SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

DRAFT STATEMENT OF ACCOUNTS

2021/22

STATEMENT OF ACCOUNTS 2021/22

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SECTION 1 - INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

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South Yorkshire Fire & Rescue Authority

2021/22 Narrative Report

Introduction and Contents

This narrative report aims to outline the Authority's performance for the 2021/22 financial year in context with the financial information contained within this Statement of Accounts.

The report will cover:

Introducing South Yorkshire

Our County

South Yorkshire consists of four metropolitan boroughs- Barnsley, Doncaster, Rotherham and Sheffield. The county's current population is 1.415 million.
South Yorkshire's population is dispersed over an area of 1,553 square kilometres. Our population density remains at 911 people per square kilometre compared with an average for England of 417 people per square kilometre.

The area that we cover and the locations of our Fire Stations are shown below:

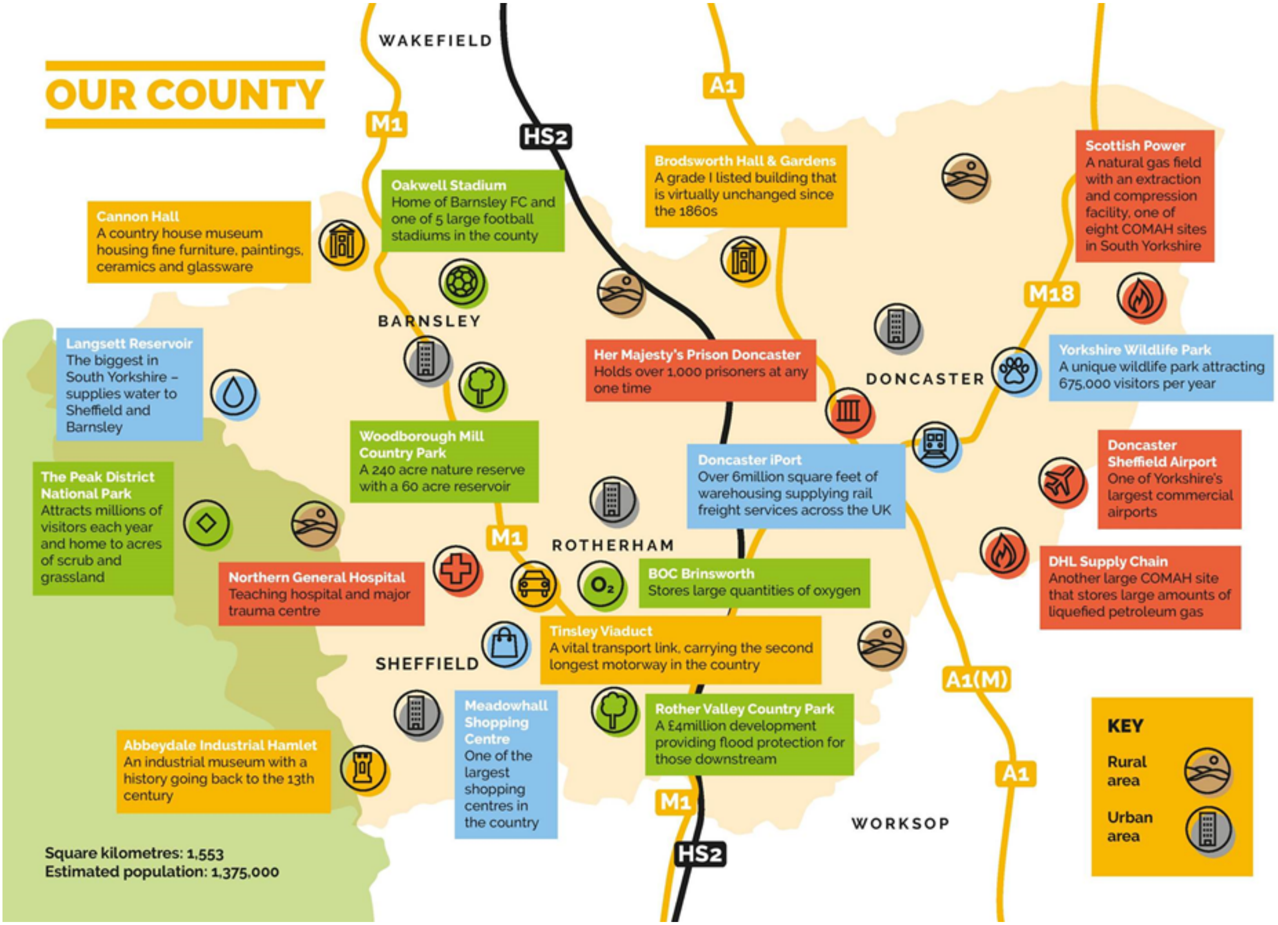
As a metropolitan county, South Yorkshire has the usual mix of risks associated with large, urban areas. Our risks include sports stadia, shopping centres, various 'Control of Major Accident Hazard' (COMAH) sites, high rise buildings, historic buildings and an international airport. Our population density is more than double the average for England, with significant areas of deprivation and inequality spread across the four local authority areas.

We use information to identify the people, areas and groups that are more likely to be at risk from fire and other emergencies. This allows us to use our resources as effectively as possible to reduce risk in the community. In particular, we use data relating to deprivation, age and lifestyle to inform our decision making.

Diversity is considered within our Diversity in the Community Handbook. SYFR has a duty to understand the needs of its communities and the barriers they may face in accessing our services. We are focused on supporting communities and individuals to prevent and keep themselves safe from fire and other emergencies, as well as providing an effective response service to all communities.

Our Community Risk Profile explains how the risk of fire is different for different parts of South Yorkshire.

Managing risk is not as simple as just counting the number of incidents we attend and putting fire stations in the places where we are busiest. There are a wide variety of different factors that we must consider when deciding how best to deliver our service to local people. The following map is not a literal representation of all the risks in South Yorkshire, it offers a flavour of the different things we must think about when providing our service – from motorways, sports stadiums and shopping centres to moorlands, stately homes and an airport.


OUR COUNTY
WAKEFIELD
M1
HS2
A1
Cannon Hall
A country house museum housing fine furniture, paintings, ceramics and glassware
Oakwell Stadium
Home of Barnsley FC and one of 5 large football stadiums in the county
Brodsworth Hall & Gardens
A grade I listed building that is virtually unchanged since the 1860s
Scottish Power
A natural gas field with an extraction and compression facility, one of eight COMAH sites in South Yorkshire
M18
BARNSLEY
Langsett Reservoir
The biggest in South Yorkshire – supplies water to Sheffield and Barnsley
Her Majesty's Prison Doncaster
Holds over 1,000 prisoners at any one time
DONCASTER
Yorkshire Wildlife Park
A unique wildlife park attracting 675,000 visitors per year
Woodborough Mill Country Park
A 240 acre nature reserve with a 60 acre reservoir
Doncaster iPort
Over 6million square feet of warehousing supplying rail freight services across the UK
Doncaster Sheffield Airport
One of Yorkshire's largest commercial airports
The Peak District National Park
Attracts millions of visitors each year and home to acres of scrub and grassland
ROTHERHAM
Northern General Hospital
Teaching hospital and major trauma centre
BOC Brinsworth
Stores large quantities of oxygen
DHL Supply Chain
Another large COMAH site that stores large amounts of liquefied petroleum gas
Tinsley Viaduct
A vital transport link, carrying the second longest motorway in the country
SHEFFIELD
A1(M)
Meadowhall Shopping Centre
One of the largest shopping centres in the country
Rother Valley Country Park
A £4million development providing flood protection for those downstream
KEY
Rural area
Urban area
Abbeydale Industrial Hamlet
An industrial museum with a history going back to the 13th century
WORKSOP
Square kilometres: 1,553
Estimated population: 1,375,000

Introducing South Yorkshire Fire & Rescue Authority

Who We Are

South Yorkshire Fire and Rescue Authority is a statutory body that was established in 1986 following the abolition of South Yorkshire County Council and is made up of **12 local Councillors** from the District Councils of Barnsley, Doncaster, Rotherham and Sheffield and the South Yorkshire Police and Crime Commissioner.

The **primary responsibilities** of the Authority are laid down in legislation including the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004 and the Local Government Act 1999 to provide an effective, economic and **efficient Fire and Rescue Service**.

The Authority funds **South Yorkshire Fire and Rescue Service** and works with the **Chief Fire Officer**.

Further information on the Authority's **Constitution** can be found on the Authority's website and via the link below:

The Authority's Constitution

Local Councillors (The Authority)

Local Councillors are elected by the community to decide how the **Authority** should carry out its various activities. They represent **public interest** from the respective 4 South Yorkshire districts.

A list of current **Councillors** that form the Authority can be found on the Authority's website and via the link below:

Councillors

Details of **the Authority**, and **other committees**, including decisions / reports can be found on the Authority's website and via the link below:

Committee Details

South Yorkshire Fire & Rescue Service Structure & Senior Management Team

The management structure overseeing the South Yorkshire Fire & Rescue Service during 2021/22 is shown at the link below:

Management Structure

The Senior Management Team in place during 2021/22 is shown at the link below:

Senior Management Team

Our Strategy

All fire and rescue authorities must provide a plan which sets out the steps they will take and resources they need to improve public safety, reduce fires and save lives. This is known as a Community Risk Management Plan (CRMP). Our latest plan was published in January 2022, following extensive consultation with the public.

We have undertaken a process to consider the whole range of foreseeable fire and rescue related risks and developed this plan to explain how we plan to protect our communities and respond to emergency incidents.

The issues and changes described in this plan have been considered alongside similar strategic plans produced by our partners including those of our local authority partners, public health agencies and the South Yorkshire Police and Crime Commissioner's Police and Crime Plan.

In addition to this, an Annual Service Plan 2022/23 was approved and published in January 2022. This was designed to identify the service's short and medium-term priorities.

OUR STRATEGIC & OPERATIONAL PLANS	http://www.syfire.gov.uk/performance/strategic-plans/

Our overarching aim is to Make South Yorkshire Safer and Stronger, to achieve this we will deliver the following key services:

PREVENTION - To raise awareness of the risks people face from fire and other types of emergencies. This will focus on those most vulnerable and our focus is on education and early intervention to prevent emergencies from happening.

PROTECTION – To promote and enforce fire safety arrangements in buildings that fall within relevant legislation. This is to ensure buildings and occupants are as safe as possible.

RESPONSE – To have trained staff ready and able to respond to a variety of emergency situations, equipped with the best vehicles and equipment to do their jobs as effectively as possible.

RESILIENCE – To deal with major emergencies that demand significant resources or required the support from other services and agencies, whilst still continuing to deliver business as usual activity across the county.

Where are we Going?

We have worked with our staff to develop a new, long-term vision which explains how we aspire to become a leading fire and rescue service.

OUR STORY – clearly sets out our established objective of 'making south Yorkshire safer and stronger'. It also explains the behaviours we expect our staff to display, regardless of rank or role and describes our aspirations for the future. Together, it all forms an essential part of everything we do.

Making South Yorkshire Safer & Stronger –Everything we do should be delivered with:

The published Annual Plan describes our priorities for the next 12 months. We will be focusing on the following 8 areas:

Our 2021/22 Corporate Performance

2021/22 Revenue Budget Management Overview

Executive Overview:

The Authority approved a budget for 2021/22 with a small surplus of £0.472M as a result of a forecast net revenue budget of **£55.400M** and corporate funding of **£55.872M**.

Actual revenue expenditure for the year was **£57.076M** and after contributions to and from reserves, resulted in an overall net revenue expenditure of £56.062M. When compared to the final funding balance of £56.250M a small overall surplus of £0.188M was achieved.

Contributions from reserves to support areas of **revenue** expenditure were: £0.273M from the Safer, Stronger Communities Reserve, £0.108M from the Service Improvement Reserve, £0.287M from the Budget Carry Forward Reserve, £0.217M from the Revenue Grants Unapplied Reserve and £0.123M from the Immediate Detriment Reserve.

Capital expenditure was £4.139M, as shown over the page of which £0.940M was funded from revenue and the remainder **£3.199M** from reserves (£0.053M from Revenue Grants unapplied, £0.050M from the Invest to save reserve and £3.096M from the Capital Reserve).

Contributions to reserves to support future revenue expenditure were: £0.155M Budget Carry Forward requests, £0.090M to the Insurance Reserve, £0.568M to the Rates Rebate Reserve, £0.410M planned contribution to the Minimum Revenue Provision (MRP) Reserve and £0.465M to the Revenue Grants Unapplied Reserve.

A contribution of £1.694M (including the £0.188M revenue surplus) was made to the Emerging Risk Reserve to support future costs of the financial implications of the pandemic and other potential uncertainties.

There was also a transfer of reserves during the year. £3.671M was moved from the Emerging Risk Reserve to the Immediate Detriment Reserve to cover potential costs in relation to the current legal pensions case McCloud and Sargeant and £0.248M from the Budget Carry Forward Reserve to the Service Improvement Reserve.

The overall combined was total expenditure of **£57.076M** and when compared to corporate funding resulted in an overall contribution from reserves of **£0.826M**.

Individual quarterly revenue monitoring reports for 2021/22 can be accessed via the links below:

Period	Date Presented to Fire Authority	Fire Authority Reference	Link to Fire Authority Meeting
Quarter 1	26th July 2021	Item 15	Quarter 1 Review
Quarter 2	22nd November 2021	Item 11	Quarter 2 Review
Quarter 3	21st February 2022	Item 16	Quarter 3 Review
Final Accounts	20th June 2022	Item 11	Final Outturn Review

Net Revenue Expenditure 2021/22

The table overleaf shows the financial performance of the Authority, displayed against the subjective income / expenditure headings.

Management Accounts	Actual Income / Expenditure
	£000s
Employee Costs	44,651
Premises Costs	3,009
Transport Costs	996
Supplies & Services Costs	4,467
Capital Financing Costs	5,168
Other Costs	428
Gross Expenditure	**58,719**
Income	(1,643)
Gross Income	**(1,643)**
Net Expenditure	**57,076**
Corporate Funding	**(56,250)**
Overall (Increase) / Decrease in Reserves	**826**

Note 1

A detailed reconciliation to the Statement of Accounts is shown at Note 1.

Corporate Funding

The South Yorkshire Fire & Rescue Authority received non-specific, corporate income totalling £56.250 Million in 2021/22. The table and the chart below show the respective values and proportions.

	£000s
Revenue Support Grant	8,458
NNDR	4,379
NNDR Top Up Grant	11,551
Section 31 Grant	4,779
Council Tax	27,083
Total	**56,250**

2021/22 Capital Programme Management Overview

Executive Overview:

Capital expenditure represents money spent by the Authority for the purposes of purchasing, upgrading, or improving assets such as buildings and vehicles. The distinction from revenue expenditure is that the Authority and its residents receive the benefit from capital expenditure over a longer period of time. The Authority spent £4.139M on capital investment during the year.

	£M			£M
Premises Related	2.539		Borrowing	0.217
Transport Related	0.014	**Funded By:**	Capital Grants	0.081
Information & Communications	0.288		Revenue Contributions	0.642
Operational Equipment & Hydrants	1.298		Reserves	3.199
Total	**4.139**		**Total**	**4.139**

2021/22 Performance Management Overview

Our Performance

A suite of corporate level performance measures has been developed to reflect the four priority areas.

The Fire Authority's role in **improving performance** is to provide **scrutiny** and **challenge**. Quarterly and Annual Corporate Performance Reports are submitted to both the Scrutiny Board and Fire Authority Meetings to facilitate this. Corporate Performance briefings are submitted to the Corporate Management Board for review on a monthly basis.

Control of the activities contributing to the Authority's **goals** is achieved by **devolving responsibility** for those activities to the appropriate level. This allows those responsible to make clear their **planned objectives** and also to be **held accountable** for achieving them.
The quarterly and annual performance reports are available on the Authority's website, under meeting agendas and minutes:

Meetings, Agendas & Minutes

Individual performance reports for 2021/22 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Performance Management Framework & Targets 2021/22	22nd February 2021	Item 14	FRA Meeting Feb 21
Annual Corporate Performance Report 2021/22	TBC	TBC	

2021/22 Treasury Management Overview

Executive Overview:

Facing continued economic uncertainty, the focus of the Authority's Treasury Management Strategy for 2021/22 was on **managing risk**:

- The focus of the borrowing strategy was on reducing the Authority's exposure to **interest rate** and **refinancing risk**, whilst maintaining a small under-borrowed position in order to keep its financing costs to a minimum.

- The purpose of the investment strategy was to ensure that the Authority's cash balances were **invested prudently** and were **available when needed** to meet its spending commitments. This reflects the recommended investment priorities of **security, liquidity** and **yield** (in that order).

Borrowing Overview

As of 31st March 2022, the Authority's total borrowing stood at **£23.2M** (a net change of **£0M** in year). There was no new borrowing undertaken in year.

As a result, the Authority's interest rate risk exposure has stayed broadly the same at **22%** (**23%** as of 31st March 2021) due to a slight change in borrowing requirement. This means that **78%** of the Authority's borrowing requirement is being financed by long term, fixed rate borrowing (with the remainder supported by internal cash resources).

Investment Overview

The Authority's investment balances increased to **£6.1M** as of 31st March 2022 (a net increase of **£2.4M**), primarily owing to the reprofiling of the capital programme.

To ensure a certain level of security and liquidity in a volatile market, the Authority moved away from short term deposits (up to 12 months) and invested more funds overnight in secure **Money Market Funds** (MMFs) and **instant access accounts**, to ensure it could continue to meet its day-to-day spending commitments.

Treasury Reporting

Individual treasury management reports for 2021/22 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Treasury Management Strategy 2021/22	22nd February 2021	Item 13 – Appendix C	February Authority Meeting
Mid-Year Review	22nd November 2021	Item 12	November Audit & Governance Meeting
Final Accounts Report	25th July 2022	Item 14	July Audit & Governance Meeting

Other Key Components of our 2021/22 Balance Sheet

What the Authority **owns**, is **owed** and **owes** is shown below:

Non-Current Assets Includes Land & Buildings and Vehicles, Plant & Equipment

Amounts Owed to the Authority include Investments and Monies in Relation to Council Tax / Business Rates

Balance Sheet	**31st March 2022 £M**
Non-Current Assets	57.433
Stock	0.845
Amounts Owed to The Authority	7.771
Amounts Owed by The Authority	(896.966)
Money in the Bank	8.082
Authority Net Worth	**(822.835)**
Financed By:	
Useable Reserves	18.751
Unusable Reserves	(841.586)
Total Reserves	**(822.835)**

Balance Sheet

Amounts Owed by the Authority include Long Term Borrowing and Pension Fund Liabilities

Unusable Reserves are not available to fund future expenditure and include, for example, unrealised gains following the revaluation of the Authority's Non-Current Assets

Summary of the Authority's Pension Fund Position as at 31st March 2022

The Authority participates in two pension schemes, the Local Government Pension Scheme administered by South Yorkshire Pensions Authority and the Firefighters Pension Scheme, administered by the Government Actuary Department (GAD).

For both schemes, the Authority accounts for its position in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return.

Local Government Pension Scheme (LGPS)

As at 31st March 2022, fund liabilities **exceeded** fund assets by **£19.1M, on an accounting basis**.

The Pension Fund position when assessed **on a funding basis** is calculated in a different way to the accounting methodology and ultimately reflects the actual performance of the Authority's Pension Fund. It is the pension fund position on a funding basis that informs the Authority's ongoing contribution rate and the employees' contribution rate. Any pension deficit on this funding basis has to be made good over time. A triennial actuarial review assesses key assumptions and agrees any changes, including any increase in employer contributions, for a subsequent 3 year period with the aim of having a **100% funded scheme** over the longer term. The latest review applies to the period 1st April 2020 to 31st March 2023.

The Authority paid the deficit payment relating to the above triennial period as a lump sum in 2020/21 to benefit from the discount offered by the Pension Fund, as opposed to paying on a monthly or annual basis. 2021/22 represents the second year of recognition against the general fund.

Fire Fighters Pension Scheme

As at 31st March 2022, fund liabilities **exceeded** fund assets by **£851.5M, on an accounting basis**.

In respect of this scheme when assessed **on a funding basis**, the arrangement significantly differs from the LGPS in that Central Government covers the cost of the Fire Fighters pension scheme annually by means of a "top up" grant to the pension fund.

The GAD valuation assesses the funding arrangements for the scheme, controlled by employee and employer contributions. The data supplied from the 2020 valuation has been rolled forward for two years to 31 March 2022. As with previous reports, GAD have included a past service cost for the potential impact of the McCloud/Sargeant ruling.

Summary of the Authority's Key Provisions as at 31st March 2022

The Authority accounts for the uncertain nature of certain transactions through provisions on its balance sheet, in accordance with the Accounting Code of Practice. The Authority has two significant provisions on its balance sheet, which are summarised below:

- **Insurance Fund**: The Authority sets aside this provision to account for the uncertain nature of both value and the timing of insurance claims which may be brought against it. The value of the provision is based on the estimated outstanding claims currently lodged with the Authority, which as at 31st March 2022 totalled **£0.1M**; and
- **Collection Fund Appeals Provision**: The Authority has to account for its share of the four district authorities' appeals provision for their expected losses to business rate appeals, which as at 31st March 2022 totalled **£0.5M**.

Summary of the Authority's Borrowing Position as at 31st March 2022

The Authority's **total debt outstanding** as at 31st March 2022 was **£22.296M** (**excluding** accrued interest of **£0.084M**).

The Authority's borrowing is undertaken in accordance with the Prudential System which provides the regulatory framework to ensure that **all borrowing** is **prudent**, **affordable** and **sustainable**. This comprises a suite of indicators to be adopted within the Authority's treasury management strategy and performance reports, including an **authorised limit** for the absolute level of debt which cannot be exceeded. For 2021/22 this limit was set at **£38.564M** with the Authority's **maximum debt** in year being some **£15.316M** lower.

Summary of Key Risks Faced by the Authority

Executive Overview:

Corporate Risk is managed in accordance with South Yorkshire Fire and Rescue Authority's Corporate Risk Management Policy and Strategy.

The Corporate Risk Management Policy forms part of the Authority's Publication Scheme and is available on the Authority's website in the Document Library.

A Corporate Risk Register is used to document corporate risks and to provide an update regarding how each risk is managed.

The Risk Register recognises that the Authority has risks in its own right and therefore highlights the risks the Authority faces in seeking to achieve its statutory, strategic and operational objectives. An update regarding how each of the high priority risks are being managed is detailed in update reports to the Audit Committee, and an Annual Risk Management Report, which is considered by both the Audit Committee, and the Full Authority.

Members should be assured that the Authority's new Risk Management process is a standing item on the officer Fire Governance Board which meets quarterly, and in consultation with Risk Owners, any new, emerging or changed risks are also considered.

Risk Management forms part of the Members' Annual Learning and Development Schedule.

Risk Reporting

Individual update reports for 2021/22 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Quarterly Risk Update	26th May 2021	Item 14	May Audit & Governance Meeting
Quarterly Risk Update	13th September 2021	Item 14	September Audit & Governance Meeting
Quarterly Risk Update	10th January 2022	Item 13	January Audit & Governance Meeting
Quarterly Risk Update	25th May 2022	Item 12	May Audit & Governance Meeting

Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

Title	Description	Date Presented	Reference	Link to Meeting
Budget, Precept & Council Tax 2022/23	Budget, Precept & Council Tax Setting 2022/23	21st February 2022	Item 13	February FRA Meeting
2022/23 Draft Revenue Budget	Budget Proposals 2022/23	21st February 2022	Item 13 – Appendix A	
2022/23 Capital Investment Strategy	The Authority's strategy with regards Capital Investment	21st February 2022	Item 13 – Appendix B	
2022/23 Treasury Management Strategy	The Authority's strategy with regards Borrowing & Investing	21st February 2022	Item 13 – Appendix C	

Revenue Outlook

The Medium-Term Financial Plan (MTFP) 2022-2025, approved in November 2022, provides a clear understanding of the financial plan until 2025. This allows the service to move forward financial forecasts in light of recent national developments and local circumstances. It also includes the effects of service improvements, rolling budgets and efficiency processes. The MTFP also took account of the updated Community Risk Management Plan (CRMP 2021-24) that determines the level of future fire cover (number and location of fire stations, fire engines and firefighters) across South Yorkshire.

The 2022/23 Annual Revenue Budget and Council Tax Setting report, approved in February 2022 builds further on the MTFP. The last two years the Country and South Yorkshire has faced a number of significant challenges, non-more so than the Coronavirus global pandemic.

As we exit the pandemic there are some signs of recovery particularly in those areas that have a direct effect on the resources available to the Fire Authority, namely a return to the previous council tax and business rates income levels. That said, the updated MTFP was set within the context of a number of ongoing risks and concerns for the Authority to consider:

- Significantly damaged public finances as a result of support provided throughout the pandemic,
- Future public sector funding reforms,
- Supply chain issues and inflationary pressures including interest rates,
- Brexit and its ongoing impact,
- The impact of the McCloud/Sargeant pension legal proceedings,
- Ongoing negotiations with regards to employee pay awards,
- Ongoing impact of the Grenfell enquiry and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection regime.

Moving forward, the Authority, will need to remain flexible in its approach to ensure that any further significant funding reductions can be effectively managed over a reasonable time period. The MTFP will see key and significant operating investments in areas such as: Recruitment of more firefighters to enable the service to optimise staff and fire appliance availability, the continuation to enhance and sustain our building safety work, invest more in protection activity, maintain our excellent community partnerships links and continue to invest in our infrastructure and assets.

The Executive and Authority have and will continue to put forward the need to challenge spending, deliver sustainability savings and look for opportunities to achieve the same outcomes for less through innovation or new ways of working. Equally there is a commitment to sensibly look for investment opportunities that will enable the service to more effectively deliver its service improvement and annual planning priorities. Despite the financial challenges ahead, we will continue to use our available resources to deliver our key objectives set out in our CRMP. As such, we will target funding in the areas of greatest risk and will continue to respond effectively to emergencies when needed.

Capital Outlook

The Authority's capital investment budget is £10.374M for 2022/23. The planned programme will see the delivery of new vehicles, major refurbishment works for a number of sites including enhancement of local training assets as well as investment in new equipment and improvements in information technology.

Our 2021/22 Statement of Accounts

The Form of the Statement of Accounts

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Authority's financial position at the end of the year and the transactions of the Authority during the year.

The information contained in the various statements and notes are of a highly technical nature and it may be useful to refer to the technical annexes for further explanation.

The layout of the 2021/22 Statement of Accounts is comprised of:

- Statement of Responsibilities for the Statement of Accounts;
- The Core Financial Statements;
- Notes to the Core Financial Statements including The Expenditure & Funding Analysis; and
- The Supplementary Financial Statements and Notes.

These are explained in more detail below.

Statement of Responsibilities for the Statement of Accounts

This section explains the respective responsibilities of the Authority and the Chief Finance Officer (CFO) in relation to the Statement of Accounts. The Authority is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual Statement of Accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud and complying with proper accounting practice as defined by the Code.

The Core Financial Statements

The Movement in Reserves Statement (MIRS) – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
The surplus or deficit on the Provision of Services line shows the accounting / economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for Council Tax setting purposes. The Net Increase / Decrease before Transfers to the Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Comprehensive Income and Expenditure Statement (CI&ES) **–** This statement shows the accounting cost in the year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet **–** The Balance Sheet shows the value of the assets and liabilities recognised by the Authority, as at 31st March 2022. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

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

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

STATEMENT OF ACCOUNTS 2021/22

Notes to the Core Financial Statements

The Expenditure & Funding Analysis

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

Other Disclosure Notes

There are several disclosure notes that present further detail behind the figures in the Core Financial Statements, categorised by the predominant statement that they support.

- Notes Relating to the Expenditure and Funding Analysis;
- Notes Relating to the Movement in Reserves Statement;
- Notes Relating to the Comprehensive Income & Expenditure Statement;
- Notes Relating to the Balance Sheet; and
- Notes Relating to the Cash Flow Statement.

The Supplementary Financial Statements

The Pension Fund Statement **-** The Fire Authority administers the Firefighters' Pensions Scheme.

Changes of Accounting Policies in 2021/22

There has been no change to the Authority's Accounting Policies in 2021/22.

STATEMENT OF ACCOUNTS 2021/22

SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Service Director for Finance at Barnsley Metropolitan Borough Council (The Treasurer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Signed on Behalf of the Fire and Rescue Authority by the Chair of the Audit Committee:

CLLR STUART SANSOME, CHAIR OF THE AUDIT COMMITTEE Date: 25th July 2022

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the attached Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2022 and its income and expenditure for the year then ended.

NEIL COPLEY, BA (HONS), CPFA, TREASURER Date: 25th July 2022

THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves During 2021/22	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Authority Reserves**	
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	
Balance of Reserves at 1st April 2021	**18,696**	**295**	**418**	**19,409**	**(850,739)**	**(831,330)**	Balance Sheet
Total Comprehensive Expenditure & Income	**(6,519)**	**-**	**-**	**(6,519)**	**12,396**	**5,877**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	5,693	-	(82)	**5,611**	**(5,611)**	**-**	Note 3
Net Increase / (Decrease) in 2021/22	**(826)**	**-**	**(82)**	**(908)**	**6,785**	**5,877**	Note 4
Balance of Reserves at 31st March 2022	**17,870**	**295**	**336**	**18,501**	**(843,954)**	**(825,453)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet	

Movement in Reserves During 2020/21	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Authority Reserves**	
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	
Balance of Reserves at 1st April 2020	**19,754**	**295**	**18**	**20,067**	**(795,435)**	**(775,368)**	
Total Comprehensive Expenditure & Income	**(12,132)**	**-**	**-**	**(12,132)**	**(43,830)**	**(55,962)**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	11,074	-	400	**11,474**	**(11,474)**	**-**	Note 3
Net Increase / (Decrease) in 2020/21	**(1,058)**	**-**	**400**	**(658)**	**(55,304)**	**(55,962)**	Note 4
Balance of Reserves at 31st March 2021	**18,696**	**295**	**418**	**19,409**	**(850,739)**	**(831,330)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet	

STATEMENT OF ACCOUNTS 2021/22

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21				2021/22			
Gross Expenditure £000s	**Gross Income £000s**	**Net Expenditure £000s**		**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**	
65,998	(1,464)	64,534	Fire Fighting & Operations	66,375	(1,349)	65,026	
65,998	**(1,464)**	**64,534**	**Net Cost of Services**	**66,375**	**(1,349)**	**65,026**	
			Other Operating Expenditure:				
572	-	572	(Gains) / Losses on The Disposal of Non-Current Assets	-	-	-	
572	**-**	**572**	**Total Other Operating Expenditure**	**-**	**-**	**-**	
			Financing & Investment Income & Expenditure:				
985	-	985	Interest Payable on Debt	971	-	971	
-	-	-	Interest Payable on Finance Leases	-	-	-	
18,295	-	18,295	Net Interest on The Defined Benefit Liability / Asset	17,379	-	17,379	Note 30
-	(11)	(11)	Investment Interest Income	-	(7)	(7)	
19,280	**(11)**	**19,269**	**Total Financing & Investment Income & Expenditure**	**18,350**	**(7)**	**18,343**	
			Taxation & Non Specific Grant Income:				
-	(795)	(795)	Recognised Capital Grants & Contributions	-	-	-	
-	(3,843)	(3,843)	Section 31 Grant – Small Business Rate Relief (SBRR)	-	(4,779)	(4,779)	
-	(1,707)	(1,707)	Other Grants	-	(287)	(287)	
-	(8,411)	(8,411)	Revenue Support Grant (RSG)	-	(8,458)	(8,458)	
-	(17,001)	(17,001)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	-	(18,522)	(18,522)	Note 30
-	(26,832)	(26,832)	Council Tax	-	(27,868)	(27,868)	
-	(2,103)	(2,103)	Business Rates Retention Scheme – Locally Retained	-	(3,300)	(3,300)	
-	(11,551)	(11,551)	Business Rates Retention Scheme – Top Up Grant	-	(13,636)	(13,636)	
-	**(72,243)**	**(72,243)**	**Total Taxation & Non-Specific Grant Income**	**-**	**(76,850)**	**(76,850)**	
85,850	**(73,718)**	**12,132**	**(Surplus) / Deficit on Provision of Services**	**84,725**	**(78,206)**	**6,519**	Note 6
			Other Comprehensive Income & Expenditure:				
341	(1,018)	(677)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	110	(1,569)	(1,459)	Note 5
44,507	-	44,507	Actuarial (Gains) / Losses on Pension Assets / Liabilities	-	(10,937)	(10,937)	Note 30
44,848	**(1,018)**	**43,830**	**Other Comprehensive Income & Expenditure**	**110**	**(12,506)**	**(12,396)**	
130,698	**(74,736)**	**55,962**	**Total Comprehensive Income & Expenditure**	**84,835**	**(90,712)**	**(5,877)**	MIRS

STATEMENT OF ACCOUNTS 2021/22

BALANCE SHEET AS AT 31st MARCH 2022

2020/21 £000s		2021/22 £000s	2021/22 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
44,807	- Operational Land & Buildings	50,147		15
8,015	- Vehicles, Plant, Furniture & Equipment	7,112		15
-	- Surplus Assets	-		15
1,758	- Assets Under Construction	-		15
54,580			**57,259**	
174	Intangible Assets	174		16
-	Long-Term Debtors	-		20
174			**174**	
54,754	**Total Non-Current Assets**		**57,433**	
	CURRENT ASSETS			
-	Assets 'Held for Sale'	-		17
2	Short Term Investments	-		20
528	Inventories	845		22
2,422	Local Taxation Debtors	2,365		23
7,829	Other Short-Term Debtors	5,406		24
6,078	Cash & Cash Equivalents	8,082		Cash Flow
16,859	**Total Current Assets**		**16,698**	
71,613	**TOTAL ASSETS**		**74,131**	
	CURRENT LIABILITIES			
(164)	Short Term Borrowing	(84)		20
-	Other Short-Term Liabilities	-		20
(7,485)	Short Term Creditors	(5,462)		25
(801)	Provisions	(554)		27
(312)	Grants Receipts in Advance	(418)		26
(8,762)	**Total Current Liabilities**		**(6,518)**	
	LONG TERM LIABILITIES			
(22,261)	Long Term Borrowing	(22,296)		20
-	Other Long-Term Liabilities	-		20
(226)	Long Term Provisions	(91)		27
(871,694)	Retirement Benefit Obligations	(870,679)		30
(894,181)	**Total Long-Term Liabilities**		**(893,066)**	
(902,943)	**TOTAL LIABILITIES**		**(899,584)**	
(831,330)	**NET ASSETS / (LIABILITIES)**		**(825,452)**	
	USABLE RESERVES:			
18,696	- General Fund Reserves	17,870		4 / MIRS
295	- Usable Capital Receipts Reserve	295		MIRS
418	- Capital Grant Unapplied Reserve	336		MIRS
19,409	**TOTAL USABLE RESERVES**		**18,501**	
	UNUSABLE RESERVES:			
16,676	- Capital Adjustment Account	18,367		5
(16)	- Financial Instruments Adjustment Account	-		5
(873,891)	- Pensions Reserve	(871,754)		5
8,097	- Revaluation Reserve	9,254		5
(165)	- Accumulated Absences Account	(172)		5
(1,440)	- Collection Fund Adjustment Account	351		5
(850,739)	**TOTAL UNUSABLE RESERVES**		**(843,954)**	
(831,330)	**TOTAL RESERVES**		**(825,452)**	

CASH FLOW STATEMENT

2020/21 £000s		2021/22 £000s	2021/22 £000s	Note
12,132	**Net (Surplus) / Deficit on Provision of Services**		**6,519**	CI&ES
	Adjustments to Net (Surplus) or Deficit on The Provision of Services for Non-Cash Movements:			
(6,214)	- Depreciation & Impairment	(2,921)		
(11,141)	- Pension Fund Adjustments	(9,922)		
(572)	- Carrying Amount of Non-Current Assets Sold	-		
(125)	- (Increase) / Decrease in Provisions	382		
(14)	- Increase / (Decrease) in Inventories	317		
451	- Increase / (Decrease) in Debtors	(2,423)		
13	- (Increase) / Decrease in Creditors	284		
51	- Other Non-Cash Adjustments	2		
(17,551)			**(14,281)**	
	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:			
795	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	-		
-	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	-		
795			**-**	
	Adjustments for Cash Items Not Included in Net (Surplus) or Deficit on the Provision of Services			
3,295	Pension Deficit Payment	-		
3,295			**-**	
(1,329)	**Net Cash (Inflow) / Outflow From Operating Activities**		**(7,762)**	
6,667	**Net Cash (Inflow) / Outflow From Investing Activities**		3,887	32
(2,029)	**Net Cash (Inflow) / Outflow From Financing Activities**		1,871	33
3,309	**Net (Increase) / Decrease in Cash & Cash Equivalents**		**(2,004)**	

9,387	**Cash & Cash Equivalents as at 1st April**	**6,078**	Balance Sheet
(3,309)	Net Increase / (Decrease) in Cash & Cash Equivalents	2,004	
6,078	**Cash & Cash Equivalents as at 31st March**	**8,082**	Balance Sheet
	Made Up Of The Following Elements:		
9	Cash Held By The Authority	6	
2,369	Bank Current Accounts	1,974	
3,700	Short Term Deposits With Financial Institutions	6,102	
6,078	**Total Cash & Cash Equivalents**	**8,082**	

SECTION 5 – NOTES TO THE CORE FINANCIAL STATEMENTS

THE EXPENDITURE AND FUNDING ANALYSIS

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**
48,473	16,061	64,534	Fire Fighting & Operations	51,033	13,993	65,026
48,473	**16,061**	**64,534**	**Net Cost of Services**	**51,033**	**13,993**	**65,026**
-	572	572	Other Operating Income & Expenditure	-	-	-
974	18,295	19,269	Financing & Investment Income & Expenditure	964	17,379	18,343
(57,294)	(14,949)	(72,243)	Taxation & Non Specific Grant Income	(56,537)	(20,313)	(76,850)
(7,847)	**19,979**	**12,132**	**(Surplus) / Deficit on Provision of Services**	**(4,540)**	**11,059**	**6,519**
8,905	(8,905)	-	Movement in Reserves Statement	5,366	(5,366)	-
1,058	**11,074**	**12,132**	**TOTAL NET EXPENDITURE**	**826**	**5,693**	**6,519**
Note 1 / Note 4 / MIRS	Note 3 / MIRS	CI&ES		Note 1 / Note 4 / MIRS	Note 3 / MIRS	CI&ES

2020/21	Movement on Reserves:	2021/22
£000s		**£000s**
19,754	**Opening General Fund Balance as at 1st April**	**18,696**
(1,058)	Plus/(Less) Surplus or (Deficit) on General Fund Balances in Year	(826)
18,696	**Closing General Fund Balance as at 31st March**	**17,870**
Note 4 / MIRS		Note 4 / MIRS

NOTES PRIMARILY RELATING TO THE EXPENDITURE & FUNDING ANALYSIS

Note 1 – Reconciliation Between Management Accounts and Expenditure & Funding Analysis	
Description:	This note provides a reconciliation between the Authority's Management Accounts and the first column of the Expenditure & Funding Analysis. The respective adjustments are outlined in the explanatory notes in the pages overleaf.

Adjustments from Management Accounts to Financial Reporting Format	**2021/22**				
	Management Accounts as Per Final Accounts Report (Note A Below)	Items Not Included in Net Cost of Services (Note B Below)	Items Not Included Within The CI&ES (Note C Below)	Corporate Funding / Expenditure (Note D Below)	Net Expenditure Chargeable to the General Fund Balance (Note E Below)
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fire Fighting & Operations	57,076	(677)	(5,366)	-	51,033
Net Cost of Services	**57,076**	**(677)**	**(5,366)**	**-**	**51,033**
Other Operating Income & Expenditure	-	-	-	-	-
Financing & Investment Income & Expenditure	-	964	-	-	964
Taxation & Non-Specific Grant Income	-	(287)	-	(56,250)	(56,537)
(Surplus) / Deficit on Provision of Services	**57,076**	**-**	**(5,366)**	**(56,250)**	**(4,540)**
Movement in Reserves Statement	-	-	5,366	-	5,366
TOTAL NET EXPENDITURE	**57,076**	**-**	**-**	**(56,250)**	**826**

EFA / Note 4

Adjustments from Management Accounts to Financial Reporting Format	**2020/21**				
	Management Accounts as Per Final Accounts Report (Note A Below)	Items Not Included in Net Cost of Services (Note B Below)	Items Not Included Within The CI&ES (Note C Below)	Corporate Funding / Expenditure (Note D Below)	Net Expenditure Chargeable to the General Fund Balance (Note E Below)
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Fire Fighting & Operations	56,645	733	(8,905)	-	48,473
Net Cost of Services	**56,645**	**733**	**(8,905)**	**-**	**48,473**
Other Operating Income & Expenditure	-	-	-	-	-
Financing & Investment Income & Expenditure	-	974	-	-	974
Taxation & Non-Specific Grant Income	-	(1,707)	-	(55,587)	(57,294)
(Surplus) / Deficit on Provision of Services	**56,645**	**-**	**(8,905)**	**(55,587)**	**(7,847)**
Movement in Reserves Statement	-	-	8,905	-	8,905
TOTAL NET EXPENDITURE	**56,645**	**-**	**-**	**(55,587)**	**1,058**

EFA / Note 4

Adjustments From Management Accounts to Financial Reporting Format

Note A: Management Accounts as Per Final Accounts Report

This column represents the net revenue expenditure (management accounts) of the Authority, as reported to Full Authority throughout the financial year.

Note B: Items Not Included in Net Cost of Services

Adjustments for items that are not deemed, as per the Accounting Code of Practice, as service specific income and expenditure but which represent other corporate items:

- **Other Operating Income & Expenditure** – generally relates to precepts / levies that are accounted for within service budgets from a management accounts perspective but a corporate cost as per the financial reporting requirements;
- **Financing & Investment Income & Expenditure** – generally relates to corporate income and expenditure such as interest payments servicing the Authority's debt and interest receivable from its financial investments.
- **Taxation & Non-Specific Grant Income & Expenditure** – relates to non-specific grant received and accounted for within service budgets from a management accounts perspective.

Note C: Items Not Included Within the CI&ES

Adjustments that, under the Accounting Code of Practice, are not reported from a financial reporting point of view within the Comprehensive Income & Expenditure Statement:

- These adjustments generally relate to capital items such as the statutory charges for capital financing i.e. Minimum Revenue Provision and capital funded by revenue / reserves. Also included is the accounting recognition of the element of the pension deficit payment and the adjustment in relation to financial instruments.

Note D: Corporate Funding / Expenditure

This column brings in the Authority's corporate, non-specific funding for the year together with other corporate items of expenditure:

- **Taxation & Non-Specific Grant Income & Expenditure** – relates to the non-specific income that the Authority receives in year to fund its net expenditure, including Revenue Support Grant (RSG), Council Tax, Business Rates and S31 Grants.

Note E: Net Expenditure Chargeable to the General Fund Balance

This column shows the Authority's financial position in terms of its in-year movement in general fund reserve positions. These can be seen in terms of both types of reserves in Note 4.

Note 2 - Adjustments between Funding and Accounting Basis per CI&ES

Description:	This note provides an analysis of the adjustments between the accounting basis as stipulated by the Code of Practice and the funding basis as stipulated by Legislation, per directorate. The respective adjustments are outlined in the explanatory notes in the pages overleaf.

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2021/22				
	Adjustments for Capital Purposes (Note A Below)	Net Change for the Pensions Adjustments (Note B Below)	Other Differences (Note C Below)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	2,921	11,065	7	**13,993**	
Net Cost of Services	**2,921**	**11,065**	**7**	**13,993**	EFA
Other Operating Income & Expenditure	-	-	-	**-**	
Financing & Investment Income & Expenditure	-	17,379	-	**17,379**	
Taxation & Non-Specific Grant Income	-	(18,522)	(1,791)	**(20,313)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**2,921**	**9,922**	**(1,784)**	**11,059**	EFA
Movement in Reserves Statement	(4,227)	(1,123)	(16)	**(5,366)**	
TOTAL NET EXPENDITURE	**(1,306)**	**8,799**	**(1,800)**	**5,693**	EFA

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2020/21				
	Adjustments for Capital Purposes (Note A Below)	Net Change for the Pensions Adjustments (Note B Below)	Other Differences (Note C Below)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	6,214	9,847	-	**16,061**	
Net Cost of Services	**6,214**	**9,847**	**-**	**16,061**	EFA
Other Operating Income & Expenditure	572	-	-	**572**	
Financing & Investment Income & Expenditure	-	18,295	-	**18,295**	
Taxation & Non-Specific Grant Income	(795)	(17,001)	2,847	**(14,949)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**5,991**	**11,141**	**2,847**	**19,979**	EFA
Movement in Reserves Statement	(7,788)	(1,098)	(17)	**(8,903)**	
TOTAL NET EXPENDITURE	**(1,797)**	**10,043**	**2,830**	**11,076**	EFA

Note A: Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

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

- **Taxation and Non-Specific Grant Income & Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note B: Net Change for the Pensions Adjustments

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

- **For Net Cost of Services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. The change also includes the recognition of the pension deficit payment, relating to the year.

- For **Financing and Investment Income & Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note C: Other Differences

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

- For **Financing and Investment Income & Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under **Taxation and Non-Specific Grant Income & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

Note 3 – Adjustments Between Accounting Basis and Funding Basis Under Regulations	
Description:	This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might prove otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land and buildings, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

2021/22 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	**£000s**	**£000s**	**£000s**
Adjustments to Revenue Resources				
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	8,799	-	-	(8,799)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(16)	-	-	16
Council Tax and NDR (Transfers to or (from) Collection Fund)	(1,791)	-	-	1,791
Holiday Pay (Transferred to the Accumulated Absences Reserve)	7	-	-	(7)
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	2,921	-	-	(2,921)
Sub Total – Adjustments to Revenue Resources	**9,920**	**-**	**-**	**(9,920)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(386)	-	-	386
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(3,841)	-	-	3,841
Sub Total – Adjustments Between Revenue & Capital Resources	**(4,227)**	**-**	**-**	**4,227**

2021/22 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	**£000s**	**£000s**	**£000s**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	-	-
Application of Capital Grants to Finance Capital Expenditure	-	-	(82)	82
Capital Grants Received, Not Yet Applied	-	-	-	-
Sub Total – Adjustments to Capital Resources	**-**	**-**	**(82)**	**82**
Total Adjustments	**5,693**	**-**	**(82)**	**(5,611)**
	MIRS	MIRS	MIRS	MIRS

2020/21 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	**£000s**	**£000s**	**£000s**
Adjustments to Revenue Resources				
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	10,043	-	-	(10,043)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(17)	-	-	17
Council Tax and NDR (Transfers to or (from) Collection Fund)	2,847	-	-	(2,847)
Holiday Pay (Transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	6,784	-	-	(6,784)
Sub Total – Adjustments to Revenue Resources	**19,657**	**-**	**-**	**(19,657)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	-	-	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(1,116)	-	-	1,116
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(6,672)	-	-	6,672
Sub Total – Adjustments Between Revenue & Capital Resources	**(7,788)**	**-**	**-**	**7,788**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	-	-
Application of Capital Grants to Finance Capital Expenditure	(395)	-	-	395
Capital Grants Received, Not Yet Applied	(400)	-	400	-
Sub Total – Adjustments to Capital Resources	**(795)**	**-**	**400**	**395**
Total Adjustments	**11,074**	**-**	**400**	**(11,474)**
	MIRS	MIRS	MIRS	MIRS

Note 4 – General Fund Reserves

Description:	This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans.
Relevant Accounting Policies:	Accounting Policy Q

	Balance at 31st March 2020	Transfers Out 2020/21	Transfers In 2020/21	**Balance at 31st March 2021**	Transfers Out 2021/22	Transfers In 2021/22	**Balance at 31st March 2022**
General Fund:	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
General Reserves:							
• Minimum Working Balance	5,000	-	-	5,000	-	-	5,000
• In Year Surplus	646	(646)	-	-			
Sub Total – General Reserves	**5,646**	**(646)**	**-**	**5,000**	**-**	**-**	**5,000**
Earmarked Reserves:							
• Insurance	1,200	(48)	-	1,152	-	90	1,242
• Invest to Save	132	(41)	-	91	(50)	-	41
• Revenue Grants	-	-	930	930	(270)	465	1,125
• Budget Carry Forward	454	(206)	903	1,151	(535)	155	771
• Capital Investment Reserve	9,358	(6,261)	-	3,097	(3,097)	-	-
• Service Improvement Reserve	-	(21)	646	625	(108)	248	765
• Stronger, Safer Communities	1,052	(265)	-	787	(273)	-	514
• Emerging Risk	970	-	3,412	4,382	(3,671)	1,694	2,405
• Immediate Detriment	-	-	-	-	(123)	3,671	3,548
• MRP	892	-	425	1,317	-	410	1,727
• Rates Review	-	-	114	114	-	568	682
• Interest Rate Mitigation	50	-	-	50	-	-	50
Sub Total – Earmarked Reserves	**14,108**	**(6,842)**	**6,430**	**13,696**	**(8,127)**	**7,301**	**12,870**
Total – General Fund Reserves	**19,754**	**(7,488)**	**6,430**	**18,696**	**(8,127)**	**7,301**	**17,870**
General Fund Movement		**(1,058)**			**(826)**		Balance Sheet
		MIRS / EFA			MIRS / EFA		

The purpose of each reserve held is set out below:

Usable Reserve	**Purpose**
• **Minimum Working Balance**	This reserve holds the Authority's minimum working balance that is held for any unforeseen event.
• **In Year Surplus**	This reserve represents the unearmarked surpluses generated in year.
• **Insurance**	This reserve has been created to fund future potential liabilities under current insurance arrangements.
• **Invest to Save**	This reserve enables the Authority to target specific initiatives which will deliver future efficiency savings in excess of the initial investment.
• **Budget Carry Forward**	Sums earmarked to fund the slippage of specific items of revenue expenditure are carried forward into the following financial year in this reserve.
• **Capital Investment Reserve**	This has been set aside during the year to support the Authority's future capital investment programme.
• **Service Improvement Reserve**	This reserve has been set aside for future service improvement initiatives.
• **Stronger, Safer Communities**	The Authority has set aside reserves in support of its objectives of protecting the most vulnerable in our communities; further promoting the Community fire safety agenda; enhancing partnership working and sharing data amongst partners in order to focus resources on priority areas and individuals.
• **Emerging Risk**	This reserve has been created to set aside funds to address any future shortfalls in funding and other future risks.
• **Immediate Detriment**	This reserve has been set aside following approval by the Authority to adopt the Local Government Association and Fire Brigade Union's framework in relation to immediate detriment pension cases in advance of the legal remedy relating to the McCloud and Sargeant legal pensions case.
• **MRP**	The Authority has set aside reserves to pay for future years MRP charges, in line with the approved MRP Policy.
• **Rates Review**	Following a review of the estates by the Valuations Office refunds have been received on a number of properties. These refunds are set aside for future increases/changes.

Usable Reserve	Purpose
• **Interest Rate Mitigation**	The Authority has set aside reserves to mitigate against any future potential increase in interest costs relating to its debt.

Note 5 – Unusable Reserves

Description:	This note provides an analysis of the Authority's unusable reserves. These reserves cannot be used to reduce Council Tax and ordinarily represent statutory accounting requirements.

31st March 2021 £000s		31st March 2022 £000s
16,676	Capital Adjustment Account	18,367
(16)	Financial Instruments Adjustment Account	-
(873,891)	Pensions Reserve	(871,754)
8,097	Revaluation Reserve	9,254
(165)	Accumulated Absences Account	(172)
(1,440)	Collection Fund Adjustment Account	351
(850,739)	**Total Unusable Reserves**	**(843,954)**

Balance Sheet

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 cost of acquisition, construction or enhancement as charges for depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 3 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000s		2021/22 £000s	2021/22 £000s
15,073	**Balance at 1st April**		**16,676**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement:		
(6,151)	- Charges for Depreciation & Revaluation Losses of Non-Current Assets	(2,853)	
(63)	- Amortisation of Intangible Assets	(68)	
(572)	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	-	
(6,786)			**(2,921)**
205	Adjusting Amount Written Out to the Revaluation Reserve		304
(6,581)	**Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year**		**(2,617)**
	Capital Financing Applied in Year:		
-	- Use of the Capital Receipts Reserve to Finance New Expenditure	-	
395	- Application of Capital Grants & Contributions to Capital Financing	81	
1,117	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund Balance	386	
6,672	- Capital Expenditure Charged Against the General Fund Balance	3,841	
8,184			**4,308**
16,676	**Balance at 31st March**		**18,367**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax payers.

2020/21		2021/22	
£000s		**£000s**	**£000s**
(33)	**Balance at 1st April**		**(16)**
-	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	-	
17	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	16	
17	**Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements**		**16**
(16)	**Balance at 31st March**		**-**

Pensions Reserve

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

2020/21		2021/22	
£000s		**£000s**	
(819,342)	**Balance at 1st April**	**(873,891)**	
(44,507)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	10,937	CI&ES
(34,527)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(34,961)	
24,485	Employer's Pensions Contributions & Direct Payments to Pensioners Payable in Year	26,161	
(873,891)	**Balance at 31st March**	**(871,754)**	

Revaluation Reserve

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

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

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

2020/21		2021/22	
£000s		£000s	£000s
7,625	**Balance at 1st April**		**8,097**
692	Upward Revaluation of Assets	1,570	
(15)	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	(109)	
677	**Surplus or (Deficit) on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services**		**1,461**
(205)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(304)	
-	Accumulated Gains on Assets Sold or Scrapped	-	
(205)	**Amount Written Off to the Capital Adjustment Account**		**(304)**
8,097	**Balance at 31st March**		**9,254**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2022. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2020/21		2021/22	
£000s		£000s	£000s
(165)	**Balance at 1st April**		**(165)**
165	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	165	
(165)	Amounts Accrued at the End of the Current Year	(172)	
-	**Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements**		**(7)**
(165)	**Balance at 31st March**		**(172)**

Collection Fund Adjustment Account

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

2020/21		2021/22
£000s		£000s
1,407	**Balance at 1st April**	**(1,440)**
(2,847)	Amount By Which Council Tax Income Credited to the Comprehensive Income & Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	1,791
(1,440)	**Balance at 31st March**	**351**

NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Note 6 – Expenditure & Income Analysed By Nature	
Description:	This note shows the Surplus or Deficit on the Provision of Services within the CIES on a subjective basis.
Relevant Accounting Policies:	Accounting Policy B

The Authority's expenditure and income is analysed as follows:

Expenditure/Income	2020/21 £000s	2021/22 £000s
Expenditure:		
Employee Benefits Expenses	50,760	54,598
Other Services Expenses	9,024	8,856
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	6,214	2,921
Interest Payments	19,280	18,350
Disposal of Fixed Assets	572	-
Total Expenditure	**85,850**	**84,725**
Income:		
Fees, Charges & Other Service Income	(761)	(755)
Interest & Investment Income	(11)	(7)
Income From Council Tax & Non-Domestic Rates	(28,935)	(31,168)
Government Grants & Contributions	(44,011)	(46,276)
Receipts from Disposal of Assets	-	
Total Income	**(73,718)**	**(78,206)**
(Surplus) or Deficit on the Provision of Services	**12,132**	**6,520**
	CI&ES	CI&ES

Segmental Income

Income received on a segmental basis is analysed below:

	2020/21		2021/22	
	Fees, Charges & Other Service Income	**Total**	Fees, Charges & Other Service Income	**Total**
	£000s	**£000s**	**£000s**	**£000s**
Fire Fighting & Operations	(761)	**(761)**	(755)	**(755)**
Total Income Analysed on a Segmental Basis	**(761)**	**(761)**	**(755)**	**(755)**

Note 7 – Revenue From Contracts With Service Recipients	
Description:	This note shows the level of revenue received by the Authority from its contractual arrangements.
Relevant Accounting Policies:	Accounting Policy B

The Authority has reviewed the Fees, Charges & Other Service Income against the criteria. The definition of a contractual arrangement that has been used is one that commits both parties to their respective obligations, even if the contract is not a written one e.g. a verbal contract.

Amounts included in the Comprehensive Income & Expenditure Statement for contracts with service recipients:

2020/21 £000s		2021/22 £000s
(304)	Revenue from Contracts With Service Recipients	(320)
(304)	**Total Included in Comprehensive Income & Expenditure Statement**	**(320)**

Note 8 – Capital Charges to the Comprehensive Income & Expenditure Statement	
Description:	The Comprehensive Income & Expenditure Statement is charged with any revaluation / impairment losses, over and above the balance on the revaluation reserve and depreciation charges. These charges are reversed out and have no impact on the Council Tax payer as per statute.
Relevant Accounting Policies:	Accounting Policy L

2020/21 £000s		**2021/22 £000s**
	Charged to Net Cost of Services:	
2,915	Depreciation & Amortisation	3,774
-	Impairments / Revaluation Losses	144
(638)	Reversal of Impairment Losses	(1,182)
3,936	Non Enhancing Capital Expenditure	185
6,213	**Total Charged to Comprehensive Income & Expenditure Statement**	**2,921**

Note 9 – Members' Allowances	
Description:	This note shows the cost to the Authority of its elected Members.

The total sum paid to members in 2021/22 was £0.081M (£0.083M in 2020/21). The allowances are initially paid to members by their respective District Councils and are then subsequently billed to the Authority.

Note 10 – Officers' Remuneration & Exit Packages	
Description:	This note shows: • The Senior Management Team remuneration; • An analysis of other Authority employees with remuneration of greater than £50k; • The cost to the Authority of exit packages given.
Relevant Accounting Policies:	Accounting Policy F

The table below sets out the remuneration disclosures for Senior Officers of the Authority (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

Post	**2021/22**						
	Period	**Salary, Fees & Allowances**	**Bonuses**	**Expenses**	**Benefits in Kind**	**Pension Contributions**	**Total Remuneration**
		£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Chief Fire Officer & Chief Executive – A Johnson	01/04/21–07/04/21	3	-	-	-	-	**3**
Temporary Chief Fire Officer & Chief Executive – C Kirby	08/04/21–08/05/21	13	-	-	-	3	**16**
Chief Fire Officer & Chief Executive – A Johnson	09/05/21–31/03/22	141	-	-	-	-	**141**
Deputy Chief Fire Officer – Chief Operating Officer – C Kirby	01/04/21–31/03/22 (with exception of 08/04/21-08/05/21)	124	-	-	-	36	**160**
Temporary Deputy Chief Fire Officer – Chief Operating Officer – A Carlin	08/04/21 – 08/05/21	11	-	-	-	3	**14**
Assistant Chief Fire Officer – Director of Service Delivery – A Carlin	01/04/21–31/03/22 (with exception of 08/04/21-08/05/21)	117	-	-	-	34	**151**

Temporary Assistant Chief Fire Officer – Director of Service Delivery – S Nicholson	08/04/21 – 08/05/21	11	-	-	-	2	**13**
Director of Support Services – S Booth	01/04/21–31/03/22	96	-	-	1	14	**111**

Post	2020/21						
	Period	**Salary, Fees & Allowances**	**Bonuses**	**Expenses**	**Benefits in Kind**	**Pension Contributions**	**Total Remuneration**
		£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Chief Fire Officer & Chief Executive – A Johnson	01/04/20–31/03/2021	157	-	-	-	59	**216**
Deputy Chief Fire Officer – Chief Operating Officer – C Kirby	01/04/20–31/03/2021	125	-	-	-	36	**161**
Assistant Chief Fire Officer – Director of Service Delivery – A Carlin	01/04/20–31/03/2021	126	-	-	-	36	**162**
Director of Support Services – S Booth	01/04/20–31/03/2021	95	-	-	1	14	**110**

The number of other employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000, is shown in the table below.

2020/21	Remuneration Band	2021/22
23	£50,000 - £54,999	31
20	£55,000 - £59,999	12
10	£60,000 - £64,999	13
5	£65,000 - £69,999	8
3	£70,000 - £74,999	4
3	£75,000 - £79,999	4
1	£80,000 - £84,999	3
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
65		**75**

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

Exit Package Cost Band	Number of Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
							£000s	£000s
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	1	1	-	-	1	1	1	1
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total Number of Exit Packages	**1**	**1**	**-**	**-**	**1**	**1**		
						Total Cost	**1**	**1**

Note 11 – External Audit Costs	
Description:	This note shows the cost to the Authority of services provided by external audit.

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

2020/21 £000s		2021/22 £000s
27	Fees Payable to Deloitte UK LLP With Regard to External Audit Services Carried Out by the Appointed Auditor for the Year	27
4	Fees Payable in Respect of Other Services Provided by Deloitte During the Year	-
-	Fees Payable in Respect of Other Services Provided During the Year	-
-	Refund from PSAA in Respect of Retained Earnings	-
31	**Sub Total – Audit Fees Payable / (Refundable)**	**27**
-	**Fees Payable in Respect of Other Services Provided by Other Audit Companies**	**-**
31	**Total**	**27**

Note 12 – Grant & Contribution Income Recognised Through the Comprehensive Income & Expenditure Statement	
Description:	Grants are recognised through the Comprehensive Income & Expenditure Statement when the specific conditions of the grants are satisfied. This note details these grants in respect of the Authority.
Relevant Accounting Policies:	Accounting Policy H

The Authority credited the following grants and contributions to the Comprehensive Income & Expenditure Statement in the year:

2020/21 £000s		2021/22 £000s
	Credited to Taxation & Non-Specific Grant Income:	
(25,512)	Non-Ring-fenced Government Grants	(27,160)
(17,001)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	(18,522)
(795)	Capital Grants & Contributions	-
(43,308)	**Sub Total – Credited to Taxation & Non-Specific Grant Income**	**(45,682)**
	Credited to Services:	
(703)	Other Grants & Contributions	(594)
(703)	**Sub Total – Credited to Taxation & Non-Specific Grant Income**	**(594)**
(44,011)	**Total Grant Income Recognised Through the CI&ES**	**(46,276)**

Note 13 – Related Parties	
Description:	This note explains the relationships that the Authority is party to including companies that the Authority has an interest in.
Relevant Accounting Policies:	Accounting Policy U
Areas of Critical Judgements Made:	Judgement 3

The Authority is required to disclose material transactions with related parties which are defined as bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have been able 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 with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Note 6 within the Amounts Reported for Resource Allocation Decisions. Grant receipts outstanding at 31st March 2022 are shown in Note 26 and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in Note 12.

Senior Officers

Senior Officers within the Authority's Senior Management Team are responsible for ensuring that policies approved and decisions made by members are implemented effectively. The remuneration of senior officers is shown in Note 10.

During 2021/22, no senior officers of the Authority have declared a material interest in any companies.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 9.

During 2021/22, no works or services were commissioned from companies with which a Member had an interest.

Other Local Authorities

All local authorities are subject to common control by Central Government. They often work in partnership with each other to provide services to the public. The Authority has a number of specific relationships / partnerships with different local authorities including where it is a member of a City Region. Details of material transactions with these local authorities are shown in the table within this note.

From 1 April 2015, Barnsley MBC took over the responsibility of the provision of advice and support to the Authority, following the disbanding of the South Yorkshire Joint Secretariat on 31 March 2015.

Other Public Bodies

South Yorkshire Pensions – Provider of pension services to the Authority.

Subsidiaries & Joint Ventures

The Authority has no interests in any subsidiaries or joint ventures.

Note 14 – Events After The Balance Sheet Date	
Description:	This note explains any significant event that occurs following the balance sheet date.
Relevant Accounting Policies:	Accounting Policy G

The Statement of Accounts was authorised for issue by the Service Director for Finance (BMBC), Section 151 Officer on 29th July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

Note 15 – Property, Plant and Equipment	
Description:	Property, Plant & Equipment are assets that the Authority uses to provide services to the public. This note shows the value and movement in those assets together with the valuation methodology.
Relevant Accounting Policies:	Accounting Policy J
Areas of Uncertainty:	Uncertainty Statement 1 / Uncertainty Statement 4

2021/22	**Land and Buildings £000s**	**Vehicles, Plant, Furniture & Equipment £000s**	**Surplus Assets £000s**	**Assets Under Construction £000s**	**Total £000s**
Cost or Valuation					
At 1st April 2021	**44,807**	**24,026**	**-**	**1,758**	**70,591**
Additions	2,431	1,641	-	-	4,072
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	298	-	-	-	298
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	853	-	-	-	853
De-recognition – Disposals	-	-	-	-	-
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	1,758	-	-	(1,758)	-
At 31st March 2022	**50,147**	**25,667**	**-**	**-**	**75,814**
Accumulated Depreciation					
At 1st April 2021	**-**	**(16,011)**	**-**	**-**	**(16,011)**
Depreciation Charge	(1,161)	(2,544)	-	-	(3,705)
Depreciation Written Out to the Revaluation Reserve	1,161	-	-	-	1,161
Depreciation Written Out to the Surplus / Deficit on Provision of Services	-	-	-	-	-
De-recognition – Disposals	-	-	-	-	-
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2022	**-**	**(18,555)**	**-**	**-**	**(18,555)**
Net Book Value					
At 31st March 2021	**44,807**	**8,015**	**-**	**1,758**	**54,580**
At 31st March 2022	**50,147**	**7,112**	**-**	**-**	**57,259**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

2020/21	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation					
At 1st April 2020	**45,168**	**22,909**	**12**	**-**	**68,089**
Additions	3,936	1,334	-	1,758	7,028
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(410)	-	-	-	(410)
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	(3,298)	-	-	-	(3,298)
De-recognition – Disposals	(589)	(217)	(12)	-	(818)
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2021	**44,807**	**24,026**	**-**	**1,758**	**70,591**
Accumulated Depreciation					
At 1st April 2020	**-**	**(14,485)**	**(7)**	**-**	**(14,492)**
Depreciation Charge	(1,114)	(1,738)	(1)	-	(2,853)
Depreciation Written Out to the Revaluation Reserve	1,088	-	-	-	1,088
Depreciation Written Out to the Surplus / Deficit on Provision of Services	-	-	-	-	-
De-recognition – Disposals	26	212	8	-	246
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2021	**-**	**(16,011)**	**-**	**-**	**(16,011)**
Net Book Value					
At 31st March 2020	**45,168**	**8,424**	**5**	**-**	**53,597**
At 31st March 2021	**44,807**	**8,015**	**-**	**1,758**	**54,580**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

Depreciation:

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

- Buildings – 10 to 50 years; and
- Vehicles, Plant, Furniture & Equipment – 2 to 20 years.

Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2021/22.

Capital Commitments:

At 31st March 2022, the Authority had contractually committed to £2.791M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2021 was £3.950M. The major commitments are:

- Fire station replacements and other premises improvements - £0.308M;
- Vehicle Purchase - £2.187M;
- Equipment - £0.115M; and
- IT - £0.181M

Revaluations:

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value, is revalued at least every five years. The valuations of land and buildings were carried out during the year by an external valuer, Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The effective date of the valuation was 31st March 2022. During 2021/22, a revaluation exercise was undertaken to estimate the impact of movements in valuations of all of the Authority's operational assets.

The basis for valuation is set out in Annex A – Statement of Accounting Policies.

	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at Historical Cost	-	25,667	-	-	**25,667**
Valued at Fair Value:					
2021/22	50,147	-	-	-	**50,147**
2020/21	-	-	-	-	**-**
2019/20	-	-	-	**-**	**-**
2018/19	-	-	-	**-**	**-**
2017/18	-	-	-	-	**-**
Gross Book Value	**50,147**	**25,667**	**-**	**-**	**75,814**

Note 16 – Intangible Assets	
Description:	Intangible Assets are non-physical assets, used by the Authority. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy I

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, in which case it would be accounted for as part of the hardware item of Property, Plant and Equipment.

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 carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.068M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The movement of Intangible Asset balances during the year are as follows:

2020/21 Purchased Software £000s		**2021/22 Purchased Software £000s**	
	Balance at 1st April:		
523	- Gross Carrying Amounts	**429**	
(326)	- Accumulated Amortisation	**(255)**	
197	**Net Carrying Amount at 1st April**	**174**	
	Additions:		
40	Purchases	68	
	Disposals:		
(134)	Other Disposals – Gross Carrying Amounts	-	
134	Other Disposals – Accumulated Amortisation	-	
	Amortisation:		
(63)	Amortisation for the Period	(68)	
174	**Net Carrying Amount at 31st March**	**174**	Balance Sheet
	Comprising:		
429	Gross Carrying Amounts	**497**	
(255)	Accumulated Amortisation	**(323)**	
174		**174**	

Note 17 – Assets Held for Sale

Description:	Assets Held for Sale are Authority assets that are: • Being actively marketed for sale; • Expected to sell in the next 12 months. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy V
Areas of Uncertainty:	Uncertainty Statement 4

2020/21 £000s	Current Assets	2021/22 £000s
238	**Balance Outstanding at 1st April**	-
	Assets Newly Classified as Held for Sale:	
-	- Surplus Assets	-
-	Revaluation Gains	-
-	Revaluation Losses	-
	Assets Declassified as Held for Sale:	
-	- Property, Plant & Equipment	-
-	- Surplus Assets	-
-	Assets Sold	-
-	**Balance Outstanding at 31st March**	-

Balance Sheet

Note 18 – Capital Expenditure and Capital Financing

Description:	This note shows the Authority's capital financing requirement (CFR), which is the underlying requirement to borrow, and how that has changed during the year.

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

2020/21 £000s		2021/22 £000s
30,354	**Opening Capital Financing Requirement**	**29,983**
	Capital Investment:	
7,027	Property, Plant & Equipment	4,071
40	Intangible Assets	68
7,067	**Total Capital Investment**	**4,139**
	Sources of Finance - For Capital Expenditure Purposes:	
-	Capital Receipts	-
(395)	Government Grants & Other Contributions	(81)
(346)	Revenue Contributions	(642)
(6,326)	Reserves	(3,199)
(7,067)	**Total Resources Utilised to Fund In Year Capital Expenditure**	**(3,922)**
-	**Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure**	**217**
	Sources of Finance - Set Aside to Repay Debt:	
(371)	MRP	(386)
(371)	**Total Set Aside to Repay Debt**	**(386)**
29,983	**Closing Capital Financing Requirement**	**29,814**

2020/21 £000s		2021/22 £000s
-	Increase / (Decrease) in Underlying Need to Borrow (Funded from Authority's Own Base Resources)	217
-	Assets Acquired Under Finance Leases	-
(371)	Amounts Set Aside to Repay Debt - Statutory	(386)
(371)	**Increase / (Decrease) in Capital Financing Requirement**	**(169)**

Note 19 – Leases	
Description:	A lease is a contractual arrangement that allows the lessee the use of an asset, in exchange for consideration to the lessor. This note details the arrangements that the Authority is party to which are classed as leases
Relevant Accounting Policies:	Accounting Policy M
Areas of Critical Judgements Made:	Judgement 1 / Judgement 2

Authority as Lessee

Finance Leases

The Authority has acquired land for the car park at its training centre in 2011/12. The asset acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet with the following net amounts:

31st March 2021 £000s		31st March 2022 £000s
55	Land & Buildings	-
-	Vehicles, Plant, Furniture & Equipment	-
55	**Total**	**-**

The Authority is committed to making minimum payments under the vehicles and equipment leases, comprising settlement of long-term liability for the interest in the assets acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding:

31st March 2021 £000s		31st March 2022 £000s
	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
-	- Current	-
-	- Non-Current	-
-	Finance Costs Payable in Future Years	-
-	**Minimum Lease Payments**	**-**

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

31st March 2021			31st March 2022	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £000s
-	-	Not later than one year	-	-
-	-	Later than one year and not later than five years	-	-
-	-	Later than five years	-	-
-	**-**		**-**	**-**

The above minimum lease payments did not include any rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The Authority currently has one operating leases for a vehicle. The future minimum lease payments due under non-cancellable leases in future years are:

31st March 2021 £000		31st March 2022 £000s
1	Not Later Than One Year	4
-	Later Than One Year & Not Later Than Five Years	-
-	Later Than Five Years	-
		-
1		**4**

The expenditure charged to the Comprehensive Expenditure and Income Statement during the year in relation to these leases were £0.004M in 2021/22 (£0.001M in 2020/21).

Note 20 – Financial Instruments	
Description:	Financial Instruments are any contract that gives rise to a financial asset of one entity and a financial liability of another entity. This note explains the Authority's financial instruments and the impact on the accounts.
Relevant Accounting Policies:	Accounting Policy O / Accounting Policy V
Areas of Critical Judgements Made:	Judgement 4
Areas of Uncertainty:	Uncertainty Statement 4

The South Yorkshire Fire & Rescue Authority's treasury management function is administered by Barnsley MBC. Investments commenced in line with the revised working arrangements, on a single entity basis, on 1st April 2015.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The definition is broad and covers instruments used in treasury management activities including the borrowing and lending of money and making of investments. However, it also extends to include such items as trade receivables (debtors) and trade payables (creditors).

Financial Instrument Balances:

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

31st March 2021			31st March 2022		
Long Term £000s	**Short Term £000s**		**Long Term £000s**	**Short Term £000s**	
		Investments:			
-	2	Amortised Cost	-	-	
-	**2**	**Total Investments**	**-**	**-**	Balance Sheet
		Cash Equivalents:			
-	6,078	Amortised Cost	-	8,082	
-	**6,078**	**Total Cash Equivalents**	**-**	**8,082**	Cash Flow
-	**6,080**	**Total Financial Assets**	**-**	**8,082**	
		Borrowing:			
(22,261)	(80)	Amortised Cost	(22,296)	-	
-	(84)	Accrued Interest	-	(84)	
(22,261)	**(164)**	**Total Borrowing**	**(22,296)**	**(84)**	Balance Sheet
		Other Liabilities:			
-	-	Amortised Cost	-	-	
-	**-**	**Total Other Liabilities**	**-**	**-**	Balance Sheet
(22,261)	**(164)**	**Total Financial Liabilities**	**(22,296)**	**(84)**	

It should be noted that within the Balance Sheet totals for cash and cash equivalents, there are some amounts that do not meet the definition of financial instruments. As such they have not been disclosed again in the above table. The full Balance Sheet values are analysed in the cash flow statement.

31st March 2021			31st March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Other Liabilities:		
-	-	Finance Lease Liabilities	-	-
-	-	Other Local Authority Debt	-	-
-	**-**	**Total Other Liabilities**	**-**	**-**

Debtors and creditors are measured at amortised cost which is typically the transactional value or invoiced amount. The Balance Sheet values are analysed in Note 24 and Note 25 respectively. They are low risk in nature and largely comprise of amounts owed by and to the Authority as a result of its day to day business. As such, they have not been disclosed again in the above note. However, it should be noted that within the Balance Sheet totals for debtors and creditors, there are amounts that do not meet the definition of financial instruments.

Reclassifications:

No financial assets or liabilities were reclassified during 2021/22.

Impairment:

No financial assets or liabilities were impaired during 2021/22.

Financial Instrument Income, Expense, Gains and Losses:

2020/21				2021/22		
Financial Liabilities: Measured at Amortised Cost	Financial Assets: Measured at Amortised Cost	Total		Financial Liabilities: Measured at Amortised Cost	Financial Assets: Measured at Amortised Cost	Total
£000s	£000s	£000s		£000s	£000s	£000s
985	-	**985**	Interest Expense	987	-	**987**
985	**-**	**985**	**Total Expense in Surplus or Deficit on the Provision of Services**	**987**	**-**	**987**
-	(11)	(11)	Investment Income	-	(7)	(7)
-	**(11)**	**(11)**	**Total Income in Surplus or Deficit on the Provision of Services**	**-**	**(7)**	**(7)**
985	**(11)**	**974**	**Net (Gain) / Loss for the Year**	**987**	**(7)**	**980**

Fair Values of Assets: Assets Carried at Fair Value:

The Authority does not hold any financial assets at fair value.

Fair Values of Assets: Assets Not Measured at Fair Value

Except for financial assets carried at fair value (see above), all other financial assets held by the Authority are classified as short term receivables, short term investments and long term debtors are carried in the balance sheet at amortised cost. As such, they are not disclosed in this note as their carrying value is a suitable approximation of their fair value.

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

All financial liabilities are carried in the balance sheet at amortised cost. The fair values of such liabilities are disclosed for comparison purposes. Fair value is the amount for which a liability could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial liabilities represented by loans are carried in the Balance Sheet at amortised cost.

The fair values are calculated as follows:

Recurring Fair Value Measurements Using:	**Carrying Value as at 31st March 2022 * £000s**		**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2022 £000s**
Financial Liabilities	(23,168)		-	(28,761)	-	(28,761)
Total Valuation	**(23,168)**		**-**	**(28,761)**	**-**	**(28,761)**

Prior Year Comparator:

Recurring Fair Value Measurements Using:	**Carrying Value as at 31st March 2021 * £000s**		**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2021 £000s**
Financial Liabilities	(23,248)		-	(31,336)	-	(31,336)
Total Valuation	**(23,248)**		**-**	**(31,336)**	**-**	**(31,336)**

***** The total carrying value of the actual loans outstanding totals £23.168M as at 31st March 2022 (£23.248M as at 31st March 2021). The equivalent figure in the Authority’s balance sheet is lower than this as a result of historical accounting practice with regards to accounting for premiums paid on the early redemption of debt, prior to 2007, whereby authorities were allowed to show such premiums against the carrying value of the loans.

The fair value of financial liabilities is higher than the carrying amount because the Authority’s portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

<u>Valuation Techniques used to Determine Level 2 Fair Values for Financial Liabilities</u>

The financial liabilities’ fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments using the following assumptions:

- The Authority’s Treasury Management Advisors, Link Asset Services (Link), have provided the Fair Value amounts in relation to its debt portfolio. Link have assessed the Fair Values by calculating the amounts that the Authority would have had to pay to extinguish the loans on 31st March under existing debt redemption procedures; and

- No early repayment or impairment is recognised for any financial instrument; and

- The fair value of short-term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.

Note 21 – Nature and Extent of Risks Arising From Financial Instruments	
Description:	This note explains the risk of the financial instruments detailed in Note 20 in respect of credit risk, liquidity risk and market risk.

<u>Financial Instruments - Risks</u>

The Authority’s activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

<u>Overall Procedures for Managing Risk</u>

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set through a legal framework which requires the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance. Overall, these procedures require the Authority to manage risk in the following ways:

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

These are reported within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. The 2021/22 Treasury Management Strategy was approved by the Authority in February 2021 with actual performance reported after the end of the year.

This Strategy incorporates the prudential indicators, with the key measures in terms of limits outlined below:

- The Authorised Limit for 2021/22 was set at £38.564M. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £34.564M. This is the expected level of debt and other long term liabilities during the year; and
- The upper limits on fixed and variable interest rate exposure were set at 70% and 30% respectively.

These policies are implemented by BMBC treasury officers with advice from Link Asset Services. The Authority has written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from the lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy (AIS), which requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The key areas of the Investment Strategy are that the minimum criteria for investment are based on the creditworthiness service provided by Link. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies (Fitch, Moodys and Standard and Poors) forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Deposits with institutions were limited to a maximum of £10M with any one counterparty, depending on credit quality.

All investments were made in accordance with the Authority's 2021/22 Annual Investment Strategy and no investments are considered to pose an immediate credit risk. The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Since the Authority only invests in high quality institutions and products, its regular treasury investments have been measured on a 12-month basis. Based on the historic risk of default data provided by Link Asset Services (the Authority's treasury management advisors), the loss allowance required is immaterial.

The Authority does not generally allow credit for customers. The total value of trade debtors at 31st March 2022 is £0.138M analysed as follows:

31st March 2021 £000	Aged Debt Analysis:	31st March 2022 £000s
53	Less Than Three Months	119
1	Three to Six Months	-
13	Six Months to One Year	6
21	More Than One Year	13
88		**138**

The Authority also recognises expected credit losses on its trade debtors on a lifetime basis. Trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. In 2021/22, the Authority did not provide for or write-off any significant uncollectable debts.

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 access to borrow from the Public Works Loan Board (PWLB), there is no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority therefore has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future which reduces the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of loans outstanding to PWLB as at 31 March 2022 is:

31st March 2021 £000s		31st March 2022 £000s
	Maturing in:	
(80)	Less Than 1 Year	-
(4,359)	1 to 5 Years	(5,679)
(5,730)	5 to 10 Years	(5,410)
(9,429)	10 to 20 Years	(8,429)
(900)	20 to 30 Years	(1,650)
(2,750)	30 to 40 Years	(2,000)
(23,248)		**(23,168)**

The average interest payable by the Authority during 2021/22 was 4.33% with rates ranging from 2.09% to 7.13%.

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. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charges to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Authority's policy is to aim to keep a maximum of 30% of its borrowings in variable loan rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with the prevailing interest rates on the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The Authority's Treasury Management Strategy provides for the assessment of interest rate exposure, which will assist in decisions on whether new borrowing taken out should be on a fixed or variable basis.

Price Risk

The Authority does not invest in equity shares on the markets and therefore is not at significant risk to price movements.

Foreign Exchange Risk

The Authority has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 22 – Inventories	
Description:	Inventories are assets held by the Authority for consumption on rendering services. This note details the level and movement of these assets.
Relevant Accounting Policies:	Accounting Policy R

31st March 2021				31st March 2022		
Stores	Vehicle Maint.	Total		Stores	Vehicle Maint.	Total
£000s	£000s	£000s		£000s	£000s	£000s
343	**199**	**542**	**Balance Outstanding at 1st April**	**355**	**173**	**528**
1,021	419	1,440	Purchases	1,429	594	2,023
(1,009)	(436)	(1,445)	Recognised as an Expense in the Year	(1,145)	(569)	(1,714)
-	-	-	Transfers	-	-	-
-	(9)	(9)	Written off Balance	-	9	9
355	**173**	**528**	**Balance Outstanding 31st March**	**639**	**207**	**846**
		Balance Sheet				Balance Sheet

Note 23 – Local Taxation Debtors	
Description:	Local Taxation Debtors are assets representing the amounts owed to the Authority in respect of local taxation (NNDR and Council Tax).
Relevant Accounting Policies:	Accounting Policy B

Share of Debtors £000s	Share of Impairment Allowance £000s	31st March 2021 £000s		Share of Debtors £000s	Share of Impairment Allowance £000s	31st March 2022 £000s
367	(161)	206	NNDR	315	(174)	141
5,639	(3,423)	2,216	Council Tax	5,955	(3,731)	2,224
6,006	**(3,584)**	**2,422**	**Total**	**6,270**	**(3,905)**	**2,365**
		Balance Sheet				Balance Sheet

Note 24 – Other Short Term Debtors	
Description:	Other Short Term Debtors are assets representing the amounts owed to the Authority in respect of other debts.
Relevant Accounting Policies:	Accounting Policy B

31st March 2021 £000s		**31st March 2022 £000s**
249	Trade Debtors	138
5,800	Pension Fund	4,558
79	Payments in Advance	99
748	VAT Due	234
953	Other	377
7,829	**Total**	**5,406**

Balance Sheet Balance Sheet

Note 25 – Short Term Creditors	
Description:	Short Term Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.
Relevant Accounting Policies:	Accounting Policy B

31st March 2021 £000s		**31st March 2022 £000s**
(2,312)	Trade Creditors	(1,099)
(775)	Payroll Deductions	(849)
(3,181)	Collection Fund Creditors	(1,536)
(1,217)	Other	(1,985)
(7,485)	**Total**	**(5,469)**

Balance Sheet Balance Sheet

* Included in the above table is an accrual of £0.172M for annual leave and other related benefits earned by employees but not taken by 31 March 2022 (£0.165M at 31 March 2021). This is matched by an equivalent sum in the Accumulated Absences Reserve (Note 5).

Note 26 – Grants & Contributions Receipts in Advance	
Description:	Grants and Contributions Receipts in Advance are held on the balance sheet until the specific conditions are satisfied. This note outlines the level of receipts in advance held by the Authority.
Relevant Accounting Policies:	Accounting Policy H

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the transferor if the conditions are not met. All significant income credited is listed individually in the tables below:

31st March 2021 £000s	**Current Liabilities**	**31st March 2022 £000s**
	Capital Grants & Contributions Receipts in Advance:	
(130)	LTR Grant	(380)
(130)	**Total Capital Grants & Contributions Receipts in Advance**	**(380)**
	Revenue Grants Receipts in Advance:	
(62)	ESMCP Grant	-
(120)	Other Receipts in Advance	(38)
(182)	**Total Revenue Grants & Contributions Receipts in Advance**	**(38)**
(312)	**Total Grants & Contributions Receipts in Advance**	**(418)**

Balance Sheet

Note 27 – Provisions	
Description:	A provision is a liability of uncertain timing or amount. This note details the provisions that the Authority has set aside for future obligations.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5
Areas of Uncertainty:	Uncertainty Statement 2

	Insurance Fund	**Municipal Mutual Insurance**	**Collection Fund – Share of Appeals**	**Other**	**Total**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Balance at 31st March 2020	**(212)**	**(20)**	**(608)**	**(62)**	**(902)**
Additional Provisions Made in 2020/21	(141)	-	(74)	(40)	(255)
Amounts Used in 2020/21	54	14	-	62	130
Unused Amounts Reversed in 2020/21	-	-	-	-	-
Balance at 31st March 2021	**(299)**	**(6)**	**(682)**	**(40)**	**(1,027)**
Additional Provisions Made in 2021/22	(80)	-	-	-	(80)
Amounts Used in 2021/22	169	-	203	-	372
Unused Amounts Reversed in 2021/22	84	6	-	-	90
Balance at 31st March 2022	**(126)**	**-**	**(479)**	**(40)**	**(645)**
Short Term Provisions	35	-	479	40	554
Long Term Provisions	91	-	-	-	91
Total	**126**	**-**	**479**	**40**	**645**

Balance Sheet

Insurance Fund

The Authority provides a degree of self-insurance through its insurance provision. Under its insurance policies, the Authority has to meet a proportion of each claim up to a total maximum level each year. A contribution to the provision is made from revenue to fund this uninsured liability, in accordance with advice from the Authority's insurance brokers. Payments are then made directly from the provision. An element of this provision has been classified as long term on the Balance Sheet following an assessment of likely payment profiles.

Municipal Mutual Insurance (MMI)

The Authority's former insurance company, MMI Limited, ceased trading in September 1992 and a 'Scheme of Arrangement' was agreed in case of insolvency, involving a claw back of claims paid. The Scheme was triggered during 2012/13 and in 2013/14. The Authority has paid a levy of 25% of total claims payments equating to £0.211M. In 2018/19, a further provision was made totalling £0.020M, which was reduced to £0.006M in 2020/21 and then to nil during 2021/22.

Collection Fund – Share of Appeals Provision

Under the provisions of the Code of Practice, the Authority is required to account for its share of the 4 respective districts' provision for business rate appeals.

Other

In respect of the other provisions, there remains outstanding provisions in relation to current litigation and legal cost sharing agreements relating to current pension legal cases.

Note 28 – Contingent Liabilities	
Description:	This note outlines the areas by which the Authority may incur a potential liability, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5

Systel Communications

South Yorkshire Fire & Rescue Service and West Yorkshire Fire & Rescue Service entered a contractual agreement with Systel Communications France. Due to unresolved contractual issues, final payment, by both Services has been withheld until an agreement can be reached. At present the quantum, of the reduction of the final payment is not known.

Immediate Detriment

In 2018, the court of appeal in the McCloud and Sargeant legal case ruled that the transitional protection element of the 2015 public service pension reforms constituted unlawful age discrimination. Following a recent Employment Tribunal determination, it is unlikely that the required changes to regulations will be in place before 1 April 2023. In advance of reaching this date the Fire Brigades Union and the Local Government Association have provided guidance to employers on dealing with 'immediate detriment' cases. South Yorkshire Fire and Rescue Authority adopted this framework in January 2022 with a number of staff retiring under immediate detriment prior to the year-end. A reserve has been created to cover the costs of processing these claims, but at this time, the quantum of the full impact is unknown.

Pension Scheme Transitional Protections

Following the issuing of employment tribunal claims against fire and rescue authorities on behalf of firefighters in relation to the McCloud and Sergeant legal case, the LGA, along with the Steering Committee, are coordinating the defence of these claims as a collective. At present, there are very few claims however it is expected that this will increase. Cost will be apportioned on a cost-sharing basis, based on headcount. At this time, South Yorkshire Fire and Rescue have a number of potential claims within the collective, however the quantum of the outcome is not known.

Part-Time Workers - Fire Brigades Union and Retained Firefighters Union Settlement Agreements

The case relates to the application of the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 to retained duty system employees. Settlement agreements were reached in 2015 in respect of the terms and conditions part of the claims in regard to many thousands of Employment Tribunals cases relating to potential discrimination under those Regulations. Resolution has been compounded following the European Court of Justice judgement involving part-time judges, which in effect held that remedy could extend back before the Part-time Workers Regulations implemented in July 2000. South Yorkshire Fire and Rescue are part of the cost sharing arrangements to cover the legal work provided. At this time, discussions are still taking place and the quantum of the impact is unknown.

Note 29 – Contingent Assets	
Description:	This note outlines the areas by which the Authority may in receipt of a potential gain, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy P
Areas of Critical Judgements Made:	Judgement 5

The Authority has no material contingent assets as at 31st March 2022.

Note 30 – Defined Benefit Pension Schemes	
Description:	A Defined Benefit Pension Scheme is one that is not classed as a defined contribution scheme. This note explains such schemes that the Authority is party to.
Relevant Accounting Policies:	Accounting Policy F
Areas of Uncertainty:	Uncertainty Statement 3

Participation in Pension Schemes

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

The Authority participates in two pension schemes as explained in the Accounting Policies: Pension schemes for Fire officers (FPS 1992, 2006 & 2015) and the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority.

Injury awards are payable irrespective of whether a Fire Officer is a member of the Pension Scheme and tax rules from 1 April 2006 prevent injury awards from being part of pension scheme regulations. Injury awards have been moved into a separate Fire Compensation Scheme (FCS) and under the pensions financial arrangements they must be paid from the Authority's operating account and not the Pension Fund Account. The injury awards have been accounted for as part of the pensions adjustments and information relating to these injury awards are included in the 'Fire Fighters' Pension Schemes' totals below.

Transactions Relating to Post-Employment Benefits

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

2021/22	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Comprehensive Income & Expenditure Statement:			
Cost of Services:			
- Current Service Cost	14,540	3,012	**17,552**
- Past Service Costs	-	-	**-**
- Transfers	30	-	**30**
- Settlements & Curtailments	-	-	**-**
- Administration Expenses	-	-	**-**
Financing & Investment Income & Expenditure:			
- Net Interest Cost	16,900	479	**17,379**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**31,470**	**3,491**	**34,961**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(4,457)	(4,457)
- Experience (Gains) / Losses	4,640	76	4,716
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-	-
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	(9,940)	(3,624)	(13,564)
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**(5,300)**	**(8,005)**	**(13,305)**

2021/22	Fire Fighters' Pension Schemes £000s	LGPS £000s	Total £000s
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**26,170**	**(4,514)**	**21,656**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(31,470)	(3,491)	(34,961)
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,211	1,211
- Retirement Benefits Payable to Pensioners	6,428	-	6,428
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	18,522	-	18,522
Net Adjustment to Surplus or Deficit for the Provision of Services	**(6,520)**	**(2,280)**	**(8,800)**

Note 3

Prior Year Comparators – 2020/21	Fire Fighters' Pension Schemes £000s	LGPS £000s	Total £000s
Comprehensive Income & Expenditure Statement:			
Cost of Services:			
- Current Service Cost	13,990	2,166	16,156
- Past Service Costs	-	-	-
- Transfers	40	-	40
- Settlements & Curtailments	-	-	-
- Administration Expenses	-	36	36
Financing & Investment Income & Expenditure:			
- Net Interest Cost	17,880	415	18,295
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**31,910**	**2,617**	**34,527**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(9,265)	(9,265)
- Experience (Gains) / Losses	(35,190)	(1,461)	(36,651)
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-	-
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	78,050	12,373	90,423
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**42,860**	**1,647**	**44,507**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**74,770**	**4,264**	**79,034**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(31,910)	(2,617)	(34,527)
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,145	1,145
- Retirement Benefits Payable to Pensioners	6,339	-	6,339
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	17,001	-	17,001
Net Adjustment to Surplus or Deficit for the Provision of Services	**(8,570)**	**(1,472)**	**(10,042)**

Note 3

Pension Assets and Liabilities Recognised in the Balance Sheet

2021/22	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**	
	£000s	**£000s**	**£000s**	
Present Value of Defined Benefit Obligation	(851,530)	(83,855)	(935,385)	
Fair Value of Plan Assets	-	64,706	64,709	
Net Liability Arising from Defined Benefit Obligation	**(851,530)**	**(19,149)**	**(870,679)**	Balance Sheet

Prior Year Comparators – 2020/21	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**	
	£000s	**£000s**	**£000s**	
Present Value of Defined Benefit Obligation	(850,310)	(80,879)	**(931,189)**	
Fair Value of Plan Assets	-	59,495	**59,495**	
Net Liability Arising from Defined Benefit Obligation	**(850,310)**	**(21,384)**	**(871,694)**	Balance Sheet

Reconciliation of Fair Value of the Scheme (Plan) Assets (LGPS)

2020/21 £000s		**2021/22 £000s**
46,977	**Opening Balance at 1st April**	**59,495**
1,189	Interest Income	1,239
	Re-measurement Gains and (Losses):	
9,265	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	4,894
(36)	Administration Expenses	-
-	Settlements	-
3,342	Employer Contributions	89
466	Contributions by Scheme Participants	485
(1,708)	Benefits Paid	(1,496)
59,495	**Closing Balance at 31st March**	**64,706**

Local Government Pension Scheme Assets Comprised:

2021/22	**Quoted**	**Unquoted**	**Total**	**Percentage of Total**
	£000s	**£000s**	**£000s**	**%**
Cash Equivalents	722	-	722	1.1
Total Cash & Cash Equivalents	**722**	**-**	**722**	**1.1**
Equity Securities	155	-	155	0.2
Total Equity Securities	**155**	**-**	**155**	**0.2**
Debt Securities:				
Corporate Bonds (Non-Investment Grade)	-	7	7	0.0
UK Government	-	386	386	0.6
Other	184	3,044	3,228	5.0
Total Debt Securities	**184**	**3,437**	**3,621**	**5.6**
Private Equity	139	6,203	6,342	9.8
Total Private Equity	**139**	**6,203**	**6,342**	**9.8**

STATEMENT OF ACCOUNTS 2021/22

2021/22	Quoted	Unquoted	Total	Percentage of Total
	£000s	£000s	£000s	%
Real Estate:				
UK	107	5,346	5,453	8.4
Overseas	-	87	87	0.1
Total Real Estate	**107**	**5,433**	**5,540**	**8.5**
Other Investment Funds:				
Equities	-	30,150	30,150	46.6
Bonds	-	11,622	11,622	18.0
Infrastructure	831	4,515	5,346	8.3
Other	-	1,208	1,208	1.9
Total Other Investment Funds & Unit Trusts	**831**	**47,495**	**48,326**	**74.8**
Total Scheme Assets	**2,138**	**62,568**	**64,706**	**100.0**

2020/21	Value	Percentage of Total
	£000s	%
Total Cash & Cash Equivalents	**714**	**1.2**
Equity Instruments:		
UK Quoted	6,187	10.4
UK Unquoted	-	0.0
Global Quoted	22,846	38.4
Total Equity Instruments	**28,825**	**48.8**
Bonds:		
UK Government Fixed	-	0.0
UK Government Indexed	6,247	10.5
Overseas Government Fixed	1,547	2.7
UK Other	2,975	5.0
Overseas Other	1,725	2.9
Total Bonds	**12,494**	**21.1**
Property:		
UK Direct	4,641	7.8
Overseas	595	1.0
Total Property	**5,307**	**8.8**
Other Investment Funds:		
Pooled Investment Vehicles	12,018	20.2
Total Other Investment Funds	**12,018**	**20.2**
Total Scheme Assets	**59,495**	**100.0**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2021/22	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Opening Balance at 1st April	**(850,310)**	**(80,879)**	**(931,189)**
Current Service Cost	(14,540)	(3,012)	**(17,552)**
Interest Cost	(16,900)	(1,718)	**(18,618)**
Contributions by Scheme Participants	(2,570)	(485)	**(3,055)**
Transfers	(30)	-	**(30)**
Re-measurement Gains and (Losses):			
- Experience Gains / (Losses)	(4,640)	(3,671)	**(8,311)**
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	(402)	**(402)**
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	**-**
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	9,940	4,816	**14,756**
Past Service (Losses) / Gains	-	-	**-**
Gains / (Losses) Curtailments	-	-	**-**
Benefits Paid	27,520	1,496	**29,016**
Closing Balance at 31st March	**(851,530)**	**(83,855)**	**(935,385)**

Prior Year Comparators – 2020/21	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Opening Balance at 1st April	**(798,880)**	**(67,439)**	**(866,319)**
Current Service Cost	(13,990)	(2,166)	**(16,156)**
Interest Cost	(17,880)	(1,604)	**(19,484)**
Contributions by Scheme Participants	(2,460)	(466)	**(2,926)**
Transfers	(40)	-	**(40)**
Re-measurement Gains and (Losses):			
- Experience Gains / (Losses)	35,190	1,461	**36,651**
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	-	**-**
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	**-**
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(78,050)	(12,373)	**(90,423)**
Past Service (Losses) / Gains	-	-	**-**
Gains / (Losses) Curtailments	-	-	**-**
Benefits Paid	25,800	1,708	**27,508**
Closing Balance at 31st March	**(850,310)**	**(80,879)**	**(931,189)**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates, employee turnover and salary levels. The liabilities of the Fire Pension and Compensation Schemes have been assessed by the Government Actuary's Department (GAD). The LGPS fund liabilities have been assessed by Hymans, using estimates based on the latest full valuation of the scheme as at 31 March 2020.

The significant assumptions used by the actuaries have been:

2020/21			2021/22	
Years		Mortality Assumptions:	Years	
FPS	LGPS		FPS	LGPS
21.4	22.5	Longevity at 65 for Current Pensioners (Male)	21.5	21.0
21.4	25.3	Longevity at 65 for Current Pensioners (Female)	21.5	24.0
23.1	24.0	Longevity at 65 for Future Pensioners (Male)	23.2	22.0
23.1	27.2	Longevity at 65 for Future Pensioners (Female)	23.2	25.5
%			%	
2.40	2.70	Rate of CPI	3.00	3.20
4.15	3.95	Rate of Increase in Salaries	4.75	4.20
2.40	2.80	Rate of Increase in Pensions	3.00	3.20
2.00	2.10	Discount Rate	2.65	2.70

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Firefighters' Pension Scheme: Impact on the Defined Benefit Obligation in the Scheme	Increase / (Decrease)
	£000s
- Longevity (Increase by 1 Year)	31,000
- Rate of Increase in Salaries (Increase by 0.5%)	12,000
- Rate of Increase in Pensions (Increase by 0.5%)	62,000
- Rate of Discounting Scheme Liabilities (Increase by 0.5%)	(75,000)

Local Government Pension Scheme: Impact on the Defined Benefit Obligation in the Scheme	Increase / (Decrease)
	£000s
- Longevity (Increase by 1 Year)	3,354
- Rate of Increase in Salaries (Increase by 0.1%)	1,472
- Rate of Increase in Inflation (Increase by 0.1%)	235
- Rate of Discounting Scheme Liabilities (Increase by 0.1%)	(1,721)

Impact on the Authority's Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31st March 2020 in respect of the 3 year period 2020/21 – through to 2022/23.

The contributions in respect of the Firefighters' Pension Schemes are determined by Government.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2017. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Authority has in the long run to pay employment benefits. The total liability of £868M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £823M.

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

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of the employees (i.e. before payments fall due), as assessed by the scheme actuary

- finance is only required to be raised to cover Firefighters Pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2023 is £1.125M. Expected contributions for the Fire Pensions Schemes in the year to 31 March 2022 are £5.636M.

The weighted average duration of the defined benefit obligation for scheme members is:

- LGPS – 19 years
- FPS – 19 years

NOTES PRIMARILY RELATING TO THE CASH FLOW STATEMENT

Note 31 – Cash Flow Statement – Operating Activities	
Description:	Operating activities are the activities of the Authority that are not investing or financing activities.

The cash inflows for operating activities of £7.762M (£1.329M inflow in 2020/21) include the following items:

2020/21 £000s		**2021/22 £000s**
884	Interest Paid	971
(11)	Interest Received	(7)

Note 32 – Cash Flow Statement – Investing Activities	
Description:	Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

2020/21 £000s		**2021/22 £000s**	
7,067	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	4,139	
-	Other Payments for Investing Activities	-	
-	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	-	
-	Net (Receipts) / Payments From Short Term & Long Term Investments	-	
(400)	Other Receipts From Investing Activities	(252)	
6,667	**Net Cash (Inflows) / Outflows From Investing Activities**	**3,887**	Cash Flow

Note 33 – Cash Flow Statement – Financing Activities	
Description:	Financing activities are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

2020/21 £000s		**2021/22 £000s**	
(2,774)	Appropriation to Collection Fund	1,791	
-	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases	-	
745	Net Repayments / (New) Short & Long Term Borrowing	80	
(2,029)	**Net Cash (Inflows) / Outflows From Financing Activities**	**1,871**	Cash Flow

Note 34 – Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities	
Description:	This note provides reconciliation of outstanding liabilities which have arisen from financing activities.

	2021/22				
	Long Term Borrowing	**Short Term Borrowing**	**Finance Lease Liabilities**	**On Balance Sheet PFI Liabilities**	**Total Liabilities from Financing Activities**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Opening Balance at 1st April	**(22,261)**	**(164)**	**-**	**-**	**(22,425)**
Financing Cash Flows	-	80	-	-	80
Non Cash Changes:					
> Acquisition	-	-	-	-	-
> Other Non-Cash Changes	-	(35)	-	-	(35)
> Transfer Between Long and Short Term	(35)	35	-	-	-
Closing Balance at 31st March	**(22,296)**	**(84)**	**-**	**-**	**(22,380)**

	2020/21				
	Long Term Borrowing	**Short Term Borrowing**	**Finance Lease Liabilities**	**On Balance Sheet PFI Liabilities**	**Total Liabilities from Financing Activities**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**
Opening Balance at 1st April	**(22,322)**	**(818)**	**-**	**-**	**(23,140)**
Financing Cash Flows	-	745	-	-	745
Non Cash Changes:					
> Acquisition	-	-	-	-	-
> Other Non-Cash Changes		(30)	-	-	(30)
> Transfer Between Long and Short Term	61	(61)	-	-	-
Closing Balance at 31st March	**(22,261)**	**(164)**	**-**	**-**	**(22,425)**

THE PENSION FUND

2020/21		2021/22	
£000s		£000s	£000s
	Contributions Receivable:		
(5,637)	Fire Authority - Normal	(5,861)	
(69)	Fire Authority - Early Retirements	(35)	
(2,472)	Officers' Contributions	(2,591)	
(8,178)	**Sub Total - Contributions Receivable**		**(8,487)**
	Transfers:		
(42)	Transfers In from Other Schemes	(101)	
(42)	**Sub Total - Transfers In**		**(101)**
	Benefits Payable:		
22,382	Pensions	22,660	
2,839	Commutations and Lump Sum Retirement Benefits	4,450	
-	Death Benefits	-	
25,221	**Sub Total - Benefits Payable**		**27,110**
	Payments To and On Account of Leavers:		
-	Refunds of Overpayment of Pension Contributions	-	
-	**Sub Total - Transfers Out**		**-**
17,001	**Net Amount Payable for the Year**		**18,522**
(17,001)	Top-up Grant Payable by the Government	(18,522)	
-	**Net Amount Payable / Receivable for Year**		**-**

NET ASSETS STATEMENT

31st March 2021		31st March 2022
£000s		£000s
	Current Assets:	
5,800	Pensions Top-up Grant Receivable from the Government	4,558
5,800	**Sub Total: Current Assets**	**4,558**
	Current Liabilities:	
-	Contributions Received in Advance from Fire Authority	-
(5,800)	Amount Owing to General Fund	(4,558)
(5,800)	**Sub Total: Current Liabilities**	**(4,558)**
-	**Total**	**-**

NOTES TO THE PENSION FUND

The Authority administers the Firefighters' Pensions Fund Account. The operation of the Pension Fund is controlled by the Firefighters' Pension Scheme (Amendment) (England) Order 2006, which specifies the amounts that must be paid into and out of the Fund.

Contributions are made into the Pension Fund from the Authority and those of its employees who are members of the Firefighter Pension schemes. The contribution rates are based on percentages of pensionable pay, as determined nationally by the Government and subject to triennial revaluation by the Government Actuary's Department. The current contribution rates are as follows:

	FPS 1992	**FPS 2006**	**FPS 2015**
	%	**%**	**%**
Employer Contribution	37.3	27.4	28.8
Employee Contribution – Based on Salary Bandings	11.0 - 17.0	8.5 - 12.5	11.0 - 14.5

The Authority is also required to make payments into the Fund in respect of ill health retirements.
The schemes are unfunded which means that there are no investment assets built up to meet pensions payments. The Pension Fund Account is therefore balanced to nil each year by the receipt of a top-up grant from the Government if contributions are insufficient to meet the defined pensions benefits payable. Any surpluses on the Fund are repayable to the Government.

The accounting policies adopted for the Pension Fund follow those set out in the Authority's Statement of Accounting Policies. However, the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. These are dealt with within the Authority's Financial Statements and Notes in accordance with the application of International Accounting Standard 19 - Employee Benefits.

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX A

THE AUTHORITY'S ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

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

b) Accruals of Income and Expenditure

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

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Fees and charges due are accounted for as income at the date the Authority provides the relevant goods or services;
- Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

c) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits. Cash Equivalents are short-term, highly liquid investments with financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value. The Authority has classified investments in Call Accounts and Money Market Funds, which provide instant access with no penalty, as cash equivalents.

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

d) Exceptional Items

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

e) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

f) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and other forms of leave, such as time off in lieu, earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or of an officer's decision to accept voluntary redundancy in exchange for those benefits. These are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Retirement Benefits

Employees of the Authority are members of the following pensions schemes:

- the 1992, 2006 and 2015 Firefighters' Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts.

- the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority, is a funded scheme, which means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The above schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority. They are accounted for in accordance with the requirements for defined benefits schemes, based on the principle that an organisation should account for retirement benefits when it is committed to give them, even though this may be many years into the future.

A pension asset or liability is recognised in the Balance Sheet, made up of the net position of retirement liabilities and pension scheme assets. Retirement liabilities are measured on an actuarial basis using the projected unit method, by assessing the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Pension scheme assets (LGPS only) attributable to the Authority are included at their fair value. The Authority currently has a net pensions liability and this is matched in the Balance Sheet by a negative Pensions Reserve.

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

- Service cost comprising:
    - current service cost – the increase in liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement;

- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of Non Distributed Costs in the Comprehensive Income and Expenditure Statement; and
- net interest on the net defined benefit liability – the change during the period in the net defined benefit liability that arises from the passage of time. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:

  - the return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid / benefits paid – cash paid as employer's contribution by the Authority either to LGPS or directly to pensioners to reduce the scheme liabilities.

Statutory provisions require that the amount charged to the General Fund Balance is that payable by the Authority to pensions funds or directly to pensioners during the year, rather than that calculated under accounting standards. This means that an appropriation to or from the Pensions Reserve is done within the Movement in Reserves Statement to replace the notional sums for retirement benefits with the actual pensions costs. The negative balance on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

g) Events After the Balance Sheet Date

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

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

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

h) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions and donations are recognised as income when there is a reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Most grants and contributions will be given with stipulations as to how they are to be spent and the consequences if resources are not applied in the manner authorised. Conditions are stipulations that require that the grant or contribution must be returned if not deployed as specified. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

i) Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority, such as software licences, is capitalised when it is expected that future economic benefit or service potential will flow to the Authority for more than one year.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Intangible assets are measured initially at cost. The depreciable amount of the intangible asset balance is subsequently amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and gain or losses on disposal are not permitted to have an impact on the General Fund Balance and are reversed out in the Movement in Reserves Statement to the Capital Adjustment Account and the Capital Receipts Reserve (for sale proceeds greater than £10,000).

j) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost can be measured reliably. Expenditure on repairs that maintains but does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset into working condition for its intended use. The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for:

- specialised properties such as fire stations where there is no market-based evidence of fair value, depreciated replacement cost (DRC) is used as an estimate of fair value; and
- non-property assets that have short useful lives and / or low values which are measured at depreciated historical cost basis as a proxy for fair value; and
- assets under construction which are measured at historical cost.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains); and
- 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 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, such as freehold land, and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer; and
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of each asset as advised by a suitably qualified officer.

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

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

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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 disposal (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 (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposals in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve as part of the Movement in Reserves Statement. The Capital Receipts Reserve can only be used either to finance new capital investment or to reduce the Authority's borrowing requirement and when sums are utilised for this purpose, they are subsequently transferred to the Capital Adjustment Account.

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

k) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer from the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement then reverses out the amounts charged so there is no impact on the level of council tax.

l) Charges to Revenue for Non-Current Assets

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

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

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

m) Leases

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as a Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments under finance leases are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant and Equipment – applied to write down the lease liability; and
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased Property, Plant and Equipment. Charges are made on a straight line basis over the term of the lease; even if this does not match the pattern of payments (for example there is a rent-free period at the commencement of the lease).

The Authority as a Lessor

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet and rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example there is a premium paid at the commencement of the lease).

n) Overheads and Support Services

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

o) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried on the Balance Sheet at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains or losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of the transaction. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their 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. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

The Authority's trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. Debt write-off is considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor.

With the exception of trade debtors where the simplified approach has been adopted, impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The Authority does not hold any financial assets measured at Fair Value through Profit or Loss.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking account of relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Provisions are reviewed at the end of each financial year and where it becomes less probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Contingent Liabilities

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

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

Contingent Assets

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

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

q) Reserves

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

Certain other reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Authority. These reserves are explained elsewhere in the Accounting Policies.

r) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

s) Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

t) VAT

Income and expenditure excludes amounts related to VAT, as all VAT collected is payable to the HM Revenue and Customs and all VAT paid is recoverable from them.

u) Interest in Companies

The Authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. The Authority has one Trading Company recently set up to allow the Authority to trade more flexibly, in a commercial environment. Within the Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost. The Authority deems that the value of the financial transactions going through the company as not material enough to produce group accounts.

v) Fair Value Measurement

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

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

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

STATEMENT OF ACCOUNTS 2021/22
TECHNICAL ANNEX B

CRITICAL JUDGEMENTS AND ASSUMPTIONS / ESTIMATIONS MADE WITHIN THE ACCOUNTS

Critical Judgements in Applying Accounting Policies

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

There is a high degree of uncertainty about the future levels of funding for the Authority, and the Authority continues to consider service delivery options to enable spending to be reduced in line with funding reductions. The Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.

The critical judgements made in the Statement of Accounts are:

1. Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:

   - Ownership of the asset transferred to the Authority at the end of the lease term; and
   - The lessee has an option to purchase the asset at the end of the lease term for a price expected to be sufficiently lower than the fair value; and
   - The lease term is for the major part of the economic life of the asset; and
   - That the present value of minimum lease payments amount to at least substantially all (90% or more) of the fair value of the leased asset; and
   - The leased assets are of such a specialised nature that only the lessee can use them without modification.

2. Whether contractual arrangements have the substance of a lease;
3. Whether the substance of a relationship between the Authority and another entity indicates that the entity is controlled by the Authority; and
4. Whether financial instruments are expected to be fully receivable and the amount of expected credit losses to charge; and
5. Whether the Authority’s exposure to possible losses is to be accounted for as a provision or a contingent liability.

Key Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

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

Ref	Item	Uncertainties	Effect if Actual Results Differ from Assumptions
1	**Property, Plant and Equipment**	Assets are depreciated over useful lives that are dependent on assumptions about the level of usage of individual assets and the repairs that will be incurred to maintain individual assets in the future. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending in either maintaining or replacing its assets, bringing into doubt the useful lives assigned to assets. Assets are also subject to regular revaluations by an independent professional valuer. There are many variables that determine the assets’ valuation with equally as many assumptions therein.	If the useful lives of assets are reduced then depreciation increases and the carrying amount of the assets falls. The reverse occurs if the useful lives of assets are increased.

2	**Insurance Provision**	The Authority has made a total provision of £0.150M for the settlement of outstanding insurance claims. It is difficult to predict the final outcome of claims until they are actually settled. MMI Ltd are the Authority's former insurers who ceased trading in 1992 and with whom there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. Further information is provided at Note 27.	There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the Administrators and there may be further levies announced in future. The Authority has earmarked sums in an Insurance Reserve to provide some cover should this occur.
3	**Pensions Liability**	Estimation of the net liability to pay pensions is extremely volatile as it 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied for each of its pension schemes.	Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, the assumptions interact in complex ways. The Authority relies on actuaries to provide an assessment of expected liabilities and assets using a number of key assumptions around financial and demographic estimations. Note 30 provides further details in terms of sensitivity of some of those key assumptions.
4	**Fair Value**	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), 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 (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities. Where Level 1 inputs are not available, the Authority employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for Surplus Assets & Assets Held for Sale, the Authority's commissions professional RICS valuers). Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in Notes 15, 17 and 20 respectively.	Non-Financial Assets: The Authority uses the Market Approach to measure the fair value of its Surplus Assets and its Assets held for Sale. The significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation / demolition costs and commercial / industrial land values. Financial Assets: The Authority uses comparisons around the fixed term deposits and is used to compare the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit. Financial Liabilities: The Authority assesses fair value by calculating the present value of cash flows that take place over the remaining life of the instruments. Significant changes in any of the inputs would result in a significantly lower or higher fair value measurement for the Authority's assets and liabilities valued at fair value.

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX C

ACCOUNTING STANDARDS REFERENCED BY THE CODE OF PRACTICE

The Code of Practice is based on approved accounting standards and also reflects specific statutory accounting requirements. Compliance with the Code is therefore necessary (except in exceptional circumstances) in order that an authority's accounts give a 'true and fair' view of the financial position, financial performance and cash flows of the authority.

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2015 (as adopted by the EU) apply unless specifically adapted by the Code.

IFRS's are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments.

International Financial Reporting Standards comprise:

- Financial Reporting Standards (FRS);
- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- International Financial Reporting Interpretations Committee (IFRIC); and
- Standing Interpretations Committee (SIC).

A further set of interpretations, specifically for the Public Sector, are International Public Sector Accounting Standards (IPSAS).

There are also some UK GAAP accounting standards that remain relevant to Local Authorities as they have no equivalent standard under IFRS and the Code interprets them accordingly.

The paragraphs below give a brief description of the accounting standards that are referred to in CIPFA's Code of Practice. Where relevant, interpretations have been grouped with the standard that they are interpreting.

Financial Reporting Standards (FRS):

Accounting Standard	Link	Accounting Standard	Link
FRS 25 – Financial Instruments: Presentation	FRS 25	**FRS 26** – Financial Instruments: Recognition & Measurement	FRS 26
FRS 29 – Financial Instruments: Disclosures	FRS 27	**FRS 102** – The Financial Reporting Standard Applicable in the UK	FRS 102

International Accounting Standards (IAS)

Accounting Standard	Link	Accounting Standard	Link
IAS 1 – Presentation of Financial Statements	IAS 1	**IAS 2** – Inventories	IAS 2
IAS 7 – Statement of Cash Flows	IAS 7	**IAS 8** – Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IAS 10 – Events After the Reporting Period	IAS 10	**IAS 11** – Construction Contracts	IAS 11
IAS 12 – Income Taxes	IAS 12	**IAS 16** – Property, Plant and Equipment	IAS 16
IAS 17 – Leases	IAS 17	**IAS 18** – Revenue	IAS 18
IAS 19 – Employee Benefits	IAS 19	**IAS 20** – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20
IAS 21 – Effects of Changes in Foreign Exchange Rates	IAS 21	**IAS 23** – Borrowing Costs	IAS 23
IAS 24 – Related Party Disclosures	IAS 24	**IAS 26** – Retirement Benefit Plans	IAS 26
IAS 27 – Consolidated and Separate Financial Statements	IAS 27	**IAS 28** – Investments in Associates & Joint Ventures	IAS 28
IAS 29 – Financial Reporting in Hyperinflationary Economies	IAS 29	**IAS 32 -** Financial Instruments: Presentation	IAS 32
IAS 36 – Impairment of Assets	IAS 36	**IAS 37** – Provisions, Contingent Liabilities and Assets	IAS 37
IAS 38 – Intangible Assets	IAS 38	**IAS 39 -** Financial Instruments: Recognition & Measurement	IAS 39
IAS 40 – Investment Property	IAS 40	**IAS 41** – Agriculture	IAS 41

STATEMENT OF ACCOUNTS 2021/22

International Financial Reporting Standards (IFRS)

Accounting Standard	Link	Accounting Standard	Link
IFRS 2 – Share Based Payment	IFRS 2	**IFRS 3** – Business Combinations	IFRS 3
IFRS 4 – Insurance Contracts	IFRS 4	**IFRS 5** – Non-Current Assets Held for Sale and Discontinued Operations.	IFRS 5
IFRS 6 – Exploration for and Evaluation of Mineral Resources	IFRS 6	**IFRS 7** – Financial Instruments: Disclosures	IFRS 7
IFRS 8 – Operating Segments	IFRS 8	**IFRS 9** – Financial Instruments	IFRS 9
IFRS 10 - Consolidated Financial Statements	IFRS 10	**IFRS 11 -** Joint Arrangements	IFRS 11
IFRS 12 - Disclosure in Other Entities	IFRS 12	**IFRS 13 -** Fair Value Measurement	IFRS 13
IFRS 15 – Revenue from Contracts with Customers	IFRS 15		

International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Link	Accounting Standard	Link
IFRIC 1 - Changes in Existing Decommissioning, Restoration & Similar Liabilities	IFRIC 1	**IFRIC 4** – Determining Whether an Arrangement Contains a Lease.	IFRIC 4
IFRIC 5 - Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	IFRIC 5	**IFRIC 6 -** Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	IFRIC 6
IFRIC 7 - Applying the Restatement Approach Under IAS 29	IFRIC 7	**IFRIC 12** – Service Concession Arrangements	IFRIC 12
IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 - Employee Benefits)	IFRIC 14	**IFRIC 21 -** Levies	IFRIC 21

Standing Interpretations Committee (SIC)

Accounting Standard	Link	Accounting Standard	Link
SIC 15 - Operating Leases: Incentives	SIC 15	**SIC 25 -** Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	SIC 25
SIC 27 - Evaluating the Substance of Transactions Involving The Legal Form of a Lease	SIC 27	**SIC 29 -** Disclosure - Service Concession Arrangements	SIC 29
SIC 32 - Intangible Assets: Web Site Costs	SIC 32		

International Public Sector Accounting Standards (IPSAS)

Accounting Standard	Link	Accounting Standard	Link
IPSAS 1 - Presentation of Financial Statements	IPSAS 1	**IPSAS 2 -** Cash Flow Statements	IPSAS 2
IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors	IPSAS 3	**IPSAS 4 -** Effects of Changes in Foreign Exchange Rates	IPSAS 4
IPSAS 5 - Borrowing Costs	IPSAS 5	**IPSAS 9 -** Revenue From Exchange Transactions	IPSAS 9
IPSAS 10 - Financial Reporting in Hyperinflationary Economies	IPSAS 10	**IPSAS 11 -** Construction Contracts	IPSAS 10
IPSAS 12 - Inventories	IPSAS 12	**IPSAS 13 -** Leases	IPSAS 13
IPSAS 14 - Events After the Reporting Period	IPSAS 14	**IPSAS 16 -** Investment Property	IPSAS 16
IPSAS 17 - Property, Plant and Equipment	IPSAS 17	**IPSAS 19 -** Provisions, Contingent Liabilities and Assets	IPSAS 19
IPSAS 20 - Related Party Disclosures	IPSAS 20	**IPSAS 21 -** Impairment of Non Cash Generating Assets	IPSAS 21
IPSAS 23 – Revenue From Non-Exchange Transactions (Taxes & Transfers)	IPSAS 23	**IPSAS 25 -** Employee Benefits	IPSAS 25
IPSAS 26 - Impairment of Cash Generating Assets	IPSAS 26	**IPSAS 27 -** Agriculture	IPSAS 27
IPSAS 28 - Financial Instruments: Presentation	IPSAS 28	**IPSAS 29 -** Financial Instruments: Recognition & Measurement	IPSAS 29
IPSAS 30 - Financial Instruments: Disclosures	IPSAS 30	**IPSAS 31 -** Intangible Assets	IPSAS 31
IPSAS 32 - Service Concession Arrangements: Grantor	IPSAS 32	**IPSAS 34 -** Separate Financial Statements	IPSAS 34
IPSAS 35 - Consolidated Financial Statements	IPSAS 35	**IPSAS 36 -** Investments in Associates and Joint Ventures	IPSAS 36
IPSAS 37 - Joint Arrangements	IPSAS 37	**IPSAS 38 -** Disclosure of Interests	IPSAS 38
IPSAS 39 - Employee Benefits	IPSAS 39		

TECHNICAL ANNEX D

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

An authority shall 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. An authority shall provide known or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Authority's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2021 for 2021/22).

The standards that may be relevant for additional disclosures that will be required in the 2021/22 financial statements in respect of accounting changes that are introduced in the 2021/22 Code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

It is unknown at this time as to whether the above amendments will have a material effect on the Authority. Subsequent years' Statement of Accounts will detail any material change in accounting policy.

TECHNICAL ANNEX E

STATUTORY SOURCES

Great Britain Legislation
1 Local Government and Housing Act 1989 *(including HRA in England and Wales)*
2 Local Government Finance Act 1992 *(Council tax)*
3 Waste and Emissions Trading Act 2003 *(Landfill allowances)*
England & Wales Legislation
1 Local Government Act 1972
2 Superannuation Act 1972 *(Pension funds)*
3 Local Government Finance Act 1988 *(General Fund and Collection Fund)*
4 Local Government and Housing Act 1989
5 School Standards and Framework Act 1998 *(School balances)*
6 Transport Act 2000
7 Education Act 2002 *(Dedicated Schools Grant)*
8 Local Government Act 2003, Part 1 *(Capital finance and accounts)*
9 Local Government Act 2003, Part IV *(Business Improvement Districts)*
10 Waste and Emissions Trading Act 2003
11 Public Audit (Wales) Act 2004
12 National Health Service Act 2006
13 National Health Service (Wales) Act 2006
14 Planning Act 2008 *(Community Infrastructure Levy)*
15 Business Rate Supplements Act 2009
16 The Local Audit and Accountability Act 2014
17 The Accounts and Audit (Wales) Regulations 2014 (Welsh SI)

STATEMENT OF ACCOUNTS 2021/22
TECHNICAL ANNEX F

GLOSSARY OF TERMS

Terms Used	Definition of Terms
Accrual	The accruals concept requires that the cost or benefit of a transaction is shown in the period in which the goods or services are received or provided, rather than when the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Amortisation	The term used to describe the charge made for the cost of using intangible assets. The charge for the year will represent the consumption of economic benefit.
Asset	Right or other access to future economic benefits.
Budgets	A statement of the Authority's forecast spend - i.e. net revenue expenditure for the year.
Capital Expenditure	Expenditure on the acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing non-current asset.
Capital Grant	A grant that is intended to fund capital expenditure.
Capital Receipts	Proceeds or money received from the sale of land or other capital assets.
Comprehensive Spending Review (CSR)	A governmental process in the carried out by HM Treasury firm expenditure limits and, through public service agreements and define the key improvements that the public can expect from these resources.
Contingent Liability	A condition which exists at the Balance Sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.
Defined Benefit Scheme	Also known as a final salary scheme. Pension scheme arrangement where the benefits payable to members are determined by the scheme rules. In most cases, there is a compulsory members' contribution but over and above this, all costs of meeting the quoted benefits are the responsibility of the employer.
Depreciation	The measure of the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.
De-recognition	The process upon which assets are no longer deemed to be controlled by the Authority either by sale, demolition or any other form of disposal.
Earmarked Reserves	Reserve balances that have been set aside for future spending in a specific service area.
Exceptional Item	Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.
Fair Value	Usually, the amount that would be paid for an asset in an active market. However, where there is no market for a certain asset e.g. a fire station, other methods to determine fair value are used.
Finance Lease	A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Authority, in return for rental payments to the legal owner of the asset.
Non-Current Assets	These are tangible assets used by the Authority in the provision of services that yield benefits to the Authority for a period of more than one year.
General Fund Services	This comprises all services provided by the Authority. The net cost of General Fund services is met by Council Tax, Government Grants and Non-Domestic Rates.
Historic Cost	This represents the original cost of acquisition, construction or purchase of a non-current asset.
IFRS	'International Financial Reporting Standards' (IFRS) are statements issued by the International Accounting Standards Board (IASB) that seek to ensure consistency in the treatment of accounting issues.
Impairment	A reduction in the value of a non-current asset caused by general changes in market values or consumption of economic benefits.
Intangible Assets	Non-Current Assets which do not have physical form, such as software.
Liabilities	An obligation to transfer economic benefits.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statement as a whole.
Minimum Revenue Provision	This is the minimum amount that must be charged to the Authority's Comprehensive Income and Expenditure Statement each year to provide for the repayment of loans used to finance capital expenditure. The minimum amount is a percentage of the total Capital Financing Requirement.
Net Current Replacement Cost	This represents the cost of replacing or recreating a particular asset in its existing condition and in its existing use. That is the cost of replacing an asset, adjusted to reflect the current condition of the existing asset.
Net Realisable Value	The open market value of an asset in its existing use less any expenses incurred in realising the asset.
Non-Domestic Rates	These are business rates collected locally by the Authority but paid into a national pool. The rates are subsequently redistributed by Central Government as a grant to fund local authority services.
Operating Lease	A lease other than a finance lease.
Operational Assets	These are non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a responsibility.
Precepts	The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Civil Defence Authorities and which is collected on their behalf by the Authority.
Provisions	Potential costs that the Authority may incur in future years, based on a past event which is likely to be incurred and a reliable estimate can be made.
Public Works Loan Board	A Government agency that provides long term loans to local authorities at interest rates lower than prevailing market rates.
Recharges	The transfer of costs within the Authority from one account to another to reflect work undertaken on behalf of another service.
Recognition	The process upon which assets are deemed to belong to the Authority either by means of purchase, construction or other form of acquisition.
Reserves	Revenue reserves are amounts set aside from balances to meet specific items of future expenditure. Certain other reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Authority.
Revenue Contributions	A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement.
Revenue Expenditure	This represents day to day running costs incurred in the provision of Authority services. Such costs include employee costs and supplies and services.
Revenue Support Grant	A grant paid to the Authority by Central Government to finance the Authority's general expenditure 'needs' and not specific services, after taking into account the level of Council Tax and NNDR income.