1	1
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	1
£145,000 - £149,999	-	-
	<b>44</b>	<b>61</b>

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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £	2020/21 £
£0 - £20,000	1	0	3	1	4	1	46,405	10,223
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	1	-	1	-	72,300	-
£80,001 - £100,000	-	-	1	-	1	-	89,422	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>208,126</b>	<b>10,223</b>

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### 33. EXTERNAL AUDIT COSTS

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

The audit scale fee set by the Public Sector Audit Appointments (PSAA) is £23,646 for both 2019/20 and 2020/21. However, the final audit fee will reflect a fee variation for additional work required to secure VFM assurance and other judgements based on the requirements set out in the Code. All fee variations are required to be approved by PSAA before they are invoiced to the Authority.

2019/20 £,000		2020/21 £,000
24	Fees payable to Grant Thornton for external audit services carried out by the appointed auditor	24
4	- in respect of other services	14
<b>28</b>	<b>Total Audit Fees</b>	<b>38</b>
Restated 2019/20 Fees		
20	- additional fees in respect of other services	
<b>48</b>	<b>Restated Fees</b>	

Since the publication of 2019/20 accounts the additional fee variation submitted for 2019/20 has now been approved by the PSAA; the total fee is £48,396. Each proposal has been determined in accordance with 17(2) of the Local Audit (Appointing Person) Regulations. This provides for additional fees to be charged where in PSAA's view the work involved in a particular audit was substantially more than that envisaged by the scale fee set.

### 34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21.

2019/20		2020/21
£,000		£,000
<u>Credited to Net Costs of Service:</u>		
318	HO - Fire Link	301
6	HO - Emergency Services Mobile Comms Programme	(137)
1,707	HO - Pension contribution grant	1,707
1,959	MHCLG - PFI1	2,027
1,621	MHCLG - PFI2	1,669
<b>5,611</b>		<b>5,567</b>
<u>Credited to Financial and Investment income:</u>		
1,856	MHCLG - PFI1	1,787
1,608	MHCLG - PFI2	1,561
<b>3,464</b>		<b>3,348</b>
<u>Credited to Taxation and Non-specific Grant Income &amp; Expenditure:</u>		
44	HO - Enhanced Logistic Support Project	44
70	HO - New Dimensions	70
(13)	various partnership income	0
29	HO - New Risks	29
48	HO - mass fatalities maintenance	48
117	HO - Brexit local resilience	200
170	COVID	846
8	MHCLG - Transparency Code set up	8
	HO - Fire Protection accreditation	10
	HO - Grenfell infrastructure	89
	HO - protection uplift and building risk	116
	HO - FF pension remedy admin	57
	DWP - access to work	11
	HO - transformation	64
<b>473</b>	<b>Revenue grants</b>	<b>1,592</b>
361	MHCLG - Capital fire	1,437
<b>361</b>	<b>Capital grants</b>	<b>1,437</b>
<b>1,004</b>	<b>Transitional Funding</b>	<b>968</b>
<b>4,674</b>	<b>Revenue Support Grant</b>	<b>4,751</b>
<b>8,397</b>	<b>Fire Fighter Pension Top Up Grant</b>	<b>7,961</b>
<b>14,909</b>		<b>16,709</b>

The Authority holds a Business Transformation Grant 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.

2019/20		2020/21
£,000		£,000
3,503	Balance at 1 April	3,940
799	Covid Business Rates Relief 20/21	(799)
0	Released in year - Transformation Fund (revenue)	(64)
(362)	Released in year - Transformation Fund (capital)	(1,438)
<b>3,940</b>	<b>Total held in Receipts in Advance</b>	<b>1,639</b>

### 35. 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

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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.

### Outsourcing of administration services

The Authority contracts with Staffordshire County Council for the provision of various administrative support including treasury management, VAT advice, archiving and property services. In 2020/21 the amount paid is £30,000 (£70,000 in 2019/20 which includes internal audit). The internal audit service is provided by RSM from 1<sup>st</sup> April 2020.

The Authority contracts with Stoke on Trent City Council for the provision of payroll services of £16,500 (a slight increase from 2019/20). In addition the fire-fighter pension administration is provided by West Yorkshire Pension Fund at a cost of £33,000 (£32,000 in 2019/20).

A recharge from the OPCC for the governance arrangements of £186,000 (£171,000 in 2019/20). A recharge of £1,250,000 for the back office service which includes Finance, HR, Property Services, Procurement and the Communications and Media Team (part year charge for 2019/20 £788,000).

### Joint Emergency Transport Service

The Joint Emergency Transport Service (JETS) delivers all aspects of fleet services for Fire and Police vehicles in Staffordshire. JETS established in April 2016 is located at the Staffordshire Fire Workshop's at Trentham Lakes. Some overhead costs are shared at a 51/49 split Police/Fire respectively. Other costs are direct to each Service. All the stock is held separately with identifiable stock control. The cost to Staffordshire Fire for the transport service in 2020/21 was £1,453,000 (2019/20 £1,474,000) in line with budget. On the 1<sup>st</sup> December 2020 the staff transferred over to Staffordshire Police under a TUPE agreement to form part of the shared service arrangements.

### 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 PF11 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 2020/21 the value of transactions entered into between the Authority and the CIC company was income of £116,000 (2018/19 £279,000) with expenditure to match as cost recovery only is in operation. At the 31<sup>st</sup> March 2021 there is a debtors balance owed to Staffordshire Fire of £86,000 (debtors at the 31<sup>st</sup> March 2020 was £92,000).

Financial Statements have been prepared for the CIC.

### 36. 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 35.

For the year ending December 2020 the majority of the activity has been directly funded projects for example Princes Trust Programmes and Building Brighter Opportunities. The company therefore has achieved a small surplus of £12,000 before tax, with net assets of £159,000.

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

### 37. 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:

2019/20				2020/21		
Non PFI	PFI & Lease	TOTAL		Non PFI	PFI & Lease	TOTAL
£,000	£,000	£,000		£,000	£,000	£,000
24,457	67,226	91,683	<b>Opening Capital Financing Requirement</b>	23,349	65,138	88,487
			<i>Capital investment</i>			
11	0	11	Intangible Assets	349	0	349
1,950	0	1,950	Property, Plant & Equipment	2,342	0	2,342
			<i>Sources of finance</i>			
0	0	0	Capital receipts	0	0	0
(361)	0	(361)	Government grants and other contributions	(1,438)		(1,438)
(1,599)	0	(1,599)	Direct Revenue Financing	(1,253)		(1,253)
(1,109)	(2,088)	(3,197)	Revenue Provision	(1,254)	(2,238)	(3,492)
<b>23,349</b>	<b>65,138</b>	<b>88,487</b>	<b>Closing Capital Financing Requirement</b>	<b>22,095</b>	<b>62,900</b>	<b>84,995</b>
			<i>Explanation of movements in the year</i>			
0	0	0	Increase in underlying need to borrow (supported by Government financial assistance)	0	0	0
(1,109)	(2,088)	(3,197)	Decrease in underlying need to borrow (unsupported by Government financial assistance)	(1,254)	(2,238)	(3,492)
		0	Assets acquired under finance lease			0
<b>(1,109)</b>	<b>(2,088)</b>	<b>(3,197)</b>	<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>(1,254)</b>	<b>(2,238)</b>	<b>(3,492)</b>

### 38. 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:

2019/20	2020/21
£,000	£,000
(1,109) Other Services	(1,254)
(34) Finance Lease	(36)
(1,204) PFI1	(1,288)
(850) PFI2	(914)
<b>(3,197) Total MRP</b>	<b>(3,492)</b>

### 39. OTHER LONG TERM LIABILITIES

The Other Long Term Liabilities include finance leases and the PFI Liability as disclosed in notes 40 and 41. The following schedule analyses the liability:

2019/20				2020/21			
Total Liability	Payable less than 1 year	Payable more than 1 year		Total Liability	Payable less than 1 year	Payable more than 1 year	
£,000	£,000	£,000		£,000	£,000	£,000	
285	36	249	Finance Lease	249	37	212	
36,896	1,289	35,607	PFI 1 Liability	35,607	1,379	34,228	
28,830	913	27,917	PFI 2 Liability	27,917	915	27,002	
<b>66,011</b>	<b>2,238</b>	<b>63,773</b>		<b>63,773</b>	<b>2,331</b>	<b>61,442</b>	

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

### 40. 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:

2019/20	2020/21
£,000	£,000
345	<b>Opening Net Value at 1 April</b>
0	Additions
0	Revaluations
(39)	Depreciation
0	Disposals
<b>306</b>	<b>Value at 31 March</b>
	<b>267</b>

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.



During 2017/18 the Service expanded the Fire Behaviour Training site by developing a Training Villa which was operational from June 2017 and officially opened by The Earl of Wessex KG GCVO 8<sup>th</sup> September 2017. The Villa was acquired under a 10 year finance lease.

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21
	£,000	£,000	£,000	£,000
Obligations payable not later than one year	48	48	36	37
Obligations payable later than one year and not later than five years	192	192	159	166
Obligations payable later than five years	96	48	90	46
	<b>336</b>	<b>288</b>	<b>285</b>	<b>249</b>

The rentals payable under these arrangements in 2020/21 were £48,000 charged to the Comprehensive Income and Expenditure Statement as £12,000 interest payable and £36,000 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.

## 41. 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 benefited from £50 million of PFI credits from The Ministry of Housing, Communities and Local Government (MHCLG).

The project has seen seven fire stations rebuilt as well as the construction of an additional three new stations. All ten stations are 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	1,409	2,620	291	1,379	<b>5,699</b>
2-5 years	6,048	9,465	1,325	6,468	<b>23,306</b>
6-10 years	8,702	8,768	2,427	10,482	<b>30,379</b>
11-15 years	9,692	4,905	2,048	15,288	<b>31,933</b>
16-20 years	1,220	68	398	1,990	<b>3,676</b>
	<b>27,070</b>	<b>25,827</b>	<b>6,489</b>	<b>35,607</b>	<b>94,992</b>

The liability outstanding to pay the contractor's liability for capital expenditure incurred is £35,607,000 over the next 16 years, as stated in the above table.

Transactions under the scheme during 2020/21 were:

2019/20	2020/21
£'000	£'000
1,458 Fair Value of Services	1,497
2,725 Finance Costs	2,638
61 Contingent Rent	68
<b>4,244 Revenue Unitary Payments</b>	<b>4,203</b>
277 Other Revenue Expenditure	284
827 Depreciation	869
<b>5,348 Total Expenditure</b>	<b>5,356</b>
(3,814) PFI Special Grant	(3,814)
- Other Contributions	-
<b>1,534 (Surplus)/Deficit Amount in Income &amp; Expenditure Account</b>	<b>1,542</b>
<b>Statement of Movement on the General Fund Balance</b>	
(827) Amounts required by statute to be Excluded - depreciation	(869)
1,204 amounts required by statute to be Included - MRP	1,288
(344) Transfer to/(from) Earmarked Reserves	(380)
<b>33 Net Charge to the General Fund</b>	<b>39</b>
- Interest Earned on Balance	-
- Interest Accrued from Previous Years	-

The Net Book Value of assets held under the PFI1 scheme as at 31 March 2021 was £44,620,000.

## **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<sup>3</sup>. The project benefited from £45 million of PFI credits from The Ministry of Housing, Communities and Local Government (MHCLG).

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	1,502	2,002	156	915	<b>4,575</b>
2-5 years	6,391	7,409	1,007	3,978	<b>18,785</b>
6-10 years	8,930	7,385	2,816	5,540	<b>24,671</b>
11-15 years	10,104	5,173	4,019	6,858	<b>26,154</b>
16-20 years	11,034	3,711	1,645	10,626	<b>27,016</b>
	<b>37,961</b>	<b>25,680</b>	<b>9,644</b>	<b>27,917</b>	<b>101,201</b>

The liability outstanding to pay the contractor's liability for capital expenditure incurred is £27,917,000 over the next 20 years, as stated in the above table.

Transactions under the scheme during 2020/21 were:

2019/20	2020/21
£'000	£'000
1,439 Fair Value of Services	1,478
1,852 Finance Costs	1,799
- Contingent Rent	-
<b>3,291 Revenue Unitary Payments</b>	<b>3,277</b>
95 Other Revenue Expenditure	85
601 Depreciation	612
<b>3,987 Total Expenditure</b>	<b>3,973</b>
(3,230) PFI Special Grant	(3,230)
- Other Contributions	-
<b>757 (Surplus)/Deficit Amount in Income &amp; Expenditure Account</b>	<b>743</b>
<b>Statement of Movement on the General Fund Balance</b>	
(601) Amounts required by statute to be Excluded - depreciation	(612)
850 amounts required by statute to be Included - MRP	913
(368) Transfer to/(from) Earmarked Reserves	(341)
<b>(119) Net Charge to the General Fund</b>	<b>(40)</b>
- Interest Earned on Balance	-
- Interest Accrued from Previous Years	-

The Net Book Value of assets held under the PFI2 scheme as at 31 March 2021 was £33,366,000.

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## 42. CONTINGENT LIABILITIES

The Authority has contingent liabilities as presented below:

### Pending Insurance claims

There are three cases still being progressed through the legal process and final decisions are not yet known. The Authority could be liable for up to £15,000 for the outstanding claims if all the claims were found in favour of the claimants and all settled in this current financial year.

### O'Brien v Ministry of Justice

The case concerned discrimination against part-time judges in the calculation of pensions. Mr O'Brien started his part-time work on 1 March 1978 and was in post until 31 March 2005, but his pension was only based on service from 7 April 2000, which was when the UK was required to transpose the Part Time Workers Directive into domestic law.

The Court of Justice of the European Union (CJEU) concluded that part-time work undertaken before the deadline for transposing the Part Time Workers Directive on 7 April 2000 must be taken into account for the purposes of calculating a retirement pension. The government proposes to run a second options exercise but precisely when it will open and close is not yet known.

Members who joined before 1 July 2000 will be given a chance to take part in the second options exercise and pay additional contributions to buy special membership terms from the date when they joined the fire and rescue service.

## 43. TERMINATION BENEFITS

In 2020/21 the Authority incurred liabilities of £10,000 for one compensation pay disclosed in Note 32.

## 44. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

## 45. 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 Home Office.

#### Other Pensionable Employees

In 2020/21 the Authority paid an employer's contribution of £1,178,000 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 triennial valuation of the Staffordshire Local Government Pension Scheme was undertaken in 2020 by the actuary Hymans Robertson LLP, to establish the contribution rates applicable for the period 1 April 2020 to 31 March 2023. For the Staffordshire Commissioner Fire and Rescue Authority the results of the modelling exercise resulted in a proposal to keep employer contribution rates payable into the scheme unchanged, however this would require a deficit repayment to cover the three year period. The Authority made a payment

in advance of £1,121,000 to cover the triennial period, receiving a favourable discount rate for paying the deficit upfront rather than on an annual basis.

The Fire Authority participates in six schemes; the Fire Fighter Pension Schemes are administered by the West Yorkshire Pension Fund and the Local Government Pension Scheme is administered by Staffordshire County Council.

- 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.

2020/21	LGPS	FF 1992 Pension Scheme	FF 2006 Pension Scheme	FF 2015 Pension Scheme	Compensation Scheme	Total Scheme
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>						
Net Cost of Services:						
- Current service costs	1,657	640	230	8,260	220	11,007
- Past Service Costs	0	0	0	0	0	0
- curtailments	(341)	0	0	0	0	(341)
Financing and Investment Income and Expenditure:						
- net interest on the net defined benefit liability	278	8,110	820	770	380	10,358
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,594</b>	<b>8,750</b>	<b>1,050</b>	<b>9,030</b>	<b>600</b>	<b>21,024</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability	9,232	0	0	0	0	9,232
- changes in demographic assumptions	(796)	0	0	0	0	(796)
- changes in financial assumptions	(13,607)	(34,390)	(5,750)	(5,720)	(950)	(60,417)
- experience gains and losses	506	(5,210)	780	8,930	1,150	6,156
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(4,665)</b>	<b>(39,600)</b>	<b>(4,970)</b>	<b>3,210</b>	<b>200</b>	<b>(45,825)</b>
- Employers contributions	(804)	(379)	(204)	(3,599)		(4,986)
- Retirement benefits paid to Pensioners	0				(1,089)	(1,089)
- Unfunded benefits	(60)					(60)
<b>Actual amount charged against the General fund Balance for pensions in the year</b>	<b>(864)</b>	<b>(379)</b>	<b>(204)</b>	<b>(3,599)</b>	<b>(1,089)</b>	<b>(6,135)</b>

2019/20	LGPS	FF 1992 Pension Scheme	FF 2006 Pension Scheme	FF 2015 Pension Scheme	Compensation Scheme	Total Scheme
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>						
Net Cost of Services:						
- Current service costs	1,990	1,030	300	8,020	190	<b>11,530</b>
- Past Service Costs	(18)	1,750	(1,810)	0	0	<b>(78)</b>
- curtailments	(1,069)	0	0	0	0	<b>(1,069)</b>
Financing and Investment Income and Expenditure:						
- net interest on the net defined benefit liability	501	9,550	990	630	450	<b>12,121</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,404</b>	<b>12,330</b>	<b>(520)</b>	<b>8,650</b>	<b>640</b>	<b>22,504</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability	(3,555)	0	0	0	0	<b>(3,555)</b>
- changes in demographic assumptions	2,201	11,910	1,340	1,050	680	<b>17,181</b>
- changes in financial assumptions	5,198	14,720	2,500	1,270	340	<b>24,028</b>
- experience gains and losses	3,541	1,110	(510)	(1,320)	30	<b>2,851</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>7,385</b>	<b>27,740</b>	<b>3,330</b>	<b>1,000</b>	<b>1,050</b>	<b>40,505</b>
- Employers contributions	(759)	(568)	(233)	(3,313)		<b>(4,873)</b>
- Retirement benefits paid to Pensioners	0				(1,004)	<b>(1,004)</b>
- Unfunded benefits	(59)					<b>(59)</b>
<b>Actual amount charged against the General fund Balance for pensions in the year</b>	<b>(818)</b>	<b>(568)</b>	<b>(233)</b>	<b>(3,313)</b>	<b>(1,004)</b>	<b>(5,936)</b>

The cumulative actuarial loss recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2021 is £45,825m (2019/20 gain £40.505m). The re-measurement includes changes arising from changes to the financial and demographic assumptions shown on the following page. The increase in the rates of CPI and in the long term salary assumptions and rate of revaluation for CARE pensions all contribute to an increase in the pension liability, with an additional increase in liability driven by the discount rate reducing for both LGPS and the Firefighters' Pension Schemes. The experience gains/loss is the change in the scheme liability resulting from the effects of differences between the actuarial assumptions that applied at the start of the year and what has actually occurred.

#### McCloud Judgement – Pension Age Discrimination Case:

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case and the Court of Appeal handed down its judgment on the claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes.

The final remedy will apply to those members who were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period. From 1 April 2022 everyone is assumed to accrue benefits in the CARE scheme.

Past service costs were included in the 2018/19 and 2019/20 accounts and the 2020/21 service cost allows for the higher expected cost of accrual under McCloud.

## THE AUTHORITY'S ASSETS AND LIABILITIES

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

	LGPS £'000	FF'92 £'000	2019/20			LGPS £'000	FF'92 £'000	2020/21		
			FF'06 £'000	FF'15 £'000	FF'CS £'000			FF'06 £'000	FF'15 £'000	FF'CS £'000
Scheme liabilities	49,395	366,447	36,298	29,748	17,311	62,629	402,217	42,089	36,233	16,621
Unfunded liabilities	1,400	0	0	0	0	1,642	0	0	0	0
Total Liabilities	50,795	366,447	36,298	29,748	17,311	64,271	402,217	42,089	36,233	16,621
Estimated assets	36,746	0	0	0	0	45,948	0	0	0	0
<b>Net liabilities</b>	<b>14,049</b>	<b>366,447</b>	<b>36,298</b>	<b>29,748</b>	<b>17,311</b>	<b>18,323</b>	<b>402,217</b>	<b>42,089</b>	<b>36,233</b>	<b>16,621</b>

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

The total liability of £515m reduces the Authority's net worth significantly as shown in the Balance Sheet and results in overall negative balance of £454.08m at 31 March 2021. The Government top up grant required to balance to the Pension Fund Account of £7.9m 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:

	2019/20					2020/21				
	LGPS	FF'92	FF'06	FF'15	FF'CS	LGPS	FF'92	FF'06	FF'15	FF'CS
<b>Mortality:</b>										
Longevity at 65 for current pensioners:										
- Men	21.2	21.3	21.3	21.3	21.3	21.4	21.4	21.4	21.4	21.4
- Woman	23.6	21.3	21.3	21.3	21.3	24.0	21.4	21.4	21.4	21.4
Longevity at 65 for future pensioners:										
- Men	22.1	23.0	23.0	23.0	23.0	22.5	23.1	23.1	23.1	23.1
- Woman	25.0	23.0	23.0	23.0	23.0	25.7	23.1	23.1	23.1	23.1
<b>Financial assumptions:</b>										
Price Increases (CPI)	1.9%	2.00%	2.00%	2.00%	2.00%	2.85%	2.40%	2.40%	2.40%	2.40%
Salary Increases	2.3%	4.00%	4.00%	4.00%	4.00%	3.25%	4.15%	4.15%	4.15%	4.15%
Pension Increases	1.9%	2.00%	2.00%	2.00%	2.00%	2.85%	2.40%	2.40%	2.40%	2.40%
Discount Rate	2.3%	2.25%	2.25%	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%

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.

On the 1<sup>st</sup> December 2020 14 members from Joint Engineering Transport Service transferred to Staffordshire Police. As this was 6.9% of active members this was treated as a significant event and has therefore been allowed for in the actuarial calculations.

Scheme Profile and funding liability split:

<b>LGPS:</b>	<b>Active members</b>	<b>Deferred members</b>	<b>Pensioner members</b>	
Liability split (£000)	20,971	19,008	22,650	62,629
Liability split (%)	33.5%	30.4%	36.2%	100%

As at 31st March 2021

<b>Fire Fighter Pension:</b>	<b>Active members</b>	<b>Deferred members</b>	<b>Pensioner members</b>
Number	576	653	781
Total Salaries in membership data (pa) (£m)	12.72		
Total deferred pension (pa) (£m)		0.71	
Total pension (pa) (£m)			11.64

The principal membership data used for the statement is dated 31 March 2020

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:

<b>1Change in assumptions at 31 March 2021</b>	<b>LGPS</b>		<b>FF'92</b>		<b>FF'06</b>		<b>FF'15</b>		<b>TOTAL</b>
	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	Approx. monetary amount £m
0.5% decrease in Real Discount Rate	11.0%	6.81	8.0%	32.0	14.5%	6.0	16.0%	6.0	50.8
Life expectancy, pensioners assumed to be one year younger	-	-	3.5%	15.0	3.5%	1.0	3.0%	1.0	17.0
0.5% increase in the Salary Increase Rate	1.0%	0.43	0.5%	2.0	5.0%	2.0	6.5%	2.0	6.4
0.5% increase in the Pension Increase Rate	10.0%	6.26	7.5%	31.0	11.5%	5.0	11.5%	4.0	46.3



## SCHEME HISTORY

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Present Value of liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGPS	(53,029)	(54,477)	(62,303)	(50,795)	(64,271)
FF92	(379,205)	(371,452)	(394,970)	(366,447)	(402,217)
FF06	(34,401)	(35,305)	(40,237)	(36,298)	(42,089)
FF15	(9,282)	(14,085)	(21,405)	(29,748)	(36,233)
FF Compensation	(21,515)	(17,975)	(18,725)	(17,311)	(16,621)
<b>Fair Value of Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGPS	36,266	38,219	41,455	36,746	45,948
<b>Surplus/(deficit) in the scheme</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGPS	(16,763)	(16,258)	(20,848)	(14,049)	(18,323)
FF92	(379,205)	(371,452)	(394,970)	(366,447)	(402,217)
FF06	(34,401)	(35,305)	(40,237)	(36,298)	(42,089)
FF15	(9,282)	(14,085)	(21,405)	(29,748)	(36,233)
FF Compensation	(21,515)	(17,975)	(18,725)	(17,311)	(16,621)
<b>Experience gains and losses on assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGPS	2,754	(110)	2,056	(3,555)	9,232
<b>% of assets at end of year</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
LGPS	7.6	-0.3	5.0	-9.7	20.1
<b>Experience gains and losses on liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGPS	4,832	3	44	(3,541)	506
FF92	1,250	7,030	730	1,110	(5,210)
FF06	(2,140)	1,660	600	(510)	780
FF15	310	310	(360)	(1,320)	8,930
FF Compensation	(230)	2,700	(1,030)	30	1,150
<b>% of liabilities at end of year</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
LGPS	-9.1	-0.0	-0.1	7.0	-0.8
FF92	0.3	1.9	0.2	0.3	-1.3
FF06	-6.2	4.7	1.5	-1.4	1.9
FF15	3.3	2.2	-1.7	-4.4	24.6
FF Compensation	-1.1	15.0	-5.5	0.2	6.9

## LOCAL GOVERNMENT PENSION SCHEME

Year Ended:	31-Mar-20	31-Mar-21
	£'000	£'000
<b>Opening Defined Benefit Obligation</b>	<b>62,303</b>	<b>50,795</b>
Current Service Cost	1,990	1,657
Interest Cost	1,469	1,113
Contributions by scheme participants	294	271
Remeasurement gains and losses	(10,940)	13,897
Losses / (Gains) on Curtailments	(18)	0
Effect of settlements	(3,094)	(2,270)
Estimated Unfunded Benefits Paid	(59)	(60)
Estimated Benefits Paid	(1,150)	(1,132)
<b>Closing Defined Benefits Obligation</b>	<b>50,795</b>	<b>64,271</b>
<b>The Scheme Assets</b>		
Year Ended:	31-Mar-20	31-Mar-21
	£'000	£'000
<b>Opening Fair Value of Employer Assets</b>	<b>41,455</b>	<b>36,746</b>
Interest income on plan assets	968	835
Contributions by scheme participants	294	271
Contributions by the employer	759	1,925
Contributions in respect of Unfunded Benefits	59	60
Effect of settlements	(2,025)	(1,929)
Remeasurement gains and losses	(3,555)	9,232
Unfunded Benefits Paid	(59)	(60)
Benefits Paid	(1,150)	(1,132)
<b>Closing Fair Value of Employer Assets</b>	<b>36,746</b>	<b>45,948</b>

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

	2019/20	2020/21
	£'000	£'000
<b>Net surplus/(deficit) at the beginning of year</b>	<b>(20,848)</b>	<b>(14,049)</b>
<i>Movement in the year:</i>		
Current service cost	(1,990)	(1,657)
Contributions by the employer	759	1,925
Net return on assets (after Interest on pension liabilities)	(501)	(278)
Past Service Costs	18	0
Impact of settlements and curtailments	1,069	341
Unfunded Benefits	59	60
Actuarial gains/(loss)	7,385	(4,665)
Change in valuation of pension fund assets		
<b>Net surplus/(deficit) at the end of year</b>	<b>(14,049)</b>	<b>(18,323)</b>
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	(3,555)	9,232
- changes in demographic assumptions	2,201	(796)
- changes in financial assumptions	5,198	(13,607)
- other experience	3,541	506
<b>Actuarial gain/(loss)</b>	<b>7,385</b>	<b>(4,665)</b>

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 2020				Period Ended 31 March 2021			
	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
<b>Equity Securities:</b>								
Consumer	1,361.6	-	1,361.6	4%	1,786.9	-	1,786.9	4%
Manufacturing	1,470.8	-	1,470.8	4%	1,917.4	-	1,917.4	4%
Energy and Utilities	490.8	-	490.8	1%	508.1	-	508.1	1%
Financial Institutions	1,298.4	-	1,298.4	4%	1,621.7	-	1,621.7	4%
Health and Care	1,148.6	-	1,148.6	3%	1,155.5	-	1,155.5	3%
Information Technology	894.8	-	894.8	2%	1,966.1	-	1,966.1	4%
Other	31.7	-	31.7	0%	49.8	-	49.8	0%
<b>Debt Securities:</b>								
Corporate bonds (investment grade)	2,954.8	-	2,954.8	8%	3,173.2	-	3,173.2	7%
Corporate bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK government	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
<b>Private Equity:</b>								
All	-	1,554.8	1,554.8	4%	-	1,991.0	1,991.0	4%
<b>Real Estate:</b>								
UK Property	-	3,619.1	3,619.1	10%	-	3,519.3	3,519.3	8%
Overseas Property	-	-	-	0%	-	-	-	0%
<b>Investment funds and Unit Trusts:</b>								
Equities	15,661.4	-	15,661.4	43%	22,073.4	-	22,073.4	48%
Bonds	3,086.2	-	3,086.2	8%	3,058.0	-	3,058.0	7%
Hedge Funds	-	653.6	653.6	2%	-	173.9	173.9	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	18.6	18.6	0%
Other	-	1,898.7	1,898.7	5%	-	2,186.3	2,186.3	5%
<b>Derivatives:</b>								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	-	-	-	0%	-	-	-	0%
<b>Cash and Cash Equivalents:</b>								
All	620.7	-	620.7	2%	749.0	-	749.0	2%
<b>Total</b>	<b>29,020</b>	<b>7,726</b>	<b>36,746</b>	<b>100%</b>	<b>38,059</b>	<b>7,889</b>	<b>45,948</b>	<b>100%</b>

## FIREFIGHTER PENSION SCHEMES

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

	2019/20				2020/21			
	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000
<b>Net deficit - start of year</b>	<b>(394,970)</b>	<b>(40,237)</b>	<b>(21,405)</b>	<b>(18,725)</b>	<b>(366,447)</b>	<b>(36,298)</b>	<b>(29,748)</b>	<b>(17,311)</b>
<i>Movement in the year:</i>								
Current service cost	(1,030)	(300)	(8,020)	(190)	(640)	(230)	(8,260)	(220)
Contributions by scheme participants	(217)	(148)	(1,445)		(130)	(131)	(1,580)	
Past service cost	(1,750)	1,810			0	0	0	
Pension transfers-in			(189)		0	0	(115)	
Pension/benefits paid	13,330	237	941	1,004	12,710	360	1,030	1,090
Interest on pension liabilities	(9,550)	(990)	(630)	(450)	(8,110)	(820)	(770)	(380)
Actuarial gains/(loss)	27,740	3,330	1,000	1,050	(39,600)	(4,970)	3,210	200
<b>Net deficit - end of year</b>	<b>(366,447)</b>	<b>(36,298)</b>	<b>(29,748)</b>	<b>(17,311)</b>	<b>(402,217)</b>	<b>(42,089)</b>	<b>(36,233)</b>	<b>(16,621)</b>

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

	2019/20				2020/21			
	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000	FF'92 £'000	FF'06 £'000	FF'15 £'000	FF'CS £'000
changes in demographic assumptions	11,910	1,340	1,050	680	0	0	0	0
changes in financial assumptions	14,720	2,500	1,270	340	(34,390)	(5,750)	(5,720)	(950)
experience gains and losses	1,110	(510)	(1,320)	30	(5,210)	780	8,930	1,150
<b>Actuarial gain/(loss)</b>	<b>27,740</b>	<b>3,330</b>	<b>1,000</b>	<b>1,050</b>	<b>(39,600)</b>	<b>(4,970)</b>	<b>3,210</b>	<b>200</b>

## Firefighters' Pension Fund Account

2019/20		2020/21	
£'000		£'000	£'000
	<b>Contributions receivable</b>		
	From employer		
(4,029)	- normal	(4,117)	
(83)	- Ill health	(65)	
(4,112)			(4,182)
(1,811)	From members		(1,846)
	<b>Transfers in</b>		
(189)	- individual transfers in from other schemes	(115)	
(189)			(115)
	<b>Benefits payable</b>		
11,462	- pensions	11,868	
3,040	- commutations and lump sum retirement benefits	1,875	
0	- other benefits payable	0	
14,502			13,743
	<b>Payments to and on account of leavers</b>		
7	- individual transfers out to other schemes	359	
7			359
<b>8,397</b>	<b>Net amount payable for the year before top-up grant receivable to sponsoring department</b>		<b>7,959</b>
(8,397)	Top-up grant payable by the Government		(7,959)
<b>0</b>	<b>Fund Account Balance</b>		<b>0</b>

2019/20		2020/21	
£'000		£'000	£'000
	<b>Net Current Assets and Liabilities</b>		
(6,971)	Top-up grant received	(6,313)	
8,397	Pension costs for the year	7,959	
(1,426)	Amount owing (to)/from General Fund	(1,646)	
<b>0</b>			<b>0</b>

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**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 45 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.

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## **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 1<sup>st</sup> July 2018 the Firefighters Pension Fund has been administered by the West Yorkshire Pension Fund, previously administered by Staffordshire County Council.

### **2. Management of the Fund**

During the year the pension fund is managed by the Director of Finance (Staffordshire Commissioner's Office) / Section 151 Officer.

### **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 £7.9m grant to be paid to the Authority as this is the deficit balance on the fund for 2020/21 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.

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# 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.

**IAS**

International Accounting Standards

**IFRIC**

International Financial Reporting Interpretations Committee



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## **IFRS**

International Financial Reporting Standards

### **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

### **Lender Option Borrower Option (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.

### **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.