

**NORTH YORKSHIRE POLICE, FIRE & CRIME COMMISSIONER  
(FIRE & RESCUE AUTHORITY)  
STATEMENT OF ACCOUNTS**

**12 MONTH PERIOD TO THE 31st MARCH 2019**

	Page
Narrative Report	1
Auditors Report (to insert - 3 pages)	12
Statement of Responsibilities for the Statement of Accounts	15
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	18
Balance Sheet	19
CashFlow Statement	20
Notes to the Financial Statements	21
Pension Fund Accounts:	
Fund Account	75
Net Assets Statement	76
Notes to the Pension Fund Accounts	77
Glossary of Terms	80

**AUTHORISED (UNAUDITED)**

## **NARRATIVE REPORT**

### **1. INTRODUCTION**

2018/19 was an important year for the Authority. The Home Secretary announced on the 13th June 2018 that the elected Police and Crime Commissioner for North Yorkshire would take on the governance of North Yorkshire Fire and Rescue Service. The legislation to enable this to come into effect was passed, and the new arrangements took place on the 15th November 2018.

On this date, the North Yorkshire Fire Authority, made up of elected members of North Yorkshire County Council and the City of York ceased to exist, and the Office of the Police, Fire and Crime Commissioner (OPFCC) for North Yorkshire took on governance of the Service and the Authority was transferred and renamed as North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority), or NYPFCC FRA.

The transferred Authority remained a going concern with all its assets, liabilities and obligations unchanged. The Authority's finances remain completely separate from the arrangements for both OPFCC for North Yorkshire and the North Yorkshire Police Force.

These are the first statutory accounts to be prepared under the new arrangements. From a technical perspective, these accounts are therefore prepared under FRS6 Mergers and Acquisitions assuming that the new Authority has been in existence for the whole of the 2018/19 financial year. All of the financial transactions of the Service have been recognised within this Statement of Accounts.

This narrative report provides an overview of the new accounting arrangements and outlines the financial and non financial performance of the Authority during 2018/19. It also acts as a guide to the most significant matters impacting on the Authority's finances and provides an explanation of the key financial statements making them easier to understand.

### **2. THE STATEMENT OF ACCOUNTS**

The accounting arrangements between the PFCC FRA and the Service during the financial year are that the PFCC FRA is responsible for the finances of the Service and controls the assets, liabilities and reserves which were transferred from the previous Fire Authority on 15th November 2018. The PFCC FRA receives funding from Central Government and precept from local councils.

The Statement of Accounts cover the year ended 31st March 2019 and are in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code) issued by CIPFA and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by the Code. The Code is based upon International Financial Reporting Standards (IFRS). The Statements required by the Code are detailed below along with the objective of each:

- (a) the **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the PFCC FRA, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The (Surplus) or Deficit on the provision of services line shows the true economic cost of providing services. This is different from the statutory amounts required to be charged to

the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked reserves line shows the statutory General Fund Balance for council tax setting purposes.

- (b) the **Comprehensive Income and Expenditure Statement** shows the accounting cost of providing the service in year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. PFCC FRA's raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

An example of expenditure included within the accounting cost but not funded from precept is the cost of depreciation on the Authority's Property, Plant and Equipment of £1,963,000 in 2018/19 charged to the net cost of services within the Comprehensive Income and Expenditure Statement (CIES). However, this charge is not funded from Council Tax, nor is it included in the Net Service Expenditure reported within the Summary of Revenue Spending in paragraph 4 of this Narrative Report. A reconciliation of how the Net Service Expenditure relates to the amounts included within the CIES is shown within the Expenditure and Funding Analysis in Note 6 to the financial statements.

- (c) the **Balance Sheet** shows the values as at 31st March 2019 of the assets and liabilities recognised by the Authority.

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

- (d) the **Cashflow Statement** shows the changes in cash and cash equivalents of the Authority during the financial year. 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 Authority's services are funded by way of taxation, grant income or income generated from services provided.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Authority.

- (e) the **Pension Fund Accounts** show the income and expenditure during the financial year of the Firefighters Pension Fund and the financial position of the Fund on 31st March 2019.

- (f) **the Statement of Accounting Policies** explains the principles, bases, conventions and rules applied by the Authority when preparing the Statement of Accounts. The statement can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years are shown below.

### **3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS**

- (a) There have been the following changes in accounting policy in 2018/19:

#### **IFRS 9 Financial Instruments**

- (i) IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. Whilst the new standard has significant implications for the classification and measurement of financial assets including a new approach to the impairment of such assets, it does not have a material impact on the information within the Authority's financial statements. The Authority currently holds two categories of financial assets being Cash and Cash Equivalents and Debtors. Classification under the new standard is based upon the characteristics of the assets as well as the overarching investment strategy within which any investments can be made. There was no change to the Authority's asset classification under the new standard. The impact of the change in impairment methodology which applies an 'expected credit loss' approach to financial assets does not have a material impact on the Authority's impairment of bad debts.

IFRS has resulted in some minor presentational changes in the Financial Instruments Notes 29 and 30 to the Financial Statements.

- (ii) **IFRS 15 - Revenue from Contracts with Customers including amendments to IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with customers**

IFRS 15 replaced IAS 11 Construction Contracts and IAS 18 Revenue and related interpretations. The core principle underlying the new standard is that an entity should recognise income in a manner that depicts the pattern of transfer of goods and services to customers. The recognition includes an assessment of the performance obligations of the contract and distinguishes between performance obligations that are satisfied at a 'point in time' and those 'over time'.

The standard covers all contracts with customers except leases, financial instruments and insurance contracts. It also excludes Council Tax and NNDR income and Government Grants. Hence this standard has limited and an immaterial impact on the Authority's financial statements, it receiving limited income from contracts with customers for the provision of goods and services.

- (iii) **Amendments to IAS 7 Statement of Cashflows: Disclosure Initiative**

This amendment requires that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. To fulfil this requirement, a reconciliation between the opening and closing balances is provided within Note 29 to the financial statements.

- (b) **Accounting Standards that have been issued but not yet adopted by the Authority**

The Code requires changes in accounting policy to be applied retrospectively unless otherwise specified. In addition, an authority is required to disclose information relating to the impact of an accounting change that will be required by a new standard which has been

issued but not yet adopted. There are no such standards issued at this time that are applicable to the Authority.

#### 4. **SUMMARY OF REVENUE SPENDING 2018/19**

The Authority incurred revenue expenditure during the year which is generally spent on items which are consumed within the financial year and is financed from Precepts, Government Grants and other income. A forecast of outturn compared to budget with narrative detail is reported throughout the year.

The Budget for 2018/19 and a comparison with the actual position as at 31st March 2019 is set out below:

	<b>Approved Budget £000</b>	<b>Actual £000</b>	<b>(Under)/ Overspend £000</b>
<b><u>Funding</u></b>			
Funding for Net Budget Requirement	(29,970)	(30,041)	(71)
Specific Grants	(1,601)	(1,651)	(50)
General Income	(480)	(650)	(170)
<b>Total Funding</b>	<b>(32,051)</b>	<b>(32,342)</b>	<b>(291)</b>
<b><u>Expenditure</u></b>			
Wholetime Firefighters	13,049	12,960	(89)
Retained Firefighters	2,711	2,641	(69)
Administrative, Technical & Clerical	3,504	3,184	(319)
Control Room Staff	763	701	(62)
<b>Total Direct Staff Costs</b>	<b>20,026</b>	<b>19,486</b>	<b>(540)</b>
Indirect Staff Costs	489	493	4
Members Expenses	81	49	(32)
Premises	2,108	2,144	36
Transport	914	917	3
Supplies and Services	2,914	3,113	199
Operating Leases	219	212	(7)
External Service Agreements	218	228	10
PFI	718	745	27
<b>Total Indirect Staff and Non Staff Costs</b>	<b>7,661</b>	<b>7,902</b>	<b>241</b>
<b>Pensions</b>	<b>3,020</b>	<b>2,901</b>	<b>(119)</b>
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGES</b>	<b>30,706</b>	<b>30,289</b>	<b>(417)</b>
Provision For Debt Repayment	1,480	1,454	(26)
External Interest	1,074	1,019	(55)
Revenue Contribution to Capital	-	69	69
<b>Total Capital Charges</b>	<b>2,554</b>	<b>2,542</b>	<b>(13)</b>
<b><u>TOTAL EXPENDITURE</u></b>	<b>33,260</b>	<b>32,830</b>	<b>(430)</b>
<b>(Surplus)/Deficit before Reserve Transfers</b>	<b>1,210</b>	<b>489</b>	<b>(721)</b>
Transfer from Revenue Budget Support Reserve	(1,210)	(1,210)	0
Other Transfers to/(from) Earmarked Reserves	-	217	217
<b>Provisional Outturn 2018/19</b>	<b>0</b>	<b>(504)</b>	<b>(504)</b>
Transfer to the General Fund as 31st March 2019	-	504	504
	<b>0</b>	<b>0</b>	<b>0</b>

The Budget for 2018/19 set in February 2018 included a planned transfer from reserves of £1,210,000 to support an imbalance of expenditure requirements against funding available. However as at the year end, an underspend of £504,000 against the budget had occurred. Rural Services Grant from the Government was £100,000 greater than expected at budget setting, and specific grants £51,000 greater. Unbudgeted general income of £170,000 was received in year primarily from interest receivable on investments (£34,000), from joint use building agreements (£51,000) and a HMRC refund of national insurance (£57,000).

The majority of expenditure (around 70%) is spent on core firefighting and operations which in addition to all operational responses includes the costs of answering emergency calls, the fleet of fire appliances and operational equipment used.

The Employees budget underspent by £540,000 primarily due to vacancies across all staff groups and also some reduction in incident activity during the year. The underspend also reflects savings in year of £88,000 from a review of the Senior Management structure.

The Supplies and Services budgets overspent by £199,000 primarily due to unforeseen water hydrant repairs (£114,000), the cost of Consultants' used on capital projects (£19,000) and also fire safety prosecutions (£21,000). The cost of the Authority's share in relation to the Consultancy costs of the Transform 2020 programme currently running across North Yorkshire Fire and Police services was £63,000. It is envisaged that this cost will be recouped through the transformation savings generated.

The underspend of £504,000 was transferred to the General Fund Balance at the year end alongside planned transfers between earmarked reserves and the Revenue Budget.

The PFCC approved a Reserves Strategy in February 2019 following a review of the reserves that transferred in November 2018. As part of this strategy, £2,184,000 from the General Fund Balance was transferred to create earmarked reserves required to support the Authority's Medium Term Financial Plan over the period 2019/20 to 2022/23 approved the same time.

The table below sets out these movements. Following all transfers, the General Fund Balance at the 31st March 2019 was £995,000 (being 3.1% of the Net Budget Requirement for 2019/20. Total cashable revenue reserves as at 31st March 2019 were £6,158,000.

	<b>Opening Reserves at 1/4/2018 £000</b>	<b>Reserve Strategy Transfers £000</b>	<b>Year End Transfers £000</b>	<b>Closing Reserves at 31/3/2019 £000</b>
<u>Earmarked Reserves:</u>				
Pensions	1,101	544	-	1,645
Pay & Price	2,636	(2,024)	-	612
New Developments	103	415	(27)	491
Earmarked Revenue Grants	132	(77)	(55)	0
Revenue Budget Support	-	3,246	(1,210)	2,036
Insurance	-	80	-	80
Recruitment	-	0	300	300
<b>Total Earmarked Reserves</b>	<b>3,972</b>	<b>2,184</b>	<b>(992)</b>	<b>5,163</b>
General Fund Balance	2,675	(2,184)	504	995
<b>Total Revenue Reserves</b>	<b>6,647</b>	<b>0</b>	<b>(488)</b>	<b>6,158</b>

## 5. CAPITAL EXPENDITURE

In the year ended 31 March 2019, the Authority spent £1,919,000 on capital expenditure and a comparison with the original approved Capital Plan is set out below:

	Approved Plan £000	Actual £000	(Under)/ Overspend £000
<b>Vehicles</b>			
Fire Appliances	1,281	247	(1,033)
Aerial Appliances	1,167	637	(530)
4 x 4 vehicles	30	-	(30)
Trailers	14	12	(2)
Globetrotter	150	0	(150)
Tactical Response Vehicles	-	35	35
Cars	-	7	7
<b>Sub Total Vehicles</b>	<b>2,642</b>	<b>937</b>	<b>(1,704)</b>
<b>Property Schemes</b>			
Minor Works	170	173	3
Major Schemes	731	412	(318)
<b>Sub Total Property</b>	<b>901</b>	<b>585</b>	<b>(316)</b>
<b>IT Strategy</b>	<b>1,617</b>	<b>397</b>	<b>(1,219)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>5,159</b>	<b>1,919</b>	<b>(3,240)</b>

Actual capital expenditure was therefore £3,240,000 less than the plan approved in February 2018 and subsequently revised in June 2018. The principal reasons for this were:

- As part of the identification of future savings, a review of the capital programme in November 2018 resulted in £400,000 being removed in respect of work at Northallerton site on a fall back control facility.
- A delay in the procurement phase of the Core Hardware Infrastructure Replacement Project (CHIRP) meant that only £68,000 was spent against an original budget of £1,069,000.
- There were delays in the purchase of Vehicles both during the specification and delivery phases in year resulting in underspends of £1,030,000 on Fire Appliances and £530,000 on Aerial Ladder Platforms.

As a result, £1,646,000 of the underspend which occurred in 2018/19 has been carried forward into the 2019/20 programme.

## 6. CAPITAL FUNDING AND BORROWING

Capital expenditure in 2018/19 was funded as follows:

	Approved Plan £000	Actual £000	(Under)/ Overspend £000
<b>FUNDING</b>			
Capital Receipts	1,164	369	(795)
Revenue Contribution to Capital	-	69	69
Capital Contributions (NYP)	-	57	57
External Borrowing	3,365	-	(3,365)
Internal Borrowing	630	1,424	794
<b>TOTAL FUNDING</b>	<b>5,159</b>	<b>1,919</b>	<b>(3,240)</b>

### (a) External Borrowing

Total external borrowing at 31st March 2019 was £13,801,200, all of which has been for capital purposes, and is equivalent to £16.97 per head of population. No new external borrowing was taken during 2018/19.

### (b) Internal borrowing

The Authority undertook internal borrowing of £1,424,300 in respect of the 2018/19 capital programme. This option is possible because of the Authority's cash balance with a daily average of £9,250,000 in 2018/19. This consists of cash flows generated (e.g. creditors), core cash held in reserves, and cash built up through the provision for the repayment of existing debt, the majority of which is on a maturity basis. Over the next two to three years, investment rates are expected to continue to be below long term borrowing rates. Value for money can therefore be obtained by delaying external borrowing and using internal cash balances to finance new capital expenditure.

## 7. PENSION SCHEMES

As part of the terms and conditions of employment of officers and employees, the Authority offers retirement benefits in accordance with national benefits and schemes. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be recognised and disclosed at the time that employees earn their future entitlement.

The Authority participates in four pension schemes:

- (a) Firefighters Pension Schemes which are unfunded schemes, meaning that there are no assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The three schemes administered by the Authority are the Firefighters Pension Scheme 1992 (FPS), New Firefighters Pension Scheme 2006 (NFPS) and the Firefighters Pension Scheme 2015.
- (b) The Local Government Pension Scheme (LGPS) for Support staff administered by North Yorkshire County Council. It is a funded benefit scheme meaning that the Authority and employees pay contributions into a fund calculated at a level to balance the pension liabilities with investment assets.



The Authority's pension liability as at 31st March 2019 has been calculated by its Actuaries, in accordance with IAS19, to be £383,557,000 which shows the underlying commitments that the Authority has in the long term to pay retirement benefits. The liability has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. The impact results in a negative net worth of £354,646,000. However, statutory arrangements in place for funding the deficit mean that the financial position of the Authority remains healthy because:

- (i) finance is only required to be raised to cover Firefighters' pensions when the pensions are actually due to be paid. Regular monitoring of movements relating to retirements is carried out in order to accurately forecast when retirements and payments will occur.
- (ii) the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary.

## **8. POLICE, FIRE AND CRIME PLAN AND ANNUAL REPORT**

The Police and Crime Commissioner (PCC) took on the responsibility of the Fire and Rescue Service on the 15th November 2018 and work has therefore begun on producing first Fire and Rescue Plan under the PFCC.

The Police, Fire and Crime Commissioner (PFCC) must produce a Fire and Rescue Plan as set out in the Fire and Rescue National Framework for England. The Plan should set out the PFCC's strategic vision, priorities and objectives for their fire and rescue service over the period of the document in connection with the discharge of their functions.

In developing the plan, the PFCC must make arrangements for obtaining the view of the community as they currently do in preparing their Police and Crime Plan. The Government's expectation is that this plan should inform the Integrated Risk Management Plan which should in turn outline how the PFCC's priorities will be met.

### **The draft plan**

The Commissioner's draft North Yorkshire Fire and Rescue Plan 2019-2021 is available on the Commissioner's website for comment.

In addition, the Fire and Rescue Service will work towards establishing a new set of values that better align to the purpose and future ambitions of the organisation, in line with staff and public/stakeholder feedback. This is an ongoing process in close collaboration with the Service, and as such the Plan will be refreshed with the new values in due course.

### **Consultation process**

To identify and shape the draft priorities and objectives for inclusion in the Plan, the OPFCC has undertaken extensive background research and consultation including;

- (a) Phase 1: desk research (December 2018 -February 2019)
- (b) Phase 2: consultation roadshows and workshops (February-March 2019)

The outcomes from Phases 1 and 2 identified four draft priority areas with objectives. These priorities broadly align with those within the current Police and Crime Plan:

- Caring about the vulnerable
- Ambitious collaboration
- Realising our potential
- Effective engagement

The Commissioner will then produce an Annual Report which is an assessment of the progress against the Fire and Rescue Plan.

An Annual Fire Statement of Assurance covering financial, governance and operational matters shows how she has had due regard to the expectations set out in the Integrated Risk Management Plan and the requirements included in the Fire and Rescue requirements included in the Fire and Rescue National



Beyond 2020/21 the Fire and Rescue Plan will be integrated into a Police Fire and Crime Plan.

9. **NON FINANCIAL PERFORMANCE DATA**

(a) **Incidents**

Overall in 2018/19 the service attended 711 more incidents compared to 2017/18 as shown in the tables below:

	2018/19	2017/18
Total number of incidents we have attended	7,124	6,413
Fires	2,054	1,812
Special Services (e.g. People trapped in vehicles)	1,626	1,498
False Alarms	3,444	3,103

	Number of total fires attended	<b>From 2017/18</b> Up by 16%
	Number of animals rescued	Up by 43%
	Number of malicious calls attended	Up by 35%
	Number of automatic false alarms attended	Up by 12%
	Number of fires in domestic buildings	<b>From 2017/18</b> Down by 16%
	Number of people injured in fires	Down by 16%
	Number of flooding incidents	Down by 24%

Whilst the Service saw increases in malicious calls (by 35%) and animal rescues (by 43%), there were notable decreases of 16% in both domestic building fires and fire injuries. It is encouraging to note that no accidental fire deaths were reported during the past 12 months, which is a decrease from 3 in the previous year.

The Service has seen a 13% increase in road traffic collisions during the year leading to an increase in rescues performed however the number of people killed or seriously injured (KSI) is comparable to the previous year (a reduction of 2 from 106 in 2017/18).

The increase in the number of agricultural animal rescues is commensurate with the introduction of two additional large animal rescue units being introduced into the Service.

## (b) Response

The response model sets out the four parameters of fire cover for the Service based on Fire appliances available, which forms part of the overall resilience arrangements.

Critical	Minimum	Optimum	Maximum
< 32 avail	(32 to 37 available)	(38 to 45 available)	(all 46 available)

Whilst the desire is to maintain full availability where possible, it is recognised that the requirement of 46 appliances provides the ability to manage a number of simultaneous incidents, long term sustainability for protracted incidents and to maintain competence levels through training. Therefore on a normal daily basis, the optimum level is acceptable to enable the Service to cover these requirements. In 2018/19 optimum crewing levels were maintained 71% of the time which was achieved by utilising the Operational Staffing Reserve and other available staffing resources to maximise benefit on a daily basis.

Average attendance times are set out in the table below, calculated from the time of call to the time that the first appliance arrives at the scene. The information shows the average times for a station appliance to arrive at an incident as the first attending appliance, in their own station areas. There are a number of factors that will influence the time, such as time for on call crews to respond and book mobile and the travel time to the incident.

Average attendance times per duty system	
Shift	7m 32s
Day crew	9m 48s
RDS	13m 24s
Overall average	10m 14s

## (c) Prevention (Community Safety)

In 2018/19 the service carried out 3,263 home fire safety visits (an 11% increase from 2017/18):

- 40% of homes visited had no working smoke alarms and in these instances the appropriate number of smoke alarms were fitted before leaving the property
- 21% of homes visited had an occupant who may find it difficult to escape in the event of a fire. A referral to other agencies for support can be agreed and a variance to the response in case of emergency put in place.
- 19% of the homes visited had one or more occupants that smoked. Smoking is identified as a potential fire risk factor and advice or a referral can be provided.

## (d) Protection (Business Fire Safety)

Fire safety audits are used to assess whether a building complies with the relevant fire safety legislation. During 2018/19, there were 1,112 fire safety audits carried out by the Service, a 37% decrease compared to the previous year. However, this was largely due to an exceptional increase the previous year due to additional audits undertaken following the tragic Grenfell Towers fire.

There are a number of outcomes following a fire safety audit including Satisfactory, Notification of Deficiencies, Enforcement, Prohibition or Prosecution. The table below shows the outcomes during 2018/19 compared to 2017/18. It is worth noting that for enforcement and prohibitions, the date applies to the date of serving the notice. Where a

prosecution is recorded, this represents the date of the first court appearance. There is a significant amount of work that is carried out prior to this point.



10. FURTHER INFORMATION

Under Sections 25 and 26 of the Local Audit and Accountability Act 2014 (the Act) interested parties and local government electors have the right to inspect the Authority's accounts and supporting documents, and to question the auditor, or make objections to matters contained in them. The times at which the accounts are deposited for inspection are advertised on the Commissioner's website

Every effort has been made to ensure the accuracy of these accounts and compliance with accounting requirements.

The Authority's external auditors are:  
Mazars LLP  
Salvus House  
Durham  
DH1 5TS

M Porter - Chief Finance Officer

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS  
OF NORTH YORKSHIRE POLICE, FIRE & CRIME COMMISSIONER  
(FIRE & RESCUE AUTHORITY)**

**The responsibilities of the Police, Fire and Crime Commissioner for North Yorkshire**

The Police, Fire and Crime Commissioner is required:

- a) 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 Chief Finance Officer.
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c) to approve the Statement of Accounts.

**The responsibilities of the Police, Fire and Crime Commissioner's Chief Finance Officer:**

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

In preparing this statement of accounts, the Chief Finance Officer has:

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent; and
- c) complied with the Code of Practice.

The Chief Finance Officer has also:

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

**Certificate by the Police, Fire and Crime Commissioner's Chief Finance Officer**

I certify that the financial statements set out on pages 16 to 79 present a true and fair view of the financial position of North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) as at 31st March 2019 and its income and expenditure for the year then ended.

Signed:  Date: 24th May 2019

M Porter

Chief Finance Officer for the Police, Fire & Crime Commissioner for North Yorkshire

The Statement of Accounts was approved by Police, Fire and Crime Commissioner for North Yorkshire

Signed: ..... Date: .....

J Mulligan

Police, Fire & Crime Commissioner for North Yorkshire

**MOVEMENT IN RESERVES STATEMENT 2018/19**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves (Note 21) £000	Total Authority Reserves £000
<b>Balance at 31 March 2018</b>	<b>2,674</b>	<b>3,973</b>	<b>1,164</b>	<b>7,811</b>	<b>(346,085)</b>	<b>(338,275)</b>
Movements in Reserves during 2018/19						
<b>Total Comprehensive Income and Expenditure</b>	<b>(14,875)</b>	<b>0</b>	<b>0</b>	<b>(14,875)</b>	<b>(1,495)</b>	<b>(16,370)</b>
Adjustments between accounting basis & funding basis under regulations ( <b>Note 5</b> )	14,387	-	(370)	14,017	(14,018)	0
<b>Net increase/(decrease) before Transfers to earmarked reserves</b>	<b>(487)</b>	<b>0</b>	<b>(370)</b>	<b>(857)</b>	<b>(15,513)</b>	<b>(16,370)</b>
Transfers to / (from) Earmarked Reserves ( <b>Note 19</b> )	(1,192)	1,192	-	0	-	0
<b>Increase / (Decrease) in 2018/19</b>	<b>(1,679)</b>	<b>1,192</b>	<b>(370)</b>	<b>(857)</b>	<b>(15,513)</b>	<b>(16,370)</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>995</b>	<b>5,163</b>	<b>794</b>	<b>6,954</b>	<b>(361,598)</b>	<b>(354,646)</b>

**MOVEMENT IN RESERVES STATEMENT 2018/19**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves (Note 21) £000	Total Authority Reserves £000
<b>Comparative Year:</b>						
Balance at 31 March 2017	2,669	4,003	1,491	8,163	(331,619)	(323,455)
Movements in Reserves during 2017/18						
<b>Total Comprehensive Income and Expenditure</b>	(14,874)	-	-	(14,874)	56	(14,819)
Adjustments between accounting basis & funding basis under regulations ( <b>Note 5</b> )	14,850	-	(327)	14,522	(14,522)	0
<b>Net increase/(decrease) before transfers to earmarked reserves</b>	(25)	0	(327)	(352)	(14,467)	(14,819)
Transfers to / (from) Earmarked Reserves ( <b>Note 19</b> )	30	(30)	-	0	-	0
<b>Increase / (Decrease) in 2017/18</b>	5	(30)	(327)	(352)	(14,467)	(14,819)
<b>Balance at 31 March 2018 carried forward</b>	2,674	3,973	1,164	7,811	(346,085)	(338,275)

**COMPREHENSIVE INCOME & EXPENDITURE STATEMENT**  
**FOR YEAR ENDED 31st MARCH 2019**

<b>2017/18</b>				<b>2018/19</b>		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
36,511	(1,610)	34,900	Fire Services	36,832	(1,820)	35,012
<b>36,511</b>	<b>(1,610)</b>	<b>34,900</b>	<b>Net Cost Of Services</b>	<b>36,832</b>	<b>(1,820)</b>	<b>35,012</b>
<b>Other Operating Expenditure</b>						
(Gain)/loss on the Disposal of						
4	-	4	non current assets	1	-	1
<b>4</b>	<b>0</b>	<b>4</b>		<b>1</b>	<b>0</b>	<b>1</b>
<b>Financing and Investment Income and Expenditure</b>						
Interest Payable and similar						
1,018	-	1,018	charges ( <b>Note 29</b> )	1,019	-	1,019
Net interest on the net defined						
9,398	-	9,398	interest liability ( <b>Note 28</b> )	9,368	-	9,368
Interest receivable and similar						
-	(49)	(49)	income ( <b>Note 29</b> )	-	(74)	(74)
<b>10,416</b>	<b>(49)</b>	<b>10,367</b>		<b>10,387</b>	<b>(74)</b>	<b>10,313</b>
<b>Taxation and Non-Specific Grant Income</b>						
-	(19,786)	(19,786)	Council tax income	-	(20,680)	(20,680)
-	(2,954)	(2,954)	Non domestic rates	-	(3,022)	(3,022)
Non ring-fenced government						
-	(7,246)	(7,246)	grants ( <b>Note 25</b> )	-	(6,691)	(6,691)
Capital grants and						
-	(411)	(411)	contributions ( <b>Note 25</b> )	-	(57)	(57)
<b>0</b>	<b>(30,397)</b>	<b>(30,397)</b>		<b>0</b>	<b>(30,450)</b>	<b>(30,450)</b>
<b>14,874 (Surplus) or Deficit on Provision of Services</b>						<b>14,875</b>
Surplus or deficit on revaluation of non						
(217) current assets ( <b>Note 21a</b> )						(152)
Remeasurements of the net defined benefit						
161 liability ( <b>Note 28</b> )						1,647
<b>(56) Other Comprehensive Income and Expenditure</b>						<b>1,495</b>
<b>14,819 Total Comprehensive Income and Expenditure</b>						<b>16,370</b>



# BALANCE SHEET AS AT 31st MARCH 2019

31 Mar 2018			31 Mar 2019
£000		Note	£000
	Property, Plant & Equipment	7	
30,717	Other Land & Buildings		29,831
6,769	Vehicles		6,516
1,547	Plant & Equipment		1,581
348	Assets Under Construction		630
<u>39,381</u>			<u>38,559</u>
	309 Intangible Assets - Software	9	136
76	Long Term Debtors	14	74
<u>39,766</u>	<b>Long Term Assets</b>		<u>38,769</u>
	138 Inventories	13	135
3,937	Short Term Debtors	14	3,970
8,638	Cash and Cash Equivalents	15	6,785
<u>12,714</u>	<b>Current Assets</b>		<u>10,890</u>
	(546) Short Term Borrowing	30	(1,338)
(4,371)	Short Term Creditors	16	(4,362)
(134)	Provisions	17	-
<u>(5,051)</u>	<b>Current Liabilities</b>		<u>(5,700)</u>
	(13,762) Long Term Borrowing	30	(12,594)
	Other Long Term Liabilities		
(369,083)	Pensions Liability	28	(383,557)
(777)	Finance Lease obligations	12	(598)
(1,918)	PFI Obligations	11	(1,713)
(62)	Provisions	17	(144)
<u>(385,702)</u>	<b>Long Term Liabilities</b>		<u>(398,606)</u>
<u><u>(338,275)</u></u>	<b>Net Assets</b>		<u><u>(354,646)</u></u>
	<b>Usable reserves</b>		
1,164	Usable Capital Receipts Reserve	20	794
2,675	General Fund Balance		995
3,972	Earmarked Reserves	19	5,163
<u>7,810</u>			<u>6,952</u>
	<b>Unusable Reserves</b>	21	
4,620	Revaluation Reserve	(a)	4,696
18,214	Capital Adjustment Account	(b)	17,173
(369,083)	Pensions Reserve	(c)	(383,557)
210	Collection Fund Adjustment Account	(d)	157
(46)	Accumulated Absences Account	(e)	(67)
<u>(346,086)</u>			<u>(361,598)</u>
<u><u>(338,275)</u></u>	<b>Total Reserves</b>		<u><u>(354,646)</u></u>

# **CASHFLOW STATEMENT FOR YEAR ENDED 31st MARCH 2019**

Restated 2017/18 £000		2018/19 £000
<b>Operating Activities</b>		
	Taxation	
20,052	- Council Tax Income	20,883
2,905	- Non Domestic Rates Income	3,048
	Grants	
6,339	- General Government Funding	5,799
7,246	- Other Government grants	8,665
2,940	Cash received for goods and services	2,694
50	Interest received	70
<u>39,532</u>		<u>41,159</u>
(10,570)	Cash paid to and on behalf of employees	(11,815)
(11,114)	Cash paid to suppliers of goods and services	(11,780)
(987)	Interest Paid	(989)
<u>(14,714)</u>	Other payments for operating activities ( <b>Note 27</b> )	<u>(15,623)</u>
<u>(37,384)</u>		<u>(40,208)</u>
<b>2,148</b>	<b>Net Cash Flow from Operating Activities</b>	<b>952</b>
<b>Investing Activities</b>		
	Purchase of PPE, investment property and intangible	
(2,099)	assets	(1,902)
411	Capital grants/contributions received	-
<u>(1,687)</u>	<b>Net cash flows from Investing Activities</b>	<u>(1,902)</u>
<b>Financing Activities</b>		
	Cash payments for the reduction of the outstanding	
	liability relating to finance leases and on balance sheet	
(577)	PFI contracts (principal)	(531)
<u>(322)</u>	Repayments of short and long term borrowing	<u>(372)</u>
<b>(899)</b>	<b>Net cash flows from financing activities</b>	<b>(903)</b>
<b>(438)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(1,853)</b>
	Cash and cash equivalents at the beginning of the reporting	
9,076	period ( <b>Note 15</b> )	8,638
<u><b>8,638</b></u>	<b>Cash and cash equivalents at the end of the reporting</b>	<u><b>6,785</b></u>
	<b>period (Note 15)</b>	

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of Significant Accounting Policies**

#### **(a) Accounting Concepts**

The code specifies many of the accounting policies and estimation techniques to be adopted for material items within the Statement of Accounts. In preparing information, the Authority has regard to the two underlying assumptions of:

- The **Accruals concept** - that income and expenditure is accounted for as it is earned or incurred, not as money is received, or paid out.
- The **Going Concern concept** meaning that these accounts are prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

The figures presented within the financial statements are rounded to the nearest £1,000 to assist in making them easier to read and understand. The numbers within the financial statements may appear not to add up, however this does not require rectification, it being due to rounding of numbers within electronic spreadsheets used in the construction of the statements. The Code allows for the rounding of numbers as long as the level of such is disclosed and effect is neither material to the presentation, nor hinders the requirement to present a true and fair view of the financial position of the Authority.

Information is defined as material by the Code if omitted or misstating it could influence decisions that users make on the basis of financial information about the Authority.

#### **(b) Property, Plant and Equipment**

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

##### **(i) 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 that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when incurred. In accounting for non current asset acquisitions, a de minimis level of £10,000 is set and where capital expenditure is de minimis, this is charged direct to cost of services.

##### **(ii) Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

- Assets under construction - historical cost
- Property, Plant and Equipment - fair value, determined using the basis of existing use value (EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, e.g. fire stations, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Surplus assets are valued at fair value and assets reclassified as held for sale are valued at market value.

- (iii) 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.

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

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

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

(iv) **Impairment**

Assets are assessed at each year end as to whether there is a material reduction in the value of an asset due to impairment (e.g. physical damage or deterioration in the quality of the service provided by the asset). Where identified, the loss is recognised through an impairment charge to the net cost of services.

Impairment losses are accounted for as a decrease in valuation as set out above.

Where an impairment loss is reversed subsequently, the reversal is credited to the net cost of services, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

(v) **Depreciation**

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

Depreciation is calculated on the following bases:

- fire stations and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment - straight-line allocation over the useful life of the assets.

In the year that an asset is either acquired or disposed of, half a years depreciation is provided for.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This is to ensure that both the depreciation charge in the Net Cost of Services and also the asset carrying value in the Balance Sheet are materially correct. The Authority undertakes an annual review to evaluate whether the componentisation of any of its assets would lead to a materially different depreciation charge and asset carrying value being reported. To date this review has identified no such assets.

**(vi) Disposals and Non Current 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 continuing use, it is reclassified as an Asset 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.

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 is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

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

**(c) Intangible Assets**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life and included within net cost of the services line in the Comprehensive Income and Expenditure Statement (CIES). Where impairment occurs, any losses recognised are also posted to the net cost of services. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses on Intangible Assets are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts reserve.

### **Charges to Revenue for Non Current Assets**

Operational and support services are debited with the following amounts to record the cost of holding non current assets during the year:

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

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

### **(d) Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance within Creditors. When no conditions exist or have been satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non Specific Grant Income (non ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve until it is applied. Once applied, it is transferred to the Capital Adjustment Account.

### **(e) Cash and Cash Equivalents**

Cash is represented by cash in hand. Cash equivalents are deposits invested on behalf of the Authority by North Yorkshire County Council as part of a blanket investment fund in accordance with the Treasury Management Service Level Agreement. These deposits are readily convertible to known amounts of cash with insignificant risk of change in value.

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

### **(f) 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.

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 use of specific assets.

### **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.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment - applied to write down the lease liability, and
- a finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

### **Operating Leases**

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased Property, Plant or equipment.

### **(g) Accruals of Income and Expenditure**

Both the revenue and capital accounts of the Authority are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or payable by the Authority during the year are included in the accounts whether or not the cash has actually been received or paid in the year. A de minimis limit of £3,000 is applied to this process.

### **(h) Inventories**

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

### **(i) Provisions, Contingent Liabilities and Contingent Assets**

#### **(i) Provisions**

Provisions represent the best estimate, at the balance sheet date, of expenditure required to settle a present obligation. The outcome must be able to be estimated reliably and have a probable outcome. For example, the Authority may be involved in a court case that could eventually result in the making of a settlement for the payment of compensation. Details of individual provisions are given in the notes to the Financial Statements.

#### **(ii) 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.

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

**(iii) 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.

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

**(j) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. They are recognised in the Balance Sheet only when the Authority is committed to the contractual provisions of a financial instrument. The only exceptions are trade debtors and creditors when the Authority recognises these transactions on delivery or receipt.

**Loans and Receivables**

Loans (financial liabilities) and Receivables (financial assets) are measured at fair value and carried at their amortised cost. Annual charges or credits to the Comprehensive Income and Expenditure Statement (CIES) in the year are based on the carrying amount of the loan or receivable multiplied by the effective rate of the instrument. This means that for all the borrowing that the Authority has, the amount presented in the Balance Sheet is the outstanding principal (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement. For Authority investments, the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year.

**Expected Credit Loss Model**

The Authority recognises expected credit losses on all of its financial assets held at amortised cost on a lifetime basis applying the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses. This applies to trade receivables (Debtors) held by the Authority.

**(k) Fair Value**

The Authority measures its assets and liabilities 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 an asset to transfer the liability takes place either:

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

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

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



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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - unobservable inputs for the asset or liability

**(l) Exceptional and Extraordinary items and Prior Period Adjustments**

Exceptional and extraordinary items are disclosed on the face of the Comprehensive Income and Expenditure Statement and fully explained in the notes to the financial statements.

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Authority's financial position or performance. Where a change is made, it is accounted for retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had been applied.

**(m) Reserves**

The Authority sets aside specific amounts as reserves (Usable) 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 is to be financed from a reserve, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves (Unusable) are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. These reserves are explained in the relevant notes to the financial statements.

**(n) Employee Benefits**

**(i) Benefits Payable During Employment**

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

**(ii) 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 an officer's decision to accept voluntary redundancy and 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.

## **(o) Pensions**

The Authority participates in four different pension schemes, three of which meet the needs of Operational staff and the fourth the needs of Support staff. Both schemes provide members with defined benefits related to pay and services. Employees' and employers' contribution levels are based on percentages of pay set nationally and are subject to Actuarial triennial review. The schemes are as follows:

### **Firefighters Pension Schemes**

The Authority meets the pension payments by the payment of an employer's pension contribution based upon a percentage of pay into the Pension Fund. Employee contributions are also paid into the fund which is topped up as necessary by Government Grant if the contributions are insufficient to meet the pension payments due. In the event of a surplus, this will be recouped by the Government.

All three Schemes are unfunded and do not take into account the liabilities to pay pensions and other benefits after the reporting period end.

**Local Government Pension Scheme** for Support staff is administered by North Yorkshire Pension Fund - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. The pension costs charged to the Authority's accounts equate to the employer's contributions paid to the fund on behalf of eligible employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Pension schemes are accounted for in accordance with IAS 19 Employee Benefits. IAS 19 is based upon the principle that an organisation should account for all retirement benefits when it is committed to give them even if the actual giving will be many years into the future. This includes the recognition of a net asset/liability and a pensions reserve in the Balance Sheet and entries in Comprehensive Income and Expenditure Statement (CIES) for movements in the asset/liability.

A net pensions asset indicates that an authority has effectively overpaid contributions relative to the future benefits earned by employees. A net liability shows an effective underpayment. The assets and liabilities are assessed by Scheme Actuaries being based upon the latest full valuation of Schemes as at 31st March 2016.

The change in the net pensions liability for all Pension Schemes is analysed into the following components:

- Current service cost - the increase in liabilities as a result of years of service earned this year.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.
- Net interest on the defined benefit liability/asset, i.e. net interest expense for the Authority
- Remeasurements comprising:
  - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability/asset.
  - 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 actuaries have updated assumptions.

The Code required the following accounting policies to be applied to the various elements of the net asset/liability:

- Where an Authority participates in more than once scheme, schemes with net assets should be shown separately from those with net liabilities.
- The assets of each scheme should be measured at fair value, which is based on bid value.
- The liabilities of each scheme should be measured on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Scheme liabilities should be discounted to their value at current prices using a discount rate reflecting the time value of money and the characteristics of the liability.
- The current service cost should be based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- The past Service cost should be disclosed on a straight line basis over which the increases in benefit rest.
- The interest cost should be based upon the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The expected rate of return on assets is based upon the long term expectations at the beginning of the period and is expected to be reasonably stable.
- Actuarial gains and losses arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- Losses arising on settlement or curtailment not allowed for in the actuarial assumptions should be measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in the notes to the accounts covering that date. Gains arising from settlement/curtailments not allowed for in the actuarial assumptions should be measured at the date on which all parties are irrevocably committed to the transaction.

### **Pensions Grant - Firefighters Pension Schemes**

The Code of Practice identifies Pension top up grant as a separate asset, which is excluded from IAS 19 entries in the Comprehensive Income and Expenditure Statement (CIES). Top up grant is credited directly to the Pension Fund account not the CIES. The grant is taken through the Movement in Reserves Statement (and movement in reconciliation of scheme assets) as an actuarial gain.

### **Change in Estimation Technique - Disclosure of effect of change in discount rate for liabilities**

In assessing liabilities for retirement benefits, Actuaries are required to use a discount rate appropriate to each authority's circumstances, with the rate potentially changing each year with fluctuations in market circumstances. The effect of this change on the Authority's pension scheme liabilities are:

### **Local Government Pension Scheme**

In assessing liabilities for retirement benefits at 31 March 2018 for the 2017/18 Statement of Accounts, the Actuary assumed a discount rate of 2.60%, a rate based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2018/19 Accounts, the Actuary has advised that a rate of 2.40% is appropriate. Application of this rate has resulted in an increase in liabilities at today's prices of £600,000 (2% of liabilities), adjusted by a remeasurement loss recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

## **Firefighters Pension Schemes**

In assessing liabilities for retirement benefits at 31 March 2018 for the 2017/18 Statement of Accounts, the Actuary assumed a discount rate of 2.55%, a rate based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2018/19 Accounts, the Actuary has advised that a rate of 2.45% is appropriate. Application of this rate has resulted in an increase in liabilities at today's prices of £7,200,000 (2% of liabilities), adjusted by a remeasurement loss recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

## **Injury Awards - Firefighters Compensation Scheme**

Under the Firefighters Compensation Scheme, injury awards are payable to those firefighters who have sustained a qualifying injury in the exercise of their duties as a firefighter. As these benefits are payable through the Firefighters Pension scheme, under IAS 19 they are accounted for as part of the pension arrangements. Separate disclosures have been provided for this scheme.

### **(p) Overheads and Support Services**

The cost of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance. As a single service provider, the Authority charges all such overheads and support service costs to a single segment i.e. Fire within the Comprehensive Income and Expenditure Statement (CIES).

### **(q) Private Finance Initiative (PFI)**

The Authority is party to one PFI Scheme arrangement for the provision of a Fire Station at Huntingdon and a Fire Training Centre and Station (at Easingwold). The treatment of transactions under the scheme is in accordance with IFRIC 12 - Service Concessions and the IFRS Code.

As ownership of the land and buildings will pass to the Authority at the end of the contracts for a nominal charge, the Authority carries the assets used on its Balance Sheet. The original recognition of these assets at fair value (based on the cost to purchase) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The assets are revalued and depreciated in the same way as property plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year is analysed into four elements:

- Fair value of the services received during the year - debited to net cost of services in the Comprehensive Income and Expenditure Statement (CIES).
- Finance cost - an interest charge of 7.5% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent - increases in the amount to be paid for the property arising during the contract debited to the Financing and Investment Income and Expenditure line in CIES.
- Payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

### **(r) VAT**

VAT is included in the accounts only if it is irrecoverable from Her Majesty's Revenue and Customs (HMRC).

**(s) Precept and Non Domestic Rates**

Billing authorities in England are currently required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non domestic rates (NNDR). In its capacity as a billing authority, it acts as an agent - it collects and distributes council tax and NNDR income on behalf of itself and other major preceptors such as the NYPFCC FRA.

Billing authorities are required by statute to maintain a separate fund i.e. the Collection Fund for the collection and distribution of amounts due in respect of council tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amounts collected could be less or more than predicted.

The council tax and NNDR income of the Authority included in the Comprehensive Income and Expenditure Statement (CIES) is the accrued income for the year. However, the difference between the accrued income included in the CIES and the amount required to actually be credited to the general fund in year is taken to the Collection Fund Adjustment Account. This account is held on the Balance Sheet, and included as a reconciling item in the Movement in Reserves Statement. Hence the difference between accrued precepts and NNDR income received and actual amounts received does not impact on the General Fund or the revenue budget of the Authority.

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

**(t) Post Balance Sheet Events**

Events after the Balance Sheet date are reflected by the Authority up to the date when the Accounts are authorised for issue. Two types of event can be identified:

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

**2. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events:

- (i) In the current economic environment there continues to be a high degree of uncertainty about future levels of funding for Fire Services. However it has been determined that this uncertainty is not sufficient to provide an indication that assets might be impaired or levels of service provision reduced. The Authority keeps under review the planning assumptions upon which the current Medium Term Financial Plan is based and projections are amended accordingly.
- (ii) The Authority is deemed to control the services provided under its PFI arrangement and is also able to control the residual value of these buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £4,907,000) are recognised as Land and Buildings on the Authority's Balance Sheet as disclosed in Note 7 to the Financial Statements.

### **3. 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 these 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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are:

#### **(i) Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements and projections advised by the Actuaries, which include; the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on pension fund assets where applicable. Details of the impact of changes in actuarial assumptions are detailed in Note 28 to the financial statements.

#### **(ii) Provisions**

A provision has been made for the settlement of ongoing claims not covered by insurers, based upon claims received. An assessment of settlement values is based upon advice from the Authority's insurers. Due to the nature of claims experience, it is difficult to make a dependable assessment of the time when litigation will determine settlement, and consequently when any cost may be incurred.

#### **(iii) Non Current Assets**

Assets are depreciated over the useful life that they will be operational. The useful life is dependent on assumptions about the level of repairs and maintenance expenditure in relation to individual assets. Should insufficient expenditure be incurred to properly maintain an asset, it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required, and a resultant decrease in the carrying amount of the asset. It is estimated that the annual depreciation charge for property would increase by £23,000 for every year that useful lives are reduced.

Valuation of assets and consideration of impairment depends on a number of complex judgements and a firm of Valuers is engaged to provide expert advice about the assumptions to be applied. The valuation (and any impairment review) is commissioned in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation standards. The effects on the asset valuations of changes in the assumptions interact in complex ways and are difficult to determine.

### **4. Events after the Balance Sheet Date**

There are no events after the Balance Sheet date to report.

## 5. Adjustments between accounting basis & funding basis under regulations

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

	Usable Reserves		
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000
<b>2018/19</b>			
<b>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</b>			
Pensions costs transferred to/(from) the Pensions Reserve (see Note 21c)	12,827	-	-
Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)	53	-	-
Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)	21	-	-
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 (See Note 21b)	3,065	-	-
Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)	(125)		
<b>Total Adjustments to Revenue Resources</b>	<b>15,841</b>	<b>0</b>	<b>0</b>
<b>Revenue and Capital</b>			
Statutory provision for the repayment of debt	(1,454)	-	-
<b>Total Adjustments between Capital and Revenue Resources</b>	<b>(1,454)</b>	<b>0</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of capital receipts reserve to finance new capital expenditure	-	(370)	-
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>(370)</b>	<b>0</b>
<b>Total Adjustments</b>	<b>14,387</b>	<b>(370)</b>	<b>0</b>

## Comparative figures in 2017/18

### 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/(from) the Pensions Reserve (see Note 21c)

Usable Reserves		
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve
£000	£000	£000
13,004	-	-
211	-	-
(12)	-	-
3,448	-	-
(411)		
<b>16,240</b>	<b>0</b>	<b>0</b>

Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)

Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)

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 (See Note 21b)

Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)

### Total Adjustments to Revenue Resources

### Adjustments between Revenue and Capital Resources

Statutory provision for the repayment of debt

### Total Adjustments between Capital and Revenue Resources

### Adjustments to Capital Resources

Use of capital receipts reserve

### Total Adjustments to Capital Resources

### Total Adjustments

(1,391)	-	-
<b>(1,391)</b>	<b>0</b>	<b>0</b>
-	(327)	-
<b>0</b>	<b>(327)</b>	<b>0</b>
<b>14,850</b>	<b>(327)</b>	<b>0</b>

Descriptions of the reserves that the adjustments are made against:

- (a) **General Fund Balance** is the main revenue fund from which the Authority's cost of services is met. It represents the accumulated credit balance i.e. the excess of income over expenditure, which provides a working balance to help manage uneven cash flows and avoid unnecessary borrowing. The General Fund balance also includes a contingency element to manage unexpected and consequently unbudgeted events and circumstances.
- (b) **Capital Receipts Reserve** records balances of receipts for capital disposals that can be retained for qualifying capital purposes, expenditure of a capital nature or repayment of borrowings.
- (c) **Capital Grants Unapplied Reserve** holds the balance of capital grants received where the conditions of use have been met but the actual capital expenditure has not yet been incurred.



## 6. Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how the annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices which is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

	<b>2018/19</b>		
	Expenditure Chargeable to the General Fund Balance £000	Adjustment between the Funding and Accounting Basis (Note 6a) £000	Net Expenditure in the CIES £000
Fire Services	30,011	5,001	35,011
<b>Net Cost Of Services</b>	<b>30,011</b>	<b>5,001</b>	<b>35,011</b>
Other Income and Expenditure	(29,522)	9,387	(20,136)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>488</b>	<b>14,387</b>	<b>14,875</b>
<b>Opening General Fund and Earmarked Reserves</b>	<b>6,647</b>		
Plus/(Less) Surplus or (Deficit) on the General Fund and Earmarked Reserves in year	(488)		
<b>Closing General Fund and Earmarked Reserves as at 31st March 2019</b>	<b>6,158</b>		
<b>2017/18 Comparative Figures</b>			
	Expenditure Chargeable to the General Fund Balance £000	Adjustment between the Funding and Accounting Basis (Note 6a) £000	Net Expenditure in the CIES £000
Fire Services	29,241	5,660	34,900
<b>Net Cost Of Services</b>	<b>29,241</b>	<b>5,660</b>	<b>34,900</b>
Other Income and Expenditure	(29,216)	9,190	(20,026)
<b>(Surplus) or Deficit on Provision</b>	<b>25</b>	<b>14,850</b>	<b>14,874</b>
<b>Opening General Fund and Earmarked Reserves</b>	<b>6,672</b>		
Plus/(Less) Surplus or (Deficit) on the General Fund and Earmarked Reserves in year	(25)		
<b>Closing General Fund and Earmarked Reserves as at 31st March 2018</b>	<b>6,647</b>		

**(a) Note to the Expenditure & Funding Analysis**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure amounts

	Adjustments for Capital Purposes (see (i) below) £000	Net change for the Pensions adjustment (see (ii) below) £000	Other Differences (see (iii) below) £000	Total Adjustments £000
Fire Services	1,542	3,459	-	5,001
<b>Net Cost Of Services</b>	<b>1,542</b>	<b>3,459</b>	<b>0</b>	<b>5,001</b>
 <b>Other Income and Expenditure from the Expenditure &amp; Funding Analysis</b>	(56)	9,368	74	9,387
 <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,486</b>	<b>12,827</b>	<b>74</b>	<b>14,387</b>

**2017/18 Comparative Figures**

	Adjustments for Capital Purposes (note i) £000	Net change for the Pensions adjustment (note ii) £000	Other Differences (note iii) £000	Total Adjustments £000
Fire Services	2,054	3,606	-	5,660
<b>Net Cost Of Services</b>	<b>2,054</b>	<b>3,606</b>	<b>0</b>	<b>5,660</b>
 <b>Other Income and Expenditure from the Expenditure &amp; Funding Analysis</b>	(407)	9,398	199	9,190
 <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,646</b>	<b>13,004</b>	<b>199</b>	<b>14,850</b>

**(i) 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 and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these amounts are not chargeable under generally accepted accounting practices.

**Taxation and non-specific grant income and 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.

(ii) **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 services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute which are replaced with current and past service costs.

**For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

(iii) **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 services** this represents the adjustment for timing differences in relation to accumulated staff absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March.

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

(b) **Expenditure & Income analysed by nature**

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

	2018/19 £000	2017/18 £000
<b>2018/19</b>		
<b>Expenditure:</b>		
Employee benefits expenses	35,779	35,393
Other service expenses	7,357	7,072
Depreciation, amortisation and impairment	3,064	3,444
Interest Payments	1,019	1,018
(Gain) or Loss on Disposal of non current assets	1	4
<b>Total expenditure</b>	<b>47,221</b>	<b>46,931</b>
<b>Income:</b>		
Fees, charges & other service income	(575)	(439)
Interest and investment income	(74)	(49)
Income from council tax and non domestic rates	(23,703)	(22,740)
Government grants and contributions	(7,992)	(8,828)
<b>Total income</b>	<b>(32,345)</b>	<b>(32,056)</b>
<b>(Surplus) or Deficit on Provision of Services</b>	<b>14,875</b>	<b>14,874</b>

## 7. Property, Plant and Equipment

### Movements on Balances

In 2018/19	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
<b>Cost or Valuation (GCA):</b>							
As at 1st April 2018	31,660	14,558	3,577	-	348	50,143	6,089
Additions	585	128	323	-	878	1,914	-
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	(577)	-	-	-	-	(577)	(158)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	152	-	-	-	-	152	130
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provision of Services	(561)	-	-	-	-	(561)	(332)
Derecognition - disposals	-	-	(56)	-	-	(56)	-
Other movements in cost or valuation *	-	596	-	-	(596)	0	-
<b>At 31st March 2019</b>	<b>31,259</b>	<b>15,281</b>	<b>3,844</b>	<b>0</b>	<b>630</b>	<b>51,014</b>	<b>5,729</b>

\* Other movements in cost or valuation:

This reclassification of £596,000 capital expenditure relates to four fire appliances which became operational in August 2018. Prior to this date, the appliances had been non operational assets under construction.

## Movements on Balances

In 2018/19	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
<b>Accumulated Depreciation &amp; Impairment:</b>							
As at 1st April 2018	(944)	(7,789)	(2,030)	-	-	(10,763)	(889)
Depreciation Charge	(698)	(976)	(289)	-	-	(1,963)	(91)
Accumulated Depreciation written off to Gross Carrying Amount	543	-	-	-	-	543	123
Accumulated Impairment written off to Gross Carrying Amount	35	-	-	-	-	35	35
Impairment losses / (reversals) recognised in the Surplus/Deficit on the provision of services	(362)	-	-	-	-	(362)	-
Derecognition - disposals	-	-	56	-	-	56	-
<b>At 31st March 2019</b>	<b>(1,427)</b>	<b>(8,765)</b>	<b>(2,263)</b>	<b>0</b>	<b>0</b>	<b>(12,455)</b>	<b>(822)</b>
<b>Net Book Value</b>							
<b>At 31st March 2019</b>	<b>29,831</b>	<b>6,516</b>	<b>1,581</b>	<b>0</b>	<b>630</b>	<b>38,559</b>	<b>4,907</b>
<b>At 31st March 2018</b>	<b>30,716</b>	<b>6,769</b>	<b>1,547</b>	<b>0</b>	<b>348</b>	<b>39,381</b>	<b>5,200</b>

## Comparative Movements in 2017/18

	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
<b>Cost or Valuation:</b>							
As at 1st April 2017	29,218	16,085	3,306	-	3,259	51,869	6,089
Additions	168	172	324	-	1,245	1,910	-
Depreciation & Impairment written off to Gross Carrying	(742)	-	-	-	-	(742)	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	217	-	-	-	-	217	-
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the provision of services	(1,357)	-	-	-	-	(1,357)	-
Derecognition - disposals	-	(1,700)	(53)	-	-	(1,753)	-
Derecognition - other						0	-
Other movements in cost or valuation	4,157	-	-	-	(4,157)	0	-
<b>At 31st March 2018</b>	<b>31,660</b>	<b>14,558</b>	<b>3,577</b>	<b>0</b>	<b>348</b>	<b>50,144</b>	<b>6,089</b>

## Comparative Movements in 2017/18

	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
<b>Depreciation</b>							
As at 1st April 2017	(1,037)	(8,490)	(1,820)	-	-	(11,347)	(799)
Depreciation Charge	(649)	(999)	(259)	-	-	(1,907)	(91)
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	742	-	-	-	-	742	-
Depreciation written out to the Surplus / Deficit on the provision of services	-	-	-	-	-	0	-
losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	0	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	0	-
Derecognition - Disposals	-	1,700	49	-	-	1,749	-
<b>At 31st March 2018</b>	<b>(944)</b>	<b>(7,789)</b>	<b>(2,030)</b>	<b>-</b>	<b>-</b>	<b>(10,763)</b>	<b>(889)</b>
<b>Net Book Value</b>							
<b>At 31st March 2018</b>	<b>30,716</b>	<b>6,769</b>	<b>1,547</b>	<b>0</b>	<b>348</b>	<b>39,381</b>	<b>5,200</b>
<b>At 31st March 2017</b>	<b>28,181</b>	<b>7,596</b>	<b>1,486</b>	<b>0</b>	<b>3,259</b>	<b>40,522</b>	<b>5,291</b>

## Depreciation

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

- Land - not depreciated
- Buildings 15 - 60 years
- Vehicles 2 - 15 years
- Plant & Equipment 5 - 15 years

## Capital Commitments

At 31st March 2019, the Authority is within contracts for Vehicles and IT equipment for which the expenditure commitment in future years is estimated at £260,000 and £410,000 respectively.

## Revaluations

Assets are carried in the Balance sheet using the asset management bases set out in Accounting Policy Note 1 (b) (ii)

The Authority carries out a rolling programme that ensures that all Land and Property required to be measured at current value is revalued at least every five years. All valuations in 2018/19 were carried out by Carter Jonas LLP, an independent external valuer. Valuations of Land and Buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The effective date of all valuations undertaken is 31st March 2019.

The significant assumptions applied in estimating the current values are:

- That the properties and values are unaffected by any matters which would be revealed in a local search or inspection of any register, and remains useable for its intended purpose.
- That good title can be shown.
- That all sites are free of high alumina cement, concrete or calcium chloride additive, or asbestos, woodwool slabs or other potentially deleterious materials.
- All properties are free of radon gas.
- For the depreciated replacement cost method, the cost of constructing the property is calculated and then depreciated to reflect factors of age and obsolescence. An addition is then made for the value of the land on which the property is situated.
- Remaining useful lives are based upon the assumption that the Authority continues to undertake appropriate maintenance and repair, but that rebuilding or extension works will not be undertaken.

<b>Current Value of Assets</b>	<b>Other Land and Buildings £000</b>	<b>Vehicles £000</b>	<b>Plant &amp; Equipment £000</b>	<b>Surplus Assets £000</b>	<b>Assets under Construction £000</b>	<b>Total £000</b>
Carried at historical cost	-	-	-	-	630	630
Valued at current value as at:						
31 March 2019	7,349	6,516	1,581	-	-	15,446
31 March 2018	10,239	-	-	-	-	10,239
31 March 2017	2,242	-	-	-	-	2,242
31 March 2016	10,003	-	-	-	-	10,003
<b>Total Cost or Valuation</b>	<b>29,833</b>	<b>6,516</b>	<b>1,581</b>	<b>0</b>	<b>630</b>	<b>38,559</b>



## 8. Impairment Losses

The Authority recognised impairment losses of £362,000 in 2018/19. These relate to the following capital expenditure on Buildings but which did not enhance the value of the asset:

- (a) Repairs to a retaining wall at Malton Fire Station £286,000.
- (b) Final account payment in respect of the Transport and Logistics building at Thirsk which became operational in May 2017.

The Authority recognised no impairment losses in 2017/18.

## 9. Intangible Assets

The Authority's Intangible assets consist wholly of Software licences for the Authority's IT systems. The useful lives of the licences are based on assessment of the period that they are expected to be of use to the Authority. The useful lives assigned to the software licences range from 3 - 8 years. The carrying amount of intangible assets is amortised on a straight line basis. Amortisation of £178,166 in 2018/19 (£180,658 in 2017/18) was charged to revenue to the Information Technology Service and Support cost centre.

The movement on Intangible Asset balances during the year is as follows:

	2018/19 £000	2017/18 £000
<b>Balance at the start of the year:</b>		
Gross carrying amounts	1,169	1,161
Accumulated amortisation	(860)	(679)
<b>Net carrying amount at start of year</b>	<b>309</b>	<b>482</b>
Additions:		
Internal Development	-	-
Purchases	6	7
Disposals	(21)	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	-
Amortisation for the period	(178)	(181)
Derecognition - Disposals	20	-
<b>Net carrying amount at end of year</b>	<b>(173)</b>	<b>309</b>
Comprising:		
Gross carrying amount	1,154	1,169
Accumulated amortisation	(1,018)	(860)
	<b>136</b>	<b>309</b>

## 10. Capital Expenditure and Capital Financing

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 and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

The CFR can be analysed as follows:

	2018/19 £000	2017/18 £000
<b>Opening Capital Financing Requirement</b>	<b>16,856</b>	<b>17,068</b>
<b>Capital investment</b>		
Property, Plant and Equipment	1,913	1,910
Intangible Assets	6	7
<b>Sources of finance</b>		
Capital receipts	(370)	(327)
Government grants and other contributions	(125)	(411)
Sums set aside from revenue	-	-
Direct revenue contributions	-	-
Minimum Revenue Provision	(1,454)	(1,391)
<b>Closing Capital Financing Requirement</b>	<b>16,826</b>	<b>16,856</b>
<b>Explanation of movements in year</b>		
Increase/(decrease) in underlying borrowing (supported by Government financial assistance)	(265)	(276)
Increase/(decrease) in underlying borrowing (unsupported by Government financial assistance)	890	692
Assets acquired under finance leases	(401)	(448)
Assets acquired under PFI/PPP contracts	(254)	(180)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(30)</b>	<b>(212)</b>

## 11. Private Finance Initiatives and Similar Contracts

The PFI Scheme is an arrangement under which a Contractor designs, builds, finances and operates a Fire Station (at Huntingdon) and a Fire Training School and Fire Station (at Easingwold) for the Authority. The contract was signed in July 2001 and the fire station and training centre opened in May 2002. The contract period is for 25 years and commenced in May 2002. During the contract period the Contractor is responsible for maintaining the assets and for the provision of certain facilities management services (cleaning, window cleaning, catering janitorial, grounds maintenance, waste management and pest control). The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or below the minimum standards. The Contract may be extended by mutual agreement between the two parties. Should the Contract run to its natural close, the Authority can purchase the land and buildings at a nominal cost of £10 per site. The element of the contract payable for the Facilities Management Service is market tested at five yearly intervals throughout the contract period. The testing is based upon the basket of services being supplied by the Contractor at the time.

### Property Plant and Equipment

The assets used to provide services at the sites are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement of Land and

Buildings balances in Note 7.

## Payments

The Authority makes an agreed payment each year which is increased annually by RPI and can be reduced if the contractor fails to meet availability and performance standards in any year but which otherwise is fixed unless the agreed maximum usage is exceeded. The total payment in the year to 31st March 2019 was £1,405,660 (£1,347,155 in 2017/18).

Payments remaining to be made under the PFI contract at 31 March 2019 (excluding any estimation of inflation and availability/performance deductions) are set out in the following table:

	Reimbursement of Capital Expenditure £000	Interest Charge £000	Payment for Service £000	Total £000
Payable within one year	205	141	821	1,167
Payable in the 2nd to 5th year (inclusive)	684	444	3,840	4,968
Payable in the 6th to 10th year	1,029	140	2,892	4,061
	<b>1,918</b>	<b>725</b>	<b>7,553</b>	<b>10,196</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure is as follows:

	2018/19 £000	2017/18 £000
Balance outstanding at 1 April	2,172	2,352
Payments during the year	(254)	(180)
Capital expenditure incurred in the year	-	-
Balance outstanding at 31 March	<b>1,918</b>	<b>2,172</b>

The balance outstanding as at 31st March is disclosed as follows on the Balance Sheet:

Payable within one year - included with Short Term Creditors	205
PFI Obligations - long term liability	1,713
	<b>1,918</b>

## 12. Leases

### (a) Authority as Lessee

#### (i) Finance Leases

The Authority has acquired fire appliances, support vehicles, breathing apparatus, photocopiers and software under finance lease arrangements. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31st March 2019 £000	31st March 2018 £000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	625	951
	<b>625</b>	<b>951</b>

The Authority is committed to making minimum payments under these leases, comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st March 2019 £000	31st March 2018 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	178	401
Non-current	598	777
Finance costs payable in future years	79	119
Minimum lease payments	<b>856</b>	<b>1,297</b>

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

	Min. Lease Payments		Finance Lease Liabilities	
	31st March 2019 £000	31st March 2018 £000	31st March 2019 £000	31st March 2018 £000
No later than one year	206	441	178	401
Later than one year and not later than five years	561	680	510	602
Later than five years	88	176	88	174
	<b>856</b>	<b>1,297</b>	<b>777</b>	<b>1,177</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were payable by the Authority in either 2018/19 or 2017/18.

## (ii) Operating Leases

The Authority has acquired land, buildings, vehicles, information technology and communications equipment by entering into operating leases, with lives ranging from two to forty five years. A number of these arrangements include payments for non lease elements (e.g. internet bandwidth, mobile phone airtime) where the payment cannot be accurately identified between the lease element and the non lease element. These arrangements are disclosed separately from those arrangements which contain a lease element only. The minimum lease payments due under non-cancellable leases in future years are:

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	31st March 2019 £000	31st March 2018 £000	31st March 2019 £000	31st March 2018 £000
No later than one year	93	163	156	153
Later than one year and not later than five years	57	89	8	152
Later than five years	-	-	66	68
	<b>150</b>	<b>252</b>	<b>230</b>	<b>374</b>

Expenditure charged to the Comprehensive Income and Expenditure Statement during the year in respect of these leases was:

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	2018/19	2017/18	2018/19	2017/18
	£000	£000	£000	£000
Minimum lease payments	225	230	153	153
Contingent rents	-	-	31	31
	<b>225</b>	<b>230</b>	<b>185</b>	<b>185</b>

## (b) Authority as Lessor

### (i) Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- A part of Bedale Fire Station is leased to the Office of the Police, Fire and Crime Commissioner North Yorkshire for use as a police station. The 99 year lease began in March 2003. The annual rent is peppercorn, the building construction costs being met equally by the two Authorities.
- A part of the Transport & Logistic Hub in Thirsk is leased to the Office of the Police, Fire and Crime Commissioner, North Yorkshire as a shared facility. The 99 year lease began in June 2017. The annual rent is peppercorn, the building construction costs being met by the two Authorities on an occupation basis.
- Easements for underground power cables.

As all leased property is let at either peppercorn rent or for short term agreements, there are no future minimum payments receivable under non-cancellable leases to disclose.

## 13. Inventories

2018/19	Uniform £000	Transport inc. Fuel £000	Operational Equipment £000	Other £000	Total £000
<b>Balance at 1st April</b>	28	67	28	15	138
Purchases	529	483	254	55	1,320
Recognised as an expense in year	(521)	(488)	(260)	(55)	(1,323)
Written off balances	-	-	-	-	0
Reversal of write offs in prior years	-	-	-	-	0
<b>Balance at 31st March</b>	<b>36</b>	<b>62</b>	<b>22</b>	<b>15</b>	<b>135</b>

### 2017/18 Comparatives - Restated

	Uniform £000	Transport inc. Fuel £000	Operational Equipment £000	Other £000	Total £000
<b>Balance at 1st April</b>	24	74	16	23	137
Purchases	456	483	236	51	1,226
Recognised as an expense in year	(452)	(490)	(224)	(58)	(1,224)
Written off balances	-	-	-	(1)	(1)
Reversal of write offs in prior years	-	-	-	-	0
<b>Balance at 31st March</b>	<b>28</b>	<b>67</b>	<b>28</b>	<b>15</b>	<b>138</b>

#### 14. Debtors

	<u>Long Term</u>		<u>Short Term</u>	
	31st March 2019 £000	31st March 2018 £000	31st March 2019 £000	31st March 2018 £000
Central Government bodies	-	-	2,407	1,450
Other Local Authorities	74	76	842	813
NHS Bodies	-	-	0	5
Other entities and individuals	-	-	721	1,669
<b>Total</b>	<b>74</b>	<b>76</b>	<b>3,970</b>	<b>3,937</b>

#### 15. Cash and Cash Equivalents

	31st March 2019 £000	31st March 2018 £000
The balance of Cash and Cash Equivalents is made up of the following elements:		
Cash held by the Authority	2	2
Bank current accounts	-	(8)
Short-term deposits with banks and financial institutions	6,783	8,644
<b>Total Cash and Cash Equivalents</b>	<b>6,785</b>	<b>8,638</b>

#### 16. Short-Term Creditors

	<u>Long Term</u>		<u>Short Term</u>	
	31st March 2019 £000	31st March 2018 £000	31st March 2019 £000	31st March 2018 £000
Central Government Bodies	-	-	1,629	1,700
Other Local Authorities	-	-	790	607
Other entities and individuals	-	-	1,943	2,064
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4,362</b>	<b>4,371</b>

#### 17. Provisions

	<u>Short Term</u> Pay Award £000	<u>Long Term</u> Insurance Claims £000	Total £000
Balance as at 1 April 2018	(134)	(162)	(297)
Provisions Made 2018/19	-	(29)	(29)
Amounts used in 2018/19	-	35	35
Unused amounts reversed in 2018/19	134	13	147
<b>Balance as at 31 March 2019</b>	<b>0</b>	<b>(144)</b>	<b>(144)</b>

##### Grey Book Pay Award Settlement 2017/18

A provision in respect of the outstanding settlement of the 2017/18 pay award for Grey Book staff was provided for within the 2017/18 net cost of services based upon a further 1% increase being awarded in 2018/19. It was confirmed during the year that no further increase would be awarded. In line with the Code, the original entry setting up the provision has been reversed in 2018/19.

##### Insurance Claims

A provision has been made for the future settlement of claims under the Authority's Employers Liability insurance policy. Following advice from the Insurers, the amount of future liabilities requiring new provision within the 2018/19 accounts is estimated at £29,000 (the total liability

provided for as 31st March 2019 being £117,300). Under these policies, the Authority is liable for the first £10,000 of each claim where the originating event giving rise to the claim was before 30th September 2013. Where it is after this date, the Authority is liable for the first £25,000. The timing of eventual settlements and payments are not known, however it is unlikely to be within 12 months.

Municipal Mutual Insurance (MMI) was the predominant insurer of public sector bodies, including the Authority, until it stopped underwriting operations in 1992. The 1993 implementation of a 'Scheme of Arrangement' means that even today, these public sector bodies have exposure to MMI due mainly to subsequent and much higher than expected levels of industrial disease type claims. MMI's deteriorating solvency position has led to insolvent liquidation. As a result of the Scheme of Arrangement, the Authority is liable for an estimated £45,100 in respect of future claims for which provision is made as at 31st March 2019.

## 18. Termination Benefits

There is no requirement for provision in respect of severance payments and early retirements to be paid during 2018/19. (Nil in 2017/18)

## 19. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2018/19.

<b>2018/19</b>	Balance at 1 April 18 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 19 £000
Pensions	1,101	544	-	1,645
Pay and Prices	2,636	-	(2,024)	612
New Development	103	415	(27)	490
Earmarked Revenue Grants	132	-	(131)	0
Revenue Budget Support	-	3,246	(1,210)	2,036
Insurance	-	80	-	80
Recruitment	-	300	-	300
<b>Total</b>	<b>3,972</b>	<b>4,585</b>	<b>(3,393)</b>	<b>5,163</b>

The net transfers to Earmarked Reserves in year as shown in the Movements in Reserves Statement is an increase of £1,192,000.

## Transfers to / from Earmarked Reserves 2017/18 Comparatives

<b>2017/18 Comparatives</b>	Balance at 1 April 17 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 18 £000
Pensions	1,209	(108)	-	1,101
Pay and Prices	2,690	(54)	-	2,636
New Developments	103	-	-	103
Earmarked Revenue Grants	-	-	132	132
<b>Total</b>	<b>4,002</b>	<b>(162)</b>	<b>132</b>	<b>3,972</b>

## 20. Usable Reserves

	31st March 2019 £000	31st March 2018 £000
Capital Grants Unapplied Reserve	-	-
Usable Capital Receipts Reserve	794	1,164
General Fund Balance	995	2,674
Earmarked General Fund Reserves	5,163	3,972
<b>Total Unusable Reserves</b>	<b>6,952</b>	<b>7,810</b>

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

## 21. Unusable Reserves

	31st March 2019 £000	31st March 2018 £000
Revaluation Reserve	4,696	4,620
Capital Adjustment Account	17,173	18,214
Pensions Reserve	(383,557)	(369,083)
Collection Fund Adjustment Account	157	210
Accumulating Compensated Absences Adjustment Account	(67)	(46)
<b>Total Unusable Reserves</b>	<b>(361,598)</b>	<b>(346,085)</b>

The Movement in Reserves Statement provides details of the source of all transactions posted to the reserves above.

### (a) 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 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

<b>Revaluation Reserve</b>	2018/19 £000	2017/18 £000
<b>Balance at 1st April</b>	<b>4,620</b>	<b>4,484</b>
Upward revaluation of assets	582	462
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(431)	(245)
	152	217
Difference between fair value depreciation and historical cost depreciation	(75)	(80)
<b>Balance at 31st March</b>	<b>4,696</b>	<b>4,620</b>



## (b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) with reconciling posting from the Revaluation Reserve to convert fair value figures to a historical cost basis. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date the Revaluation Reserve was created to hold such gains.

<b>Capital Adjustment Account</b>	2018/19 £000	2017/18 £000
<b>Balance at 1st April</b>	<b>18,214</b>	<b>19,453</b>
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	(2,325)	(1,907)
Revaluation losses on Property, Plant and Equipment	(561)	(1,357)
Amortisation of intangible assets	(178)	(181)
Amounts of non-current assets written off on disposal or sale as part of gain/(loss) on disposal to the CIES	(1)	(4)
	<u>(3,065)</u>	<u>(3,448)</u>
Adjusting amounts written out of the Revaluation Reserve	75	80
Net written out amount of the cost of non current assets consumed in year	<u>(2,990)</u>	<u>(3,368)</u>
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	370	327
Capital grants and contributions credited to the CIES that have been applied to capital financing	125	411
Statutory provision for the financing of Capital investment charged against the General Fund balance	1,454	1,391
	<u>1,949</u>	<u>2,129</u>
<b>Balance at 31st March</b>	<b>17,173</b>	<b>18,214</b>

## (c) 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 (CIES) as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has to meet them. However, the statutory arrangements ensure that the funding will have been set aside by the time the benefits come to be paid.

<b>Pensions Reserve</b>	2018/19 £000	2017/18 £000
<b>Balance at 1st April</b>	(369,083)	(355,918)
Remeasurement of the net defined benefit liability	(1,647)	(161)
Pensions costs transferred to the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the CIES	(16,403)	(16,429)
Employer's pensions contributions and payments to pensioners in the year	3,576	3,425
	(12,827)	(13,004)
<b>Balance at 31st March</b>	<b>(383,557)</b>	<b>(369,083)</b>

#### (d) 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 (CIES) as it falls due from Council Tax and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2018/19 £000	2017/18 £000
<b>Balance at 1st April</b>	210	421
Amount by which council tax and non domestic rate income credited to the CIES is different from council tax and non domestic rate income calculated in accordance with statutory requirements	(53)	(211)
<b>Balance at 31st March</b>	<b>157</b>	<b>210</b>

#### (e) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

	2018/19 £000	2017/18 £000
<b>Balance at 1st April</b>	(46)	(58)
Settlement/cancellation of accrual made at the end of the preceding year	46	58
Amounts accrued at the end of the current year	(67)	(46)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(21)	12
<b>Balance at 31st March</b>	<b>(67)</b>	<b>(46)</b>

## 22. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year:

	2018/19 £000	2017/18 £000
Allowances	47	71
Expenses	3	4
<b>Total</b>	<b>50</b>	<b>75</b>

The reduction in allowances paid in 2018/19 reflects that on 15th November 2018, North Yorkshire Fire Authority, made up of elected members of North Yorkshire County Council and the City of York, ceased to exist upon the transfer of governance to the Police, Fire & Crime Commissioner (PFCC) for North Yorkshire.

## 23. Officers' Remuneration

### (a) Senior Employees

The remuneration paid to the Authority's senior employees in 2018/19 is as follows:

	Salary (including allowances) £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2018/2019 Total £
Chief Fire Officer (Nigel Hutchinson) *	81,244	4,284	85,528	17,630	103,158
Interim Chief Fire Officer / Assistant Chief Fire Officer - Operations **	91,985	6,462	98,447	19,791	118,238
Interim Deputy Chief Fire Officer / Head of Risk Management ***	85,221	5,783	91,005	16,744	107,749
Assistant Chief Fire Officer - Service Development ****	77,977	4,685	82,662	16,921	99,583
	<b>336,426</b>	<b>21,215</b>	<b>357,641</b>	<b>71,086</b>	<b>428,728</b>

\* Regulations require that persons whose salary is in excess of £150,000 per annum must be identified by name.

\* The Chief Fire Officer retired from the Authority on 10th October 2018.

\*\* The Assistant Chief Fire Officer - Operations became the Interim Chief Fire Officer on 11th October 2018 and retired from the Authority on 13th January 2019.

\*\*\* The Head of Risk Management became the Interim Deputy Chief Fire Officer on 11th October 2018.

\*\*\*\* The Assistant Chief Fire Officer - Service Development retired from the Authority on 2nd December 2018

The Police, Fire & Crime Commissioner (PFCC) for North Yorkshire (J Mulligan) received an annual increase in salary of £3,000 per annum as a result of the transfer of governance of the Fire Service passing from the Fire Authority to the PFCC Fire and Rescue Authority on 15th November 2018. The costs incurred within these accounts in 2018/19 amounts to £1,290. The post holders full remuneration is reflected in the PFCC Group accounts.

The current Interim Chief Fire Officer (A Brodie) took up post on 21st January 2019. This function is discharged via a secondment agreement with Leicester, Leicestershire & Rutland Combined Fire Authority who reflect the post holder's remuneration within its accounts. During 2018/19 £28,060 was incurred in respect of this agreement.

The current Chief Finance Officer (M Porter) took up post on 4th December 2018. This function is discharged by the Police, Fire and Crime Commissioner for North Yorkshire via a collaboration agreement with the Police and Crime Commissioner for Cleveland who reflect the post holder's remuneration in its accounts. During 2018/19 £8,331 was incurred in respect of this agreement.

The previous Chief Finance Officer (G Fielding) between 1st April and 3rd December 2018 was discharged through a Service Level Agreement with North Yorkshire County Council who reflect the post holder's remuneration in its accounts. During 2018/19, £9,575 was incurred in respect of this agreement.

## 2017/18 Comparative Figures

	Salary (including allowances) £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2017/2018 Total £
Chief Fire Officer (Nigel Hutchinson)	157,665	1,124	158,789	32,911	191,700
Assistant Chief Fire Officer - Service Development	119,749	239	119,988	24,683	144,671
Assistant Chief Fire Officer - Operations	119,749	2,033	121,782	24,683	146,465
Director of Finance & Information/ Treasurer (S151) *	45,636	-	45,636	-	45,636
	<b>442,798</b>	<b>3,397</b>	<b>446,195</b>	<b>82,277</b>	<b>528,472</b>

\* The Director of Finance & Information/Treasurer (S151) retired from the Authority on 4th March 2018

The pension contributions payable in 2018/19 by Employers and Employees are prescribed by the Pension Schemes' Regulations:

	<u>Employer</u>	<u>Employee</u>
1992 Firefighters Pension Scheme	21.7%	16% - 17%

(b) The following table sets out the number of employees whose total remuneration, excluding pension contributions, was more than £50,000 for the year ended 31st March 2019. The table excludes employees included in (a) above.

Band:	2018/19 Number of employees	Restated 2017/18 Number of employees
£50,000 - £54,999	5	6
£55,000 - £59,999	10	12
£60,000 - £64,999	4	2
£65,000 - £69,999	8	6
£70,000 - £74,999	1	-
£75,000 - £79,999	-	2
£80,000 - £84,999	1	-
	<b>29</b>	<b>28</b>

Remuneration is all amounts receivable by an employee, including expenses and allowances chargeable to tax and the estimated money value of any other benefits received.

## 24. Audit Fees

The Authority has incurred the following costs in relation to fees payable to auditors appointed under the Local Audit and Accountability Act 2014 with regard to external audit services carried out under the Code of Audit Practice prepared by the Comptroller and Audit General in accordance with s18 of the 2014 Act.

	2018/19 £000	2017/18 £000
Fees payable to Mazars appointed under the Local Audit and Accountability Act 2014 with regard to external audit services	24	32
	<b>24</b>	<b>32</b>

## 25. Grant Income

The Authority credited the following grants, contributions and donations (over £10,000) to the Comprehensive Income and Expenditure Statement in 2018/19:

	2018/19 £000	2017/18 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Non Domestic Rates Top Up	2,873	2,789
Revenue Support Grant	2,897	3,579
Rural Services Delivery Grant	515	413
Transitional Grant	-	94
PFI Grant (to match interest charge)	406	371
<b>Total Non ring-fenced government grants</b>	<b>6,691</b>	<b>7,246</b>
Capital Grants & Contributions	57	411
	<b>6,748</b>	<b>7,657</b>
<b>Credited to Services</b>		
New Dimensions Grant	35	175
Firelink Project	223	216
Sec 31 NDR Grant	553	266
Levy Account Surplus Grant	93	0
PFI Grant	243	278
PFI Income	-	17
ESMCP (Emergency Services Mobile Communications Programme)	82	123
National Resilience Maintenance Grant	-	109
Transparency Set Up Grant	15	-
	<b>1,243</b>	<b>1,183</b>

The Authority has received some 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 giver. The balances at the year end are included in short term creditors and are as follows:

	2018/19 £000	2017/18 £000
<b>Revenue Grants Receipts in Advance</b>		
New Dimensions Grant	-	35
Fire Control Grant	22	23
Firelink Project	230	223
Transparency Set Up Grant	-	8
ESMCP (Emergency Services Mobile Communications Programme)	798	880
	<b>1,050</b>	<b>1,168</b>

## **26. Related Parties**

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

The Authority has sound arrangements for internal control and corporate governance (including a scheme of delegations and purchase, contract and procurement regulations) which minimise the potential for a single officer to constrain the actions of the Authority, and which seek to ensure that the Group obtains value for money in all transactions.

### **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, providing significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from Government are set out in Note 6 (b). Grants received in advance as at 31st March 2019 are Expenditure and Income analysed by nature. Grant receipts outstanding as at 31 March 2019 are included in Debtors (Note 14)

### **Key Management**

Key management are also classed as related parties. Key management are considered to be the Police, Fire and Crime Commissioner and other Senior Officers (as defined in the Remuneration Note 23) and other persons having the authority for planning, directing and controlling the activities of the Authority, including the oversight of these activities. One Senior Officer who left the Authority during 2018/19 did not respond to a request at the year end for details of any related party transactions during the year, however it was not expected that any had occurred.

Up to 14th November 2018, members of the Authority had control over the Authority's financial and operating policies. Members allowances are disclosed in Note 22. Three past Members did not respond to requests at the year end for details of any related party transactions prior to the transfer of governance, however it was not expected that any had occurred.

No related party transactions occurred in 2018/19.

## **27. Other Payments for Operating Activities**

As required under the Code, Other Payments for Operating Activities within the Cashflow Statement of £15,623,446 (£14,713,743 in 2017/18) comprise Employers National Insurance and pension contributions and also payments to Pensioners of the Firefighters Pension Schemes.

## **28. Defined Benefit Pension Schemes**

### **(a) Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, 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 that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in four pension schemes:

- (i) Local Government Pension Scheme** for Support staff is administered by North Yorkshire Pension Fund - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with

investment assets. The pension costs which are charged to the Authority's accounts equate to the employer's contributions paid to the fund on behalf of eligible employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis, and cash has to be generated to meet these payments as they fall due.

**(ii) Firefighters Pension Scheme** - these are unfunded schemes, meaning that there are no assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. There are three schemes administered by the Authority - the Firefighters Pension Scheme 1992 (FPS), the New Firefighters Pension Scheme 2006 (NFPS) and the Firefighters Pension Scheme 2015.

**(b) Injury Allowances - Firefighters Compensation Scheme 2006**

Injury Awards and awards payable on the death of a firefighter attributable to a qualifying injury are not part of the Firefighters Pension Scheme because they are payable irrespective of whether an employee is a member of the scheme. New tax rules with effect from 1st April 2006 prevent injury awards from being part of the Pension Scheme Regulations and the opportunity was taken to move the injury awards into a separate Firefighters Compensation Scheme 2006 with all injury awards previously covered by the FPS being paid from the Authority's Income and Expenditure account, not its Pension Fund.

The principal risks to the Authority of the Schemes are the longevity assumptions, statutory changes to the schemes, structural changes to the schemes (i.e. large scale withdrawals from the schemes), changes to inflation, bond yields and the performance of the equity investments held by the LGPS. The impact of the assumptions, and how they interact, is detailed within this note. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts as set out below.

**Transactions relating to Retirement and Injury Benefits**

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

<b>Comprehensive Income &amp; Expenditure Statement</b>	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
<b>Cost Of Services :</b>	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19
	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(815)	(1,600)	(230)	(4,300)	(90)	(7,035)
Past Service Cost	-	-	-	-	-	0
<b>Financing and Investment Income and Expenditure :</b>						
Net Interest Expense	(198)	(7,640)	(710)	(400)	(420)	(9,368)
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(1,013)</b>	<b>(9,240)</b>	<b>(940)</b>	<b>(4,700)</b>	<b>(510)</b>	<b>(16,403)</b>

**Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding

the amount included the net

interest expense

	1,413	-	-	-	-	1,413
--	-------	---	---	---	---	-------

Experience gains/(losses) arising on pension liabilities

	(46)	810	510	(290)	(620)	364
--	------	-----	-----	-------	-------	-----

Actuarial gains/(losses) arising on changes in financial and demographic assumptions

	(586)	2,407	(1,044)	(3,831)	(370)	(3,424)
--	-------	-------	---------	---------	-------	---------

**Total Post Employment Benefits**

**Charged to the Comprehensive Income and Expenditure Statement**

	781	3,217	(534)	(4,121)	(990)	(1,647)
--	-----	-------	-------	---------	-------	---------

	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
<b>Movement in Reserves Statement</b>						
Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19	1,013	9,240	940	4,700	510	16,403

**Actual Amount charged to the General Fund Balance for pensions in the year**

Employers contributions and benefits

payable to Pensioners

	(548)	(653)	(34)	(1,591)	(750)	(3,576)
--	-------	-------	------	---------	-------	---------



## 2017/18 Comparative Figures:

<b>Comprehensive Income &amp; Expenditure Statement</b>	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
<b>Cost Of Services:</b>	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(772)	(1,870)	(310)	(3,740)	(110)	(6,802)
Past Service Cost	(19)	(210)	-	-	-	(229)
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	(198)	(7,880)	(630)	(280)	(410)	(9,398)
<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>(989)</b>	<b>(9,960)</b>	<b>(940)</b>	<b>(4,020)</b>	<b>(520)</b>	<b>(16,429)</b>

### Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement

Remeasurement of the net defined benefit liability comprising:

Return on plan assets (excluding the amount included in the net interest expense)

	1,141	-	-	-	-	1,141
--	-------	---	---	---	---	-------

Experience gains/(losses) arising on pension liabilities

	(146)	(1,120)	(1,950)	140	(1,490)	(4,566)
--	-------	---------	---------	-----	---------	---------

Actuarial gains/(losses) arising on changes in financial and demographic assumptions

	(565)	6,732	(1,377)	(1,906)	380	3,264
--	-------	-------	---------	---------	-----	-------

### Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement

	430	5,612	(3,327)	(1,766)	(1,110)	(161)
--	-----	-------	---------	---------	---------	-------

### Movement in Reserves Statement

Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19

	989	9,960	940	4,020	520	16,429
--	-----	-------	-----	-------	-----	--------

### Actual Amount charged to the General Fund Balance for pensions in the year

Employers contributions and benefits

payable to Pensioners	(554)	(808)	(141)	(1,192)	(730)	(3,425)
-----------------------	-------	-------	-------	---------	-------	---------

The amount included in the Balance Sheet arising from the Authority's obligation to meet its defined benefit schemes is as follows:

	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19
	£000	£000	£000	£000	£000	£000
Present Value of the defined benefit obligation	32,174	309,390	29,230	20,300	17,490	408,584
Fair value of plan assets	(25,027)	-	-	-	-	(25,027)
<b>Net liability arising from the defined benefit obligation</b>	<b>7,147</b>	<b>309,390</b>	<b>29,230</b>	<b>20,300</b>	<b>17,490</b>	<b>383,557</b>

#### 2017/18 Comparative Figures:

	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
	£000	£000	£000	£000	£000	£000
Present Value of the defined benefit obligation	30,743	304,020	27,790	13,070	16,740	392,363
Fair value of plan assets	(23,280)	-	-	-	-	(23,280)
<b>Net liability arising from the defined benefit obligation</b>	<b>7,463</b>	<b>304,020</b>	<b>27,790</b>	<b>13,070</b>	<b>16,740</b>	<b>369,083</b>

#### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19
	£000	£000	£000	£000	£000	£000
Opening Fair Value	23,280	0	0	0	0	23,280
Interest Income	602					602
Remeasurement loss - the return on plan assets, excluding the amount included in the interest expense	1,413	-	-	-	-	1,413
Other	-	10,447	126	(2,811)	-	7,762
Employer contributions	548	653	34	1,591	750	3,576
Employee contributions	169	377	135	1,247	-	1,928
Benefits paid	(985)	(11,477)	(295)	(27)	(750)	(13,534)
Closing Fair Value	25,027	0	0	0	0	25,027

## 2017/18 Comparative Figures:

	Local Government Pension Scheme 2017/18 £000	Firefighters 1992 (FPS) Pension Scheme 2017/18 £000	Firefighters 2006 (NFPS) Pension Scheme 2017/18 £000	Firefighters 2015 Pension Scheme 2017/18 £000	Firefighters Compensation Scheme 2017/18 £000	Total 2017/18 £000
Opening Fair Value	21,553	0	0	0	0	21,553
Interest Income	561					561
Remeasurement loss - the return on plan assets, excluding the amount included in the interest expense	1,141	-	-	-	-	1,141
Other	-	7,682	(171)	(2,232)	-	5,279
Employer contributions	554	808	141	1,192	730	3,425
Employee contributions	167	500	130	1,060	-	1,857
Benefits paid	(696)	(8,990)	(100)	(20)	(730)	(10,536)
Closing Fair Value	23,280	0	0	0	0	23,280

## Reconciliation of present value of scheme liabilities

	Funded liabilities:			Unfunded liabilities:		
	Local Government Pension Scheme 2018/19 £000	Firefighters 1992 (FPS) Pension Scheme 2018/19 £000	Firefighters 2006 (NFPS) Pension Scheme 2018/19 £000	Firefighters 2015 Pension Scheme 2018/19 £000	Firefighters Compensation Scheme 2018/19 £000	Total 2018/19 £000
Opening Balance 1 April	30,743	304,020	27,790	13,070	16,740	392,363
Current Service Cost	826	1,600	230	4,300	90	7,046
Past Service Cost	-	-	-	-	-	0
Interest Cost	789	7,640	710	400	420	9,959
Contributions by members	169	377	135	1,247	-	1,928
Re-measurement (gains)/losses:						
Experience (gains)/losses on pension liabilities	46	(810)	(510)	290	620	(364)
Actuarial (gains)/losses arising on changes in financial and demographic assumptions	586	8,040	1,170	1,020	370	11,186
Benefits paid	(985)	(11,477)	(295)	(27)	(750)	(13,534)
Closing Balance 31 March	32,174	309,390	29,230	20,300	17,490	408,584

## 2017/18 Comparative Figures:

	Funded liabilities:			Unfunded liabilities:		
	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	29,011	300,480	23,620	8,520	15,840	377,471
Current Service Cost	783	1,870	310	3,740	110	6,813
Past Service Cost	19	210	-	-	-	229
Interest Cost	748	7,880	630	280	410	9,948
Contributions by members	167	500	130	1,060	-	1,857
Re-measurement (gains)/losses:						
Experience (gains)/losses on pension liabilities	146	1,120	1,950	(140)	1,490	4,566
Actuarial (gains)/losses arising on changes in financial and demographic assumptions	565	950	1,250	(370)	(380)	2,015
Benefits paid	(696)	(8,990)	(100)	(20)	(730)	(10,536)
Closing Balance 31 March	30,743	304,020	27,790	13,070	16,740	392,363

### Local Government Pension Scheme assets comprised:

The Firefighters' Pension and Compensation Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Scheme consist of the following categories:

Asset Category	Quoted	Unquoted	Quoted	Unquoted
	2018/19	2018/19	2017/18	2017/18
	£000	£000	£000	£000
Equities	14,115	-	15,085	-
Property	2,102	-	1,862	-
Government Bonds	4,755	-	3,841	-
Corporate Bonds	0	-	0	-
Cash	1,226	-	47	-
Other	1,051	1,777 *	2,444	-
	<u>23,250</u>	<u>1,777</u>	<u>23,280</u>	

\* Other unquoted is the Fund's investment in Private Debt and Insurance Linked Securities.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liability has been assessed by AON Limited, and the Firefighters Pensions and Compensation Schemes' liabilities have been assessed by the Government Actuary Department, both firms of Actuaries.

The estimates for the Local Government Pension Scheme are based upon the latest full valuation of the scheme as at 31st March 2016. For the Firefighters Pension Schemes, the estimates are

based upon the latest full valuation of the scheme as at 31st March 2016.

The significant assumptions advised by the Actuaries are:

Mortality Assumptions:	Local Government Pension Scheme		Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
	2018/19	2017/18	2018/19	2017/18
Member aged 65 for current pensioners:				
Men	22.2 years	22.9 years	22 years	21.9 years
Women	25.3 years	26.4 years	22 years	21.9 years
Member aged 45 for future pensioners :				
Men	23.9 years	25.1 years	23.9 years	23.9 years
Women	27.2 years	28.7 years	23.9 years	23.9 years
Rate of CPI inflation %	2.20	2.10	2.35	2.30
Rate of increase in salaries %	3.45	3.35	4.35	4.30
Rate of increase in pensions %	2.20	2.10	2.35	2.30
Rate for discounting scheme liabilities %	2.40	2.60	2.45	2.55

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed remains 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 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 type of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

#### Impact on Defined Benefit Obligation:

	Local Government Pension Scheme	
	£m increase	£m decrease
Longevity (increase or decrease in one year)	(1.0)	1.0
Rate of inflation (increase or decrease by 0.1%)	0.5	(0.5)
Rate of increase in salaries (increase or decrease by 0.1%)	0.2	(0.2)
Rate of increase in pensions (increase or decrease by 0.1%)	0.5	(0.5)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(0.6)	0.6

#### Impact on Defined Benefit Obligation:

	Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
	£m increase	£m decrease
Longevity (increase or decrease in one year)	(9.0)	9.0
Rate of inflation (increase or decrease by 0.1%)	5.6	(5.6)
Rate of increase in salaries (increase or decrease by 0.1%)	1.2	(1.2)
Rate of increase in pensions (increase or decrease by 0.0%)	5.6	(5.6)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(7.2)	7.2

## Asset and Liability Matching (ALM Strategy)

### Local Government Pension Scheme

The pension committee of North Yorkshire County Council has determined the investment strategy aimed at growing North Yorkshire Pension Fund's assets to meet obligations when they fall due. As required by the regulations, the suitability of various classes of investments have been considered including the benefit of asset class diversification. The fund is primarily invested in equities (56% of scheme assets) and fixed income (19%) with investments also in property and alternatives, the proportions being not materially dissimilar to last year. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency of the fund.

### Impact on the Authority's Cash Flows

#### Local Government Pension Scheme

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the Scheme's actuary to achieve a funding level of 100% over 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2019.

The Authority anticipates to pay £641,000 contributions into the Local Government Pension Scheme in the year to 31st March 2020. The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2018/19. (20 years 2017/18).

### Firefighters Pension Schemes

The Firefighters' Pension Schemes have no assets to cover their liabilities. Finance is only required to be raised to cover Firefighters' pensions when the pensions are actually due to be paid. Regular monitoring of movements relating to retirements is carried out in order to accurately forecast when retirements will occur.

The Authority anticipates to pay £4,604,000 contributions into the Firefighters Pension and Compensation Schemes in the year to 31st March 2020.

## 29. Financial Instruments

- (a) The Authority has adopted CIPFA's Treasury Management in the Public Services Code of Practice and has a set of treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

### Categories of Financial Instruments

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

#### Financial Assets

	Non Current		Current		Total
	Investments	Debtors	Cash & Cash Equivalents	Debtors	
	31st Mar	31st Mar	31st Mar	31st Mar	31st Mar
	2019	2019	2019	2019	2019
	£000	£000	£000	£000	£000
Amortised Cost	-	-	6,783	263	7,046
Non Financial Assets	-	-	-	-	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6,783</b>	<b>263</b>	<b>7,046</b>

**Financial Liabilities**

	Non Current		Current		
	Borrowings	Creditors	Borrowings	Creditors	Total
	31st Mar	31st Mar	31st Mar	31st Mar	31st Mar
	2019	2019	2019	2019	2019
	£000	£000	£000	£000	£000
Amortised Cost	12,594	-	1,338	993	14,925
Non Financial Liabilities:					
PFI	-	1,713	-	205	1,918
Finance Leases	-	598	-	179	777
<b>Total</b>	<b>12,594</b>	<b>2,311</b>	<b>1,338</b>	<b>1,377</b>	<b>17,621</b>

**2017/18 Comparative Figures:**

	Non Current		Current		
	Investments	Debtors	Cash & Cash	Debtors	Total
	31st Mar	31st Mar	Equivalents	31st Mar	31st Mar
	2018	2018	2018	2018	2018
	£000	£000	£000	£000	£000
Amortised Cost	-	-	8,644	282	8,926
Non Financial Assets	-	-	-	-	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>8,644</b>	<b>282</b>	<b>8,926</b>

**Financial Liabilities**

	Non Current		Current		
	Borrowings	Creditors	Borrowings	Creditors	Total
	31st Mar	31st Mar	31st Mar	31st Mar	31st Mar
	2018	2018	2018	2018	2018
	£000	£000	£000	£000	£000
Amortised Cost	13,762	-	546	1,049	15,357
Non Financial Liabilities:					
PFI	-	1,918	-	254	2,172
Finance Liabilities	-	777	-	401	1,178
<b>Total</b>	<b>13,762</b>	<b>2,695</b>	<b>546</b>	<b>1,704</b>	<b>18,707</b>

**(b) Reclassification and remeasurement of financial assets at 1 April 2018**

This note shows the effect of reclassification of financial assets following the adoption of IFRS9 Financial Instruments by the Code of Practice on Local Authority Accounting and the remeasurements where required.

	Carrying Amount Brought Forward at 1st April 2018 £000	Amortised Cost £000	Fair Value Through other Comprehensive Income £000	Fair Value Through Profit & Loss £000
<b>Previous classifications</b>				
Loans and Receivables	8,926	8,926	-	-
Available for Sale	-	-	-	-
Fair Value through Profit or Loss	-	-	-	-
<b>Reclassified amounts</b>	<b>8,926</b>	<b>8,926</b>	<b>0</b>	<b>0</b>

There has been no requirement for the remeasurement of financial assets following reclassification.

### (c) Income, Expense, Gains and Losses

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

	Surplus or Deficit on Provision of Services £000 2018/19	Other Comprehensive Income & Expenditure £000 2018/19	Surplus or Deficit on Provision of Services £000 2017/18	Other Comprehensive Income & Expenditure £000 2017/18
<b>Net gains/losses on:</b>				
Financial Assets measured at amortised cost	(1)	-	1	-
<b>Interest revenue</b>				
Financial Assets measured at amortised cost	(74)	-	(49)	-
<b>Interest Expense</b>	1,019	-	1,018	-

### The Fair Value of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required)

All financial liabilities and financial assets held by the Authority are classified as loans and receivables and long term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

	31st March 2019		31st March 2018	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Financial Assets</b>				
Loans and Receivables	6,783	6,783	8,644	8,644
Debtors	263	263	282	282
	7,046	7,046	8,926	8,926

Short term Loans and Receivables and Debtors are carried at cost as this is a fair approximation of their value.

	31st March 2019		31st March 2018	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost				
Public Works Loan Board (PWLB) Loans	13,932	16,426	14,173	16,565
Other liabilities :				
PFI	1,918	3,100	2,172	3,313
Finance Leases	777	777	1,178	1,178
Creditors	993	993	1,185	1,185
	17,620	21,296	18,708	22,241

#### PWLB Loans:

The Authority's Treasury Management Advisors, Link Asset Services, provided the fair value amounts to be disclosed in relation to its debt portfolio. Capita have assessed fair value by calculating the present value of the cash flows that will take place over the remaining life of the



loans applying the following rates:

- (a) For the fair value measured according to the requirements of Section 2.10 of the Code - new borrowing available from the PWLB rates as at the balance sheet date of 31st March 2019; and
- (b) for the value reflecting the amount that the Authority would have to pay to repay the loans as at 31st March 2019 - PWLB premature repayment rates as at 31st March 2019.
- (c) The fair value, as calculated in accordance with the Code, of £16,426,164 measures the economic effect of the past terms agreed with the PWLB compared with new borrowing rates from the PWLB as at 31st March. This is because the Authority has the ability to borrow at concessionary rates from the PWLB rather than from the markets and therefore this provides a more useful figure for the users of the Authority's financial statements as opposed to a value using prevailing market rates. The fair value of the liabilities is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than PWLB rates as at 31st March 2019. This shows the notional future loss (based upon economic conditions as at that date) arising from a commitment to pay interest to PWLB above its current rates.
- (d) However, it is important for users of the accounts to recognise that if the Authority were to seek to avoid the projected loss by repaying the loans early, the PWLB would charge a premium to reflect the additional interest that would not then be paid. The amount the Authority would have to pay to repay the loans early using premature repayment rates as at 31st March 2019 is £17,689,717 being the outstanding debt including accrued interest of £13,932,449 plus a premium of £3,757,268. The fact that this repayment figure is higher than both the carrying amount and also the fair value of the liabilities, demonstrates why the Authority has undertaken no debt repayment or rescheduling exercise to date.

#### PFI Liabilities

The difference between the fair value and the carrying value of the PFI liability is due to the differing required accounting treatments of the corresponding asset and liability in the accounts of the PFI Provider and of the Authority.

The fair value of PFI Liability represents the costs arising on the construction of the assets including initial tender costs. During Asset construction, interest on income to be received is capitalised within the finance debtor receivable. Once the assets were accepted by the Authority, a constant proportion of the planned net revenue (the unitary charge paid by the Authority) is allocated to fully repay the debtor over the life of the contract.

The carrying value in the Balance Sheet of the Authority as at 31st March 2019 is reported in accordance with IFRS Interpretations Committee (IFRIC) 12 Service Concession Arrangements as required by the Code. The allocation of the unitary charge is split into four elements as stated in accounting policy 1(q). The recognition of the liability for the amount due to the PFI Provider to pay for the capital investment uses the same principles as for a finance lease in accordance with International Accounting Standards (IAS) 17 Leases.

#### Other Non Financial Liabilities

Finance Leases are exempt from the IFRS13 Fair Value measurement requirements. The carrying amount calculated in accordance with the requirements of IAS17 Leases is taken to be a reasonable approximation of fair value.

Short term Creditors are carried at cost as this is a fair approximation of their value.

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31st March 2019 £000
<b>Financial Assets</b>				
Loans and Receivables	-	6,783	-	6,783
Debtors	263	-	-	263
	<b>263</b>	<b>6,783</b>	<b>0</b>	<b>7,046</b>
<b>Financial Liabilities</b>				
Financial Liabilities held at amortised cost				
PWLB Loans	-	16,426	-	16,426
PFI Liabilities	-	3,100	-	3,100
Creditors	993	-	-	993
	<b>993</b>	<b>19,526</b>	<b>0</b>	<b>20,519</b>

### Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels of the hierarchy during the year.

### Valuation Techniques used to Determine Level 2 Fair Values for the liabilities and assets in the table above:

#### Loans and Receivables

Fair value has been measured from the perspective of a market participant that holds the identical item as a liability. The fair value represents the value of the corresponding liability in the North Yorkshire County Council's Balance Sheet as at 31st March 2019 who make short term investments of the Authority's daily cash balances under a Service Level Agreement.

#### PWLB Loans:

The Authority's Treasury Management Advisors, Link Asset Services, provided the fair value amounts disclosed in the table above by calculating the present value of the cash flows that will take place over the remaining life of the loans applying new borrowing rates available from the PWLB as at the 31st March 2019.

#### PFI Liabilities

Fair value has been measured from the perspective of a market participant that holds the identical item as an asset. The fair value represents the value of the corresponding asset in the PFI Contractor's Balance Sheet as at 31st March 2019.

### Changes in Liabilities arising from Financing Activities

To enable users of financial statements to evaluate changes in liabilities arising from financing changes arising from both cash flows and non-cash changes, below is a reconciliation of the opening and closing balances in the Balance Sheet:

	Balance at 1 Apr 2018 £000	Cashflows £000	Non Cashflows £000	Balance at 31 Mar 2019 £000
<b>Financial liability:</b>				
Short and long term borrowing	14,135	(372)	38	13,801
Finance Lease Obligations	1,178	(277)	(124)	777
PFI Obligations	2,172	(254)	-	1,918
	<b>17,485</b>	<b>(903)</b>	<b>(86)</b>	<b>16,496</b>

### 30. Nature and Extent of Risks Arising from Financial Instruments

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

- (a) **Credit Risk** - the possibility that other parties might fail to pay amounts due to the Authority.
- (b) **Liquidity Risk** - the possibility that the Authority might not have funds available to meet its commitments to make payments.
- (c) **Market Risk** - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (both revised in 2017). Overall, these procedures require the Authority to manage risks in the following ways:

- adopt the requirements of the Code of Practice
- approve annually in advance, prudential indicator limits for the following three years regarding:
  - the Authority's overall borrowing,
  - maximum and minimum exposure to fixed and variable interest rates; and
  - maximum annual exposures to investments maturing beyond a year.
- approve an investment strategy for the forthcoming year setting out the criteria for both investing and selecting investment counterparties in compliance with Government guidance.

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the Authority's financial instrument exposure. It is approved by the Police, Fire and Crime Commissioner (PFCC) before the beginning of the financial year. In addition, it is current practice that the PFCC receives as a minimum a mid year review and a performance outturn report on the Authority's investment and borrowing activity.

#### (a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Management Strategy for 2018/19.

North Yorkshire County Council provide Treasury Management arrangements for short term investment of the Authority's daily balances. The investment credit criteria applied by the Authority is in line with the County Council's who prepare an approved lending list of Counterparties. The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention is focused on the credit standing of counterparties with whom the Council can invest funds in conjunction with advice from the Council's (also the Authority's) Treasury Management Advisor, Capita Asset Services.

In order to minimise the risk to investments, a minimum acceptable credit criteria is applied in order to generate a list of highly creditworthy counterparties. This approach in practice includes the following:

- (i) A system of scoring using Capita's credit system scoring and modelling system that includes:
- Ratings published by three credit rating agencies (Fitch, Moodys and Standard & Poor) which reflect a combination of components over the short and long term.
  - A review of the 'credit rating watch' and 'outlook' notices from the ratings agencies.
  - Credit default swaps (CDS) spreads to give early warnings of likely changes in credit ratings.
  - Sovereign ratings to select counterparties from the most credit worthy countries.
  - Any known Central Government involvement or specific guarantees issued for an organisation.
- (ii) Sole reliance is not placed upon the information provided by Capita. In addition, the County Council also uses market data and information available from other sources such as the financial press.
- (iii) Furthermore the following measures are actively considered throughout the year:
- The reduction or increase in the maximum investment term for an organisation dependent upon its current score.
  - Institutions will be removed or temporarily suspended from the approved lending list if there is significant concern about their financial standing or stability, with any investments withdrawn as soon as is possible.
  - Investment exposure being concentrated with higher rated institutions wherever possible.

The above is seen as a practical response to the current money market instability and volatility which enables the Authority to manage its money market risk exposure whilst also ensuring that it can still achieve a return that is consistent with available market rates.

### **Amounts arising from Expected Credit Losses**

The Authority recognises expected credit losses on its financial assets held at amortised cost on a lifetime basis applying the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses.

### **Loans and Receivables:**

Cash invested with NYCC on the 31<sup>st</sup> March has been classified within the Balance Sheet as cash and cash equivalents due to it being callable on demand i.e. very short term in nature. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

### **Debtors:**

In 2017/18, a credit loss allowance calculated using the incurred losses model (i.e. based upon an historical actual rate of default of £2,132) was provided for within the financial statements. Had an Expected Losses model have been used, this would have resulted in a credit loss allowance of £3,282. The Authority does not generally allow credit for Customers. Information disclosed by Company Liquidators is circulated within the Authority by the Income Officer to ensure that such companies are not granted a chargeable service.

The Authority has the following exposure to credit risk at 31st March 2019 based upon experience of default and uncollectability over the last three years adjusted to reflect current and forecast market conditions (i.e. the simplified approach):

	Carrying Val 31st Mar 2019 £000	Historical experience of default %	Expected Credit Losses %	Credit Loss Allowance £000
Deposits with banks and financial institutions	6,783	-	-	-
Customers	263	0.0	0.5	1

## (b) Liquidity Risk

The Authority has ready access to borrowings from the money markets to cover day to day cash flow needs whilst the PWLB provides access to longer term funds. There is, therefore, no significant risk that it will be unable to meet commitments under financial instruments. The approved prudential indicator 'Limits for the Maturity Structure of Debt' is the key parameter used by the Authority to address liquidity risk and is used in planning when new loans are to be taken and when it is economic to do so, making early loan repayments.

The limits in 2018/19 on the amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate was as follow in 2018/19:

	%
Less than 1 year	10
Between 1-2 years	10
Between 2-5 years	20
Between 5-10 years	50
Between 10-20 years	100
More than 20 years	100

All long term borrowing as at the 31st March 2019 was with the Public Works Loan Board (PWLB). Interest is payable at fixed rates between 2.29% and 8.00%. An analysis of loans by maturity is shown below:

	31st March 2019 £000	Maturity Profile %	31st March 2018 £000	Maturity Profile %
Less than 1 year	1,207	8.7%	411	2.9%
Between 1-2 years	403	2.9%	1,168	8.2%
Between 2-5 years	2,350	17.0%	1,216	8.6%
Between 5-10 years	2,886	20.9%	3,784	26.7%
Between 10-15 years	5,520	40.0%	5,659	39.9%
Between 15-20 years	1,435	10.4%	1,935	13.7%
	<u>13,801</u>	100.0%	<u>14,173</u>	100.0%

Borrowing due within 1 year is disclosed in the Balance Sheet as a current asset including interest due on borrowing within one year:

	£000
Borrowing due within 1 year	1,207
Interest on borrowing due within 1 year	<u>131</u>
	<u>1,338</u>

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

## (c) Market Risk

### (i) Market Risk - Interest Rate 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 fixed rates - the fair value of the liabilities for borrowings will fall.
- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise.

would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance pound for pound.

The Authority has a number of strategies for managing interest rate risk. The main strategy for undertaking new borrowing is to take advantage of the lowest rates possible whilst also focusing on borrowing over periods where there is currently no concentration of debt so as to achieve a balanced spread in the Authority's debt maturity profile. The Authority's debt position is reviewed as part of the Medium Finance Plan via the annual budget setting process which allows for any adverse changes to be considered and accommodated. This review also considers whether new external borrowing is taken out on either an annuity or maturity basis, or, alternatively whether internal borrowing using cash balances be used. The use of internal borrowing which runs down investments, maximises short term savings and reduces exposure to low interest rates on investments, and the credit risk of counter parties.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest receivable on variable rate investments (impact on Surplus or Deficit on Provision of Services)	92
Decrease in fair value of fixed rate borrowing liabilities (no impact on Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	1,325

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## **(ii) Market Risk - Price risk**

The Authority does not invest in equity shares and thus has no exposure to losses arising in movements in the price of shares.

## **(iii) Market Risk - Foreign exchange risk**

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

## **(iv) PFI Contract - Management of Risks**

The PFI Contract allocates the majority of risks to the service provider. There are no significant risks to the Authority arising from the contract. However, the affordability of the contract relies on annual grant of £649,000 from Central Government. Any reduction in that provision would impact adversely upon the Authority's financial position.

# **31. Contingent Liabilities**

## **(a) GMP Indexation and Equalisation - potential past service cost**

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State second pension scheme prior to 6 April 1997. All of the public service schemes, including Firefighter Pension Schemes and the Local Government Pension Scheme (LGPS) were contracted out.

## **(i) Local Government Pension Scheme**

Reforms to the State Pension system on 6th April 2016 removed the facility by which central government paid top-up payments to members with GMP who reached State Pension Age after that

date. Before 6th April 2016, the LGPS was required to pay full CPI increases on GMPs, so the top up payments had ensured that both the state and scheme pensions, when combined, kept pace with inflation.

In March 2016, the government introduced an 'interim solution' which made the LGPS responsible for full increases on GMPs for individuals reaching State Pension Age (SPA) from 5th April 2016 through 6th December 2018. This cost was accounted for in respect of the LGPS in 2017.

In January 2018, the government extended the interim solution to individuals reaching the SPA before 5th April 2021, passing further cost to the LGPS. This has not yet been accounted for. Government policy is to fully index and equalise GMP pensions for men and women reaching SPA after 5th April 2021 but has not yet enacted this legislation.

Separately, on 26th October 2018, the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The ruling confirmed that the trustees have a duty to "equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs".

HM Treasury have responded to confirm that public sector schemes already have a method to equalise guaranteed minimum pension benefits (through the interim solutions and commitment to pay full increases on GMPs) and they do not plan to change their method as a result of that judgement.

Aon, North Yorkshire Pension Fund's actuary has estimated that the potential IAS19 accounting liability of full GMP indexation and equalisation for members reaching SPA from 6th December 2018 to be in the region of 0.3% of the defined benefit obligation. This estimate has been calculated for a typical employer and does not reflect the individual characteristics of the NYPFCC FRA's membership. Costs could be higher for employers whose membership is older than average (who predominately accrued service between 1978 and 1997 when GMPs were being accrued). Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution rates in the future.

## **(ii) Firefighter Pension Schemes**

No estimation of the potential impact on the Firefighters Scheme is available whilst the HM Treasury is considering a longer term solution. Once published it is likely that a past service cost will be triggered, and this may be material to the accounts.

## **(b) The McCloud/Sargeant Judgement**

In December 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sargeant' judgement which found that the transitional protection arrangements put in place when the firefighters' and judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The transitional protections applied to all active members of public service schemes who were within 10 years of their normal pension age on 1st April 2012. The Government has applied to the Supreme Court for permission to appeal this judgement. If the appeal is unsuccessful, the case will be referred back to the Employment Tribunal to agree what the remedy will be following appropriate consultation.

## **(i) Local Government Pension Scheme 2014**

In relation to the LGPS, all members were moved into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so that their

benefits would be at least as valuable in terms of the amount and when they could be drawn than if they had remained in the 2008 Scheme. For the purpose of reporting a contingent liability, it would be prudent to assume the remedy would be equivalent to extending the 'best of both' underpin to all members.

The Government's Actuary Department (GAD) has been instructed by the LGPS Scheme Advisory Board to estimate a potential IAS19 accounting liability, should the government be unsuccessful in its application to appeal or if the Court of Appeal's judgement is upheld by the Supreme Court and the remedy for the LGPS is to extend the 'underpin' protection to all members. The eventual impact on NYPFCC FRA will depend on the remedy chosen by government, the profile of the of NYPFCC FRA's membership, and the assumptions used to report pension costs at the time of recognition.

It is unknown what impact this will have on future contributions to the Fund. The Fund is a funded arrangement with employers paying contributions based on the results of regular local valuations, with the next valuation due as at 31st March 2019. Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution in the future. Employer contributions towards future service may also increase if the 'better of both' test is extended beyond members within 10 years of normal pension age at 1st April 2012.

## **(ii) Firefighters Pension Scheme 2015**

The Firefighters' Pension Scheme (England) introduced the new 2015 Scheme with effect from 1st April 2015 with transitional protection arrangements implemented to allow members closer to retirement to remain in the relevant 1992 or 2006 schemes. Members who were within 10 years of normal retirement on 1st April 2012 were awarded full transitional protection and remained in their pre-2015 scheme. Members who were between 10 and 14 years from normal retirement on 1st April 2012 were awarded tapered protection and would be transitioned between 24th May 2015 and 31st March 2022.

An unsuccessful appeal by the Government to the Court of Appeal judgement would require a remedy to compensate employees who were transferred to the 2015 Scheme which would lead to an increase in Firefighters' Pension Scheme liabilities. GAD (having been commissioned on behalf of several Fire and Rescue Services) have estimated the potential increase in scheme liabilities at a National scheme level to between 4.1% and 5.0% being based upon three scenarios to reflect a range of increases in salary assumptions as at 31 March 2018. Based upon NYPFCC FRA's assumption as at that date, the potential increase in liabilities is likely to be 5%, however GAD has stated that its results do include a 25% margin of uncertainty.

This estimates have been produced on a 'better of' basis when comparing a members benefits in the 2015 Scheme and their relevant pre-2015 Scheme benefits over the four years to 31st March 2019. This is one potential remedy, and depending upon the outcome of the appeal, the remedy calculation and its applicability to the Firefighters Pension Scheme will need to be revisited in light of further direction from the courts.

The impact of an increase on in scheme liabilities arising from the McCloud/Sargeant judgement on employer and employee contribution rates will be measured through the Firefighters pensions valuation process. The next valuation is due to take place in 2020 with the implementation of the results planned for the financial year 2023/24 and authorities will need to plan for the impact of this alongside other changes identified through the valuation process.



**FIREFIGHTERS PENSION FUND**  
**FUND ACCOUNT FOR YEAR ENDED 31st MARCH 2019**

<b><u>2017/18</u></b>		<b><u>2018/19</u></b>
£000		£000
	<b>CONTRIBUTIONS AND BENEFITS</b>	
	<b>Contributions receivable</b>	
	Fire Authority:	
(2,076)	Contributions in relation to pensionable pay	(2,051)
(80)	Early Retirements	(105)
(1,666)	Firefighters contributions	(1,699)
(38)	Other Firefighters contributions	(62)
<b><u>(3,860)</u></b>		<b><u>(3,916)</u></b>
	<b>Transfers in</b>	
<b>(56)</b>	Individual transfers in from other schemes	<b>(194)</b>
	<b>Benefits payable</b>	
7,979	Pensions	8,394
1,136	Commutations & lump sum retirement benefits	3,194
<b><u>9,115</u></b>		<b><u>11,588</u></b>
	<b>Other payments</b>	
	Scheme tax charges	<b>255</b>
<b>5,199</b>	<b>Deficit / (Surplus) for the year before top up grant receivable from/payable to Central Government</b>	<b>7,732</b>
<b>(5,199)</b>	<b>Top up grant receivable from Government</b>	<b>(7,732)</b>
<b><u>-</u></b>	<b>Net amount payable / (receivable) for the year</b>	<b><u>-</u></b>

**FIREFIGHTERS PENSION FUND**  
**NET ASSETS STATEMENT AS AT 31st MARCH 2019**

<b><u>2017/18</u></b>				<b><u>2018/19</u></b>
£000		<b>Note</b>	£000	£000
	<b>Current Assets</b>	<b>5a</b>		
16	Contributions due from Authority		-	
-	Contributions due from Firefighters		4	
815	Pension top up grant receivable from Government		1,929	
<b>844</b>				<b>1,933</b>
	<b>Current Liabilities</b>	<b>5b</b>		
(26)	Unpaid pension benefits		(38)	
-	Unpaid Scheme tax charges		(255)	
(8)	Contributions paid in advance		-	
(809)	General Fund		(1,641)	
<b>(844)</b>				<b>(1,933)</b>
<b>-</b>	<b>Total Net Assets</b>			<b>-</b>

## **NOTES TO THE PENSION FUND ACCOUNTS**

### **1. General Description of the Fund**

There are three Pension Schemes currently administered by the Authority:

- (a) Firefighters Pension Scheme 1992 (FPS) operated under the Firefighters Pension Scheme (Amendment) (No. 2) (England) Order 2006
- (b) New Firefighters Pension Scheme 2006 (NFPS) operated under the Firefighters' Pension Scheme (England) Order 2006
- (c) The Firefighters Pension Scheme 2015 as set out in the Firefighters' Pension Scheme (England) Regulations 2014 (SI 2014/2848)

All three Schemes are unfunded meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual payments as they fall due.

Entrants to the Service since 1st April 2015 are eligible to join the 2015 Scheme, a career average scheme with a normal retirement age of 60. Other members either transition to the 2015 Scheme, or in the case of firefighters who were within 10 years of retirement on 1st April 2012, will remain in either the 1992 (FPS) or the 2006 (NFPS), both of which are final salary schemes.

Under each scheme, the Authority pays firefighters' pensions via a separate Firefighters Pension Fund Account. An employer's contribution based on a percentage of pay is paid into the fund. The Authority is also required to make lump sum payments in respect of ill health retirements to meet locally, at least, some of the cost of retiring an employee on the grounds of ill health. Employee contributions are also paid into the fund. The fund is topped up as necessary by Government Grant if the contributions are insufficient to meet the pension payments due. In the event of a surplus, this will be recouped by the Government.

Each Fire and Rescue Authority in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the fund are specified by regulations under statute. The fund is administered and managed for the Authority by West Yorkshire Pension Fund via a service level agreement for Pensions Administration.

The contributions payable by Employees and Employers prescribed by the regulations above are:

<b>Scheme</b>	<b>31/03/2019    31/03/2018</b>		<b>31/03/2019    31/03/2018</b>	
	<b>Employer</b>		<b>Employee *</b>	
1992 (FPS)	21.7%	21.7%	11.0%-17.0%	11.0%-17.0%
2006 (NFPS)	11.9%	11.9%	8.5%-12.5%	8.5%-12.5%
2015 Scheme	14.3%	14.3%	11.0% - 14.5%	10.5% - 14.5%

\* Employee rates vary which are dependent upon pensionable pay bandings.

## 2. Membership

The following summarises the membership of the Pension Fund at 31st March 2019:

Scheme	31/03/2019		
	Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	52	511	29
2006 (NFPS)	30	60	177
2015 Scheme	513	9	124

Scheme	31/03/2018		
	Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	76	502	31
2006 (NFPS)	46	53	253
2015 Scheme	472	3	79

## 3. Accounting Policies

The Pension Fund Accounts for the year ended 31 March 2019 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 issued by the Chartered Institute of Public Finance and Accountancy, known as 'the Code'.

## 4. Basis of Preparation

Except where otherwise stated below, the accounts have been prepared on an accruals basis.

## 5. Fund Account Transactions

Benefits payable and withdrawal of contributions have been brought into the Accounts on the basis of all valid payments due in the year. Transfer values are those sums receivable from, or payable to, other pension schemes for individuals and relate to periods of previous pensionable employment. Where possible, transfer values within the financial year are brought into the accounts at the net assets statement date. In a small number of cases it is not possible to obtain sufficient information from other pension schemes and these transfers are accounted for on a cash basis.

### (a) Current Assets

Debtors are raised for known contributions due to the Pension Fund at 31st March 2019:

	31st March 2019 £000	31st March 2018 £000
Central Government Bodies	1,929	815
Other Local Authorities	-	16
Other entities and individuals	4	13
<b>Total</b>	<b>1,933</b>	<b>844</b>

**(b) Current Liabilities**

Creditors are raised for known contributions owing by the Pension Fund at 31st March 2019:

	31st March 2019 £000	31st March 2018 £000
Central Government Bodies	(255)	-
Other Local Authorities	(38)	(30)
Other entities and individuals	(1,641)	(814)
<b>Total</b>	<b>(1,933)</b>	<b>(844)</b>

No allowance has been made for liabilities to pay pensions and other benefits after the 31st March 2019.

**6. Long Term Pension Obligations**

Details of the Authority's long term pension obligations in respects of the Firefighters Pension Schemes can be found in Note 28 to the financial statements.

**7. Contingent Liabilities****The McCloud/Sargeant Judgement**

Note 31 to the financial statements sets out the details of a contingent liability in respect of the potential impact on pension scheme liabilities and employer contributions of the McCloud/Sargeant judgement. As detailed in Note 1 above, authorities are required to operate a separate Pension Fund Account into which employer and employee contributions are paid, and out of which pension payments to retirees are made. If the Pension Fund does not have sufficient funds to meet the cost of pensions in year, the amount required to meet the deficit is paid by the Secretary of State to the Authority in the form of Central Government Grant if the contributions are insufficient to meet the pension payments due.

## **GLOSSARY OF TERMS**

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally a period of twelve months commencing on 1st April and ending as at the balance sheet date, 31st March.

### **ACCRUALS**

The concept that income and expenditure is accounted for as it is earned or incurred, not as money is received or paid.

### **AMORTISATION**

Written off over a suitable period of time, usually in line with the useful life of an asset.

### **ASSET**

An item owned by the Authority, which has a monetary value. Assets are defined as **current or non current** :

- **Current assets** will be consumed or cease to have value within the next financial year, e.g. inventories and debtors
- **Non current assets** provide benefits to the Authority and to services it provides for a period of more than one year, for example, land, buildings, vehicles and equipment.

### **AUDIT**

An independent examination of the Authority's activities, either by internal audit or the Authority's external auditor, which is 'Mazars LLP'.

### **BALANCE SHEET**

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a non current asset, which will be used in providing services beyond the current accounting period or, expenditure which adds to an existing non current asset.

### **CAPITAL FINANCING**

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contribution, revenue reserves and earmarked reserves.

### **CAPITAL RECEIPTS**

The proceeds from the disposal of land or other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used for general revenue purposes.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the professional institute that develops and promotes proper accounting practice for Local Government in England and Wales.

**CONSISTENCY**

The concept that the accounting treatment of like items is the same from one accounting period to the next.

**CONTINGENT LIABILITY**

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

**CONSUMER PRICE INDEX (CPI)**

CPI is the official measure of inflation of consumer prices of the United Kingdom. It is a statistical estimate constructed using the prices of a sample of consumer goods, purchased by households whose prices are collected periodically

**COUNCIL TAX**

This is a banded property tax which is levied on domestic properties. The banding is based on estimated property values as at 1st April 1991.

**CREDITOR**

Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

**DEBTOR**

Amounts due to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that period.

**DEFINED BENEFIT OBLIGATION**

Future pension liabilities payable by the Authority that have been promised under the formal terms of the defined benefit pension schemes provided to employees.

**DEPRECIATION**

The amount charged to revenue accounts to represent the reducing value of non current assets through consumption.

**DEPRECIATED REPLACEMENT COST**

A method of valuation based on the gross cost of replacing the asset/building less an allowance for depreciation.

**EXISTING USE VALUE**

A method of valuation based on the amount that would be paid for an asset/building based on its existing use.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arms length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**GOVERNMENT GRANTS**

Grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of the Authority's services. These grants may be given specifically towards the cost of particular defined schemes, or to support the revenue spend of the Authority (known as Revenue Support Grant).

**GROSS CARRYING AMOUNT (GCA)**

The cost of a non current asset before the deduction of accumulated depreciation and/or impairment.

**IMPAIRMENT**

A reduction in the value of a non current asset, below it's carrying amount on the balance sheet.

**INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

Standards for the presentation and preparation of financial statements set by the International Accounting Standards Board (IASB) that organisations must follow. These standards were previously called **International Accounting Standards (IAS)**.

**IFRS INTERPRETATIONS COMMITTEE (IFRIC)**

The Interpretations Committee are responsible for the maintenance of IFRS. Its objective is to interpret the application of IFRS and provide guidance on financial reporting issues that are not specifically addressed, or where concerns are expressed about poorly specified disclosure requirements.

**INVENTORIES**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later accounting period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

**LIABILITY**

A liability is where an authority owes payment to an individual or another organisation:

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

**LONG TERM BORROWING**

The main element of long term borrowing is comprised of loans that have been raised to finance capital investment projects.

**MARKET VALUE**

The monetary value of an asset as determined by current market conditions.



**MATERIALITY**

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to distortion of the financial statements to a reader of the statements.

**MINIMUM REVENUE PROVISION (MRP)**

Represents the statutory minimum amount that must be charged to a revenue account in each financial year to repay external borrowings.

**NET BOOK VALUE**

The amount at which non current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

**NET REALISABLE VALUE**

The open market value of the asset in its existing use, less the expenses to be incurred in realising the asset.

**NON DOMESTIC RATES**

National non domestic rates (also known as Business Rates) are a tax on properties which are not used for domestic purposes such as shops, factories, offices and fire stations. Business rates collected by Local Authorities are the way that those who occupy non-domestic properties contribute to the cost of local services.

**OPERATIONAL ASSETS**

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

**PEPPERCORN RENT**

A very low or nominal rent payable for the use of an asset.

**PRECEPT**

The order made by Precepting Authorities on Billing Authorities, requiring the latter to collect income from council taxpayers on their behalf.

**PRIVATE FINANCE INITIATIVE (PFI)**

A means of securing new assets and associated services in partnership with the private sector.

**PROVISION**

An amount put aside in the accounts for liabilities or losses which have occurred but uncertainty surrounds the exact amounts involved or the dates on which they will arise.

**PRUDENCE**

The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

**PUBLIC WORKS LOAN BOARD (PWLb)**

This is a Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government itself can borrow.

## **RELATED PARTIES**

Two or more parties are related, when at any one time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

## **RESERVES**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves are kept to manage the accounting processes for non current assets and retirement benefits and do not represent usable resources for the Authority.

## **RETAIL PRICE INDEX (RPI)**

RPI is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.

## **REVENUE EXPENDITURE**

The day-to-day expenses of providing services. It is usually of a constantly recurring nature and produces no permanent asset, e.g. salaries, wages, supplies and services, and debt charges.

## **REVENUE SUPPORT GRANT**

This is a Central Government grant to authorities, contributing towards the cost of their services. It is based on the Government's assessment of how much an authority needs to spend to provide a standard level of service.

## **SECTION 151 OFFICER**

The Officer designated as Chief Financial Officer under the terms of S151 of the Local Government Act 1972 and S112 of the Local Government Finance Act 1988 to assume overall responsibility for the administration of the financial affairs of the Fire Authority and for the preparation of the Authority's Statement of Accounts.

## **SHORT TERM INVESTMENT**

Short term investments are deposits of temporary surplus funds with banks or similar institutions.

## **USEFUL LIFE**

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