

**LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE
AUTHORITY**

To: Members of the Combined Fire Authority

Mr Nicholas Rushton CC (Chairman)

Councillor Susan Barton

Mr Iain Bentley CC

Councillor Kenneth A Bool

Mr Bill Boulter CC

Mr. John Coxon CC

Councillor Luis Fonseca

Mr Dan Harrison CC

Mr Jeffrey Kaufman CC

Mr Bill Liquorish CC

Mr Michael Mullaney CC

Ms Betty Newton CC

Councillor Hemant Rae Bhatia

Mr. T. Parton CC

Councillor Kulwinder Singh Johal (Vice
Chairman)

Councillor Aminur Thalukdar

Mrs. M. Wright CC

Copies to: Chief Fire Officer, Directors and Area Managers, Leicestershire
Fire and Rescue Service.

Dear Sir/Madam,

You are invited to attend a meeting of the **Leicester, Leicestershire and
Rutland Combined Fire Authority** which will be held via **Microsoft Teams**
on **Wednesday 23 September** at **10:00am** for the transaction of business
set out on the attached Agenda.

Yours Faithfully



Lauren Haslam
Monitoring Officer



Leicestershire Fire and Rescue Service

Headquarters, 12 Geoff Monk Way, Birstall, Leicester LE4 3BU

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LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE AUTHORITY

Date/Time **Wednesday, 23 September 2020 at 10.00 am**

Location **Via Microsoft Teams**

Officer to contact **Anna Poole (Tel. (0116 305 2583))**

E-Mail **anna.poole@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report by</u>	
1. Apologies for absence.		
2. To receive declarations by members of interests in respect of items on this Agenda.		
3. To advise of any other items which the Chair has decided to take as urgent.		
4. Chair's Announcements.		
5. Public Participation/ CFA Rules of Procedure Rule 9 - Member Questions.		
6. To confirm the minutes of the meeting of the Combined Fire Authority held on 29 July 2020 as a correct record.		(Pages 5 - 12)
7. Statement of Accounts and Annual Governance Statement 2019/20.	The Treasurer	(Pages 13 - 154)
8. Training Facility - Service Leadership and Development Centre: Project Update.	Interim Chief Fire and Rescue Officer	(Pages 155 - 162)
9. Day Crewing Plus Duty System.	Interim Chief Fire and Rescue Officer	(Pages 163 - 170)
10. Service Identity.	Interim Chief Fire and Rescue Officer	(Pages 171 - 176)
11. Service Delivery Update.	Interim Chief Fire and Rescue Officer	(Pages 177 - 182)

- | | | |
|---|---------------------------------------|-------------------|
| 12. Annual Report, Statement of Assurance and Annual Equality Report. | Interim Chief Fire and Rescue Officer | (Pages 183 - 246) |
| 13. Appointment of Independent Persons. | The Monitoring Officer | (Pages 247 - 250) |
| 14. Urgent Action. | | |
| 15. Date of Next Meeting. | | |

The next meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority will be held on Wednesday 16 December 2020 at 10:00am via Microsoft Teams.

Minutes of a meeting of the Combined Fire Authority held at County Hall, Glenfield on Wednesday, 29 July 2020.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Cllr. S. Barton	Cllr. K. Singh Johal
Mr. I. E. G. Bentley CC	Mr. J. Kaufman CC
Cllr. Hemant Rae Bhatia	Mr. W. Liquorish JP CC
Cllr. K. Bool	Mr. M. T. Mullaney CC
Mr. G. A. Boulter CC	Ms. Betty Newton CC
Mr. J. G. Coxon CC	Mr T. Parton CC
Cllr. L. Fonseca	Cllr. A. Thalukdar
Mr. D. Harrison CC	Mrs. M. Wright CC

In attendance

Rick Taylor, Chief Fire and Rescue Officer
 Lauren Haslam, Monitoring Officer
 Colin Sharpe, representing the Treasurer
 Amy Oliver, Chief Accountant Leicester City Council
 Richard Hall, Assistant Chief Fire and Rescue Officer
 Callum Faint, Assistant Chief Fire and Rescue Officer
 Anna Poole, Democratic Services Officer

80. Election of Chairman.

The Democratic Services Officer invited nominations for the position of Chairman.

It was moved by Mr. J. G. Coxon CC and seconded by Mrs. M. E. Newton CC that Mr. N. J. Rushton CC be elected Chairman of the Combined Fire Authority (CFA).

There being no other nominations, the Democratic Services Officer declared Mr. N. J. Rushton CC elected as Chairman of the CFA.

Mr. N. Rushton CC – in the Chair

81. Election of Vice Chairman.

It was moved by Mr. N. J. Rushton CC and seconded by Mrs. M. E. Newton CC that Councillor. K. Singh Johal be elected Vice Chairman of the CFA.

There being no other nominations, the Chairman declared Councillor K. Singh Johal elected as Vice Chairman of the CFA.

82. Apologies for absence.

No apologies were received.

83. Declarations of interest.

The Chairman invited members who wished to do so to declare an interest in respect of items on the agenda.

No declarations were made.

84. Urgent items.

There were no urgent items.

85. Chair's Announcements.

The Chairman's announcements were tabled at the meeting, a copy of which is filed with these minutes.

86. Public Participation/ CFA Rules of Procedure Rule 9 - Member Questions.

It was reported that no questions had been received.

87. Minutes of the previous meeting.

The minutes of the CFA meeting on 12 February 2020 were considered.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the minutes should be taken as read, confirmed and signed.

RESOLVED:

That the minutes of the meeting of the Combined Fire Authority held on 12 February 2020 should be taken as read, confirmed and signed.

88. Minutes of the Corporate Governance Committee meeting.

The minutes of the Corporate Governance Committee meeting on 22 January 2020 were considered.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Bool that the minutes be noted.

RESOLVED:

That the minutes of the meeting of the Corporate Governance Committee held on 22 January 2020 be noted.

89. Membership, Nominations and Appointments 2020/21.

The CFA considered a report of the Monitoring Officer concerning the Schedule of Nominations and Appointments for the Municipal Year 2020/21 for the Combined Fire Authority. A copy of the report, marked "Agenda Item 10", is filed with these minutes.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal and carried that the membership of the Corporate Governance Committee, the Employment Committee and the Local Pension Board; and the appointment of the Equality Champion and a CFA representative for the Leicestershire Safer Communities Strategy Board and the LGA Fire Services Commission, as set out in the Appendix to the report, be approved.

RESOLVED:

The CFA agreed the following nominations and appointments for 2020/21:

Corporate Governance Committee

4 Conservative (3 County and 1 Rutland) 4 Labour (1 County and 3 City)

1 Liberal Democrat (1 County)

Cllr. K. Bool (Chairman)

Mrs. B. Newton CC (Vice Chairman)

Mr. I. Bentley CC

Mr. D. Harrison CC

Mr. J. Coxon CC

Mr. J. Kaufman CC

Cllr. A. Thalukdar

Cllr. S. Barton

Cllr. L. Fonseca

Employment Committee

4 Conservative (3 County and 1 Rutland) 4 Labour (1 County and 3 City)

1 Liberal Democrat (1 County)

Mr. W. Liquorish CC

Mr. I. Bentley CC

Mr. T. Parton CC

Mr. G. A. Boulter CC

Cllr. K. Bool

Mrs. B. Newton CC

Cllr. L. Fonseca

Cllr. H. Rae Bhatia

Cllr. K. Singh Johal

Local Pension Board

Mr. W. Liquorish JP CC (Chairman)

Cllr. H. Rae Bhatia

Equality Champion 2020/21

Ms. B. Newton CC

Outside Bodies

Leicestershire Safer Communities Strategy Board 2020/21

Mr. T. Parton CC

LGA Fire Services Commission 2020/21

Mrs. M. Wright CC

90. Revenue and Capital Outturn 2019/20.

The CFA considered a report of the Treasurer concerning the final revenue and capital outturn figures for 2019/20. A copy of the report, marked 'Agenda Item 11' is filed with these minutes.

In response to questions, the Chief Fire and Rescue Officer assured members that the high level of underspends detailed in the report had not impacted on service delivery. He added, however, that Covid-19 had increased the issues experienced with the Service's ability to recruit staff.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the recommendations in the report be approved.

RESOLVED:

That:

- a) the revenue and capital provisional outturn position for 2019/20 be noted;
- b) £2,092,000 of capital funding be carried forward into 2020/21;

- c) a Covid-19 grant of £159,000 be transferred to an earmarked reserve for future Covid-19 related costs;
- d) the remaining revenue underspend of £735,000 be transferred to the Capital Fund earmarked reserve to assist with funding the future capital programme; and
- e) the update on the Fire and Rescue Indemnity Company Ltd be noted.

91. Service update during Covid-19.

The CFA considered a report of the Chief Fire and Rescue Officer which informed of the activities and actions undertaken by the Leicestershire Fire and Rescue Service since February 2020, including its response to the Coronavirus pandemic. A copy of the report, marked 'Agenda Item 12' is filed with these minutes.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the update on service delivery and the Service's response to the Coronavirus pandemic be noted.

RESOLVED:

That the update on service delivery and the Service's response to the Coronavirus pandemic be noted.

Callum Faint, Assistant Chief Fire and Rescue Officer left the meeting for the discussion of the next item.

92. Appointment of Assistant Chief Fire and Rescue Officer.

The CFA considered a report of the Chief Fire and Rescue Officer concerning the appointment of a substantive Assistant Chief Fire and Rescue Officer, following the resignation of the substantive post holder in December 2019. A copy of the report, marked 'Agenda Item 13' is filed with these minutes.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the appointment of Callum Faint as Assistant Chief Fire and Rescue Officer from 1 April 2020, be noted.

RESOLVED:

That the appointment of Callum Faint as Assistant Chief Fire and Rescue Officer from 1 April 2020, be noted.

Callum Faint, Assistant Chief Fire and Rescue Officer, returned to the meeting.

93. Exclusion of the Press and Public.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following items of business as defined in the paragraphs of Schedule 12A of the Act detailed below:

- The Future of Day Crewing Plus - Paragraph 4;
- The Report of the Employment Panel – Chief Fire and Rescue Officer Local Salary Review - Paragraphs 1, 2 and 3;
- The Appointment of an Interim Chief Fire and Rescue Officer – Urgent Action Taken by the Monitoring Officer and Treasurer - Paragraphs 1 and 2; and
- that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following items of business as defined in the paragraphs of Schedule 12A of the Act detailed below:

- The Future of Day Crewing Plus - Paragraph 4;
- The Report of the Employment Panel – Chief Fire and Rescue Officer Local Salary Review - Paragraphs 1, 2 and 3;
- The Appointment of an Interim Chief Fire and Rescue Officer – Urgent Action Taken by the Monitoring Officer and Treasurer - Paragraphs 1 and 2; and
- that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

94. The Future of the Day Crewing Plus Duty System.

The CFA considered an exempt report of the Chief Fire and Rescue Officer concerning the Day Crewing Plus duty system (DCP). A copy of the report, marked 'Agenda Item 15' is filed with these minutes.

Members were informed of issues related to the affordability of the DCP system, the potential impact on service delivery and received legal advice from the Monitoring Officer.

The Monitoring Officer informed members that advice had been taken from the County Council's in-house solicitors and from Counsel to ensure that a complete picture was available that reflected the complexities of the situation.

The Chief Fire and Rescue Officer assured members that if DCP was to be phased out this would happen towards 2024, which would help to manage and mitigate the potential impact of staff leaving the service due to a reduction in their salaries and leading to a

reduction in the skills and experience available. At this stage, a public consultation would be carried out for the next IRMP 2024, and this would include alternative options for a duty system to replace DCP.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the recommendations in the report be approved.

RESOLVED:

That

- a) the LFRS proposal to move away from the current DCP crewing system in preparedness for the next IRMP 2024 be approved; and
- b) that alternative options to replace the current DCP duty system, via an officer group working party of relevant stakeholder representatives, be developed.

Rick Taylor, the Chief Fire and Rescue Officer and Richard Hall and Callum Faint the Assistant Chief Fire and Rescue Officers, left the meeting for the discussion on the following item.

95. Report of the Employment Panel - Chief Fire and Rescue Officer Local Salary Review.

The CFA considered an exempt report of the Chairman of the Employment Panel which sought approval for the salary level of the Chief Fire and Rescue Officer following the review by the Employment Panel on 8 June 2020. A copy of the report, marked 'Agenda Item 16' is filed with these minutes.

It was moved by Councillor K. Bool and seconded by Mrs. B. Newton CC that the recommendations in the report be approved.

RESOLVED:

That

- a) The salary for the position of Chief Fire and Rescue Officer currently be retained at £132,663 and be subject to an agreed pay award back dated to 1 April 2020;
- b) The vacancy for the position of Chief Fire and Rescue Officer be advertised with a salary band of £130,000 - £140,000; and
- c) Officers undertake further analysis of the salary levels of Chief Fire and Rescue Officers in similar-sized Fire Authorities and their management structures to inform a future review of the salary for the Chief Fire and Rescue Officer.

Rick Taylor, the Chief Fire and Rescue Officer and Richard Hall and Callum Faint the Assistant Chief Fire and Rescue Officers, re-joined the meeting.

96. Appointment of an Interim Chief Fire and Rescue Officer - Urgent Action taken by the Monitoring Officer and Treasurer.

The CFA considered an exempt report of the Monitoring Officer and Treasurer which advised of the urgent taken by the Monitoring Officer and Treasurer, following consultation with the Chair and Vice Chair of the CFA, to put in place arrangements for the appointment of an interim Chief Fire and Rescue Officer following the resignation of the current post holder. A copy of the report, marked 'Agenda Item 17' is filed with these minutes.

It was moved by Mr. N. J. Rushton and seconded by Councillor K. Singh Johal that the recommendations in the report be approved.

RESOLVED:

That

- a) the urgent action taken by the Monitoring Officer and Treasurer to put in place arrangements for the appointment of an interim Chief Fire and Rescue Officer until June 2021 following the resignation of the current Chief Fire and Rescue Officer, be noted;
- b) the Monitoring Officer and the Treasurer be authorised to jointly progress the appointment of a permanent Chief Fire and Rescue Officer depending on the current national situation and the challenges facing the Leicestershire Fire and Rescue Service.

97. Date of Next Meeting.

The next meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority will be held on 23 September 2019 at 10.00am as a virtual meeting via Microsoft Teams.

10.00 - 10.54 am
29 July 2020

CHAIRMAN

Status of Report: Public

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Statement of Accounts and Annual Governance Statement 2019/20

Report by: The Treasurer

Author: Amy Oliver (Chief Accountant, Leicester City Council)

For: Decision

Purpose

1. The purpose of this report is to:
 - a) Present to the Combined Fire Authority (CFA) the External Auditor's audit completion report
 - b) Submit the 2019/20 Statement of Accounts for approval
 - c) Present the Annual Governance Statement (AGS) for approval and publication with the final Statement of Accounts.

Recommendations

2. The CFA is asked to:
 - a) Note the audit completion report presented by the External Auditor, Mazars.
 - b) Adopt the Statement of Accounts 2019/20.
 - c) Approve the Annual Governance Statement 2019/20.
 - d) Approve the Letter of Representation.
 - e) Note the significant improvements made by the Authority in working practices since the presentation of the Accounts in 2019.

Executive Summary

3. The Accounts and Audit Regulations (England) 2015 state that the accounts must be published with the audit opinion and certificate and be approved by Members by 31 July. For 2019/20, this deadline has been extended to the 30 November 2020 due to the Covid-19 pandemic. The draft Statement of Accounts was signed by the Treasurer and submitted to the external auditor (Mazars) on 7 August 2020. The final Statement of Accounts was considered by the Corporate Governance Committee on 16 September 2020.

4. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. Separate management accounts were presented to the CFA in July, which set out the revenue and capital outturn position. The financial position of the Authority is presented in a different way in the Statement of Accounts. The outturn reports focus on the in-year financial performance in a format consistent with the Authority's budgets, while the Statement of Accounts shows the in-year performance in a standard format adopted by all local authorities, including a balance sheet showing the underlying financial position.
5. The outturn position has been amended since being reported to the CFA at its meeting on 29 July 2020, as some accruals were identified as being incorrect, which meant the surplus increased from £894,000 to £998,000. This adjustment has been reflected in the Statement of Accounts.
6. External Auditors have substantially completed their audit work as outlined in their audit completion report and anticipate issuing an unqualified audit opinion on the financial statements and Value for Money (VFM) conclusion.
7. The External Auditors specifically noted that there was a marked improvement in the quality of the working papers, and the availability of the supporting information that underpins the disclosures in the financial statements.
8. The audit completion report includes corrected and uncorrected misstatements identified in the draft accounts, other than those of a trivial nature. The report concludes that all of the internal control recommendations identified last year have been addressed and there are no new recommendations in the current year.
9. Approval and ownership of the AGS is required at a corporate level. The AGS is published with the Statement of Accounts. Mazars report that the AGS complies with the CIPFA/SOLACE "Delivering Good Governance Framework" (2016) and that it is not misleading or inconsistent with information from the audit of the financial statements.

Background

Statement of Accounts

10. The Accounts and Audit Regulations (England) 2015 state that the accounts must be published with the audit opinion and certificate and be approved by Members by 31 July. For 2019/20, this deadline has been extended to the 30 November 2020 due to the Covid-19 pandemic. The draft Statement of Accounts was signed by the Treasurer and submitted to the external auditor (Mazars) on 7 August 2020. The final Statement of Accounts was considered by the Corporate Governance Committee on 16 September 2020.
11. The final Statement of Accounts, which was considered by the Corporate Governance Committee on 16 September 2020, is attached as Appendix 1. The accounts reflect an adjustment to the outturn increasing the surplus from £894,000 to £998,000 as a result of the correction of some accruals. This adjustment was identified by officers during the preparation of the accounts and included within the draft submitted for audit.
12. The external audit work on the accounts is now substantially complete and is reported upon in the External Auditors' audit completion report, attached as Appendix

2. The audit completion report includes corrected and uncorrected misstatements identified in the draft accounts, other than those of a trivial nature. The report concludes that all of the internal control recommendations identified last year have been addressed and there are no new recommendations in the current year.
13. The audit completion report also outlines the results of the work undertaken as part of the VFM risk assessment. This concludes that the CFA has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
14. The CFA is required to provide the External Auditor with representations on specific matters such as the ongoing concern assertion and whether the transactions in the accounts are legal and unaffected by fraud. Mazars have provided a draft Letter of Representation (attached as Appendix 2), which requires our confirmation to them that we have disclosed all relevant related parties. The letter needs to be agreed by the CFA and signed by the Treasurer.

Annual Governance Statement

15. Approval and ownership of the AGS is required at a corporate level. The AGS is published with the Statement of Accounts. Mazars report that the AGS complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016) and that it is not misleading or inconsistent with information from the audit of the financial statements. If approved, the AGS will be signed by the Chair of the CFA and by the Chief Fire and Rescue Officer.
16. The Annual Governance Statement for 2019/20 should assure the people of Leicester, Leicestershire and Rutland that the Authority operates in accordance with the law and has due regard to proper standards of behaviour and that it safeguards the public purse.

Report Implications / Impact

17. Legal (including crime and disorder)

Regulations 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 (the Regulations) require the CFA to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement (AGS), prepared in accordance with proper practices in relation to internal control.

In anticipation of the potential disruption to relevant authorities caused by the spread of coronavirus (Covid-19), the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 amended the 2015 Regulations referred to above to extend the deadlines for relevant authorities to publish and make available for public inspection, their annual accounts and supporting documents in relation to the financial year beginning on 1 April 2019. The amendment regulations stipulate that the CFA must publish its draft Statement of Accounts and draft AGS by no later than 31 August 2020 and the publication date for final, audited, accounts has moved from 31 July to 30 November 2020.

18. Financial (including value for money, benefits and efficiencies)

These are included in the main body of the report.

19. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

None identified.

20. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

None.

21. Environmental

Hard copies of the Annual Report (which will include the Statement of Accounts) are only produced on request. An electronic copy will be available on the CFA's website. one.

22. Impact upon Our Plan Objectives

- a) The Finance and Resources strategic aim of demonstrating value for money is supported by the External Auditor's opinion on the 2019/20 Statement of Accounts and Value for Money conclusion.
- b) The Governance strategic aim of providing assurance is supported by the External auditor's opinion on compliance of the AGS to the CIPFA/SOLACE "Delivering Good Governance Framework (2016)"

Background Papers

External Audit Plan 2019/20 (Corporate Governance Committee Report 10 March 2020):
<https://leics-fire.gov.uk/wp-content/uploads/2020/03/appendix-audit-strategy-memorandum.pdf>

Report to the CFA 29 July 2020 - Final Outturn 2019/20:
<https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

Report to the Corporate Governance Committee 16 September 2020 – Draft Statement of Accounts and Annual Governance Statement 2019/20:
<https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

Appendices

Appendix 1 - Combined Fire Authority 2018/19 Statement of Accounts and Annual Governance Statement.

Appendix 2 – Audit Completion Report and Letter of Representation

Officers to Contact

Alison Greenhill, Treasurer, 0116 454 5552
alison.greenhill@leicester.gov.uk

Amy Oliver, Chief Accountant, 0116 210 5509
Amy.oliver@leicester.gov.uk

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ANNUAL ACCOUNTS 2019/20

Leicestershire Fire & Rescue Service

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Introductory Statements

Narrative Statement

1. Foreword

Our purpose is **Safer People, Safer Places** in both our communities and our workplaces.

We must understand who our service users are and what services they need to ensure we can continue to deliver a well-managed service, focused on the end users and to direct our resources efficiently and effectively.

The corporate plan sets out how we will achieve our purpose and describes our service priorities and aims; departmental and district plans will detail how we will successfully achieve our desired outcomes.

Our prevention, protection and response teams will continue to manage the number and impact of incidents and will react effectively when they do happen. Our support teams will enable prevention, protection and response to deliver.

Our staff and our communities must feel safe and have confidence in the quality of the service that we provide and the way in which we deliver it. We've agreed a range of activities within our plan to make sure we continue to achieve our statutory duties and deliver an excellent fire and rescue service.

2. Leicestershire Fire and Rescue Service

Leicester, Leicestershire and Rutland cover an area of more than 979 square miles. It has a network of major motorways, an international airport, large scale businesses, buildings of historical importance and protected wildlife sites.

It has mix of urban, semi-rural and rural localities. The population is growing and ageing; at present it stands at just over 1.1 million people living in over 430,000 domestic properties. There are over 45,000 business premises.

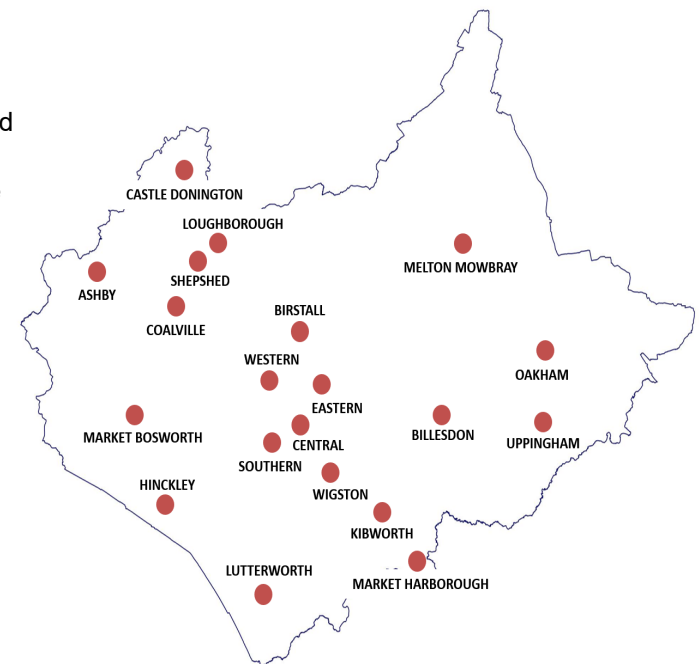
3. The Combined Fire Authority

The Leicester, Leicestershire and Rutland Combined Fire Authority (CFA) govern the Fire and Rescue Service. The CFA is responsible for delivering both an effective fire and rescue service to Leicester, Leicestershire and Rutland and the Corporate Plan and Integrated Risk Management Plan (IRMP). It provides clear leadership for residents and communities to ensure we operate with transparency and accountability.

4. About Us

We have 20 fire stations throughout Leicester, Leicestershire and Rutland, as shown in the map, and a fleet of fire engines and other operational vehicles. We employ just over 700 staff; 580 are firefighters, and the remainder are non-firefighting staff. We attend and resolve over 8,000 emergency incidents each year: fires in buildings,

complex rescue incidents involving road traffic collisions, hazardous materials, buildings collapsing and rescuing people trapped in water.



Narrative Statement (continued)

5. Performance/Achievements

Incidents:

Fires	Road Traffic Collisions	False Alarms	Special Services	TOTAL INCIDENTS
2,079	748	2,994	2,720	8,541

Our response times in 19/20 were as follows:

- 95.22% of life threatening incidents within 10 minutes
- 99.48% of non-life threatening incidents within 20 minutes.

Prevention:

- During 2019/20 we carried out 7,274 home fire safety checks as part of our commitment towards improving community safety. Our partners (the British Legion, Hinckley & Bosworth Borough Council and Charnwood Neighbourhood) completed 366 of these.
 - In total, we fitted 4,720 smoke alarms.
- All of this work resulted in the following being served upon businesses or building owners:
- 18 prohibition notices
 - 36 enforcement (formal) notices
 - 81 action plans
 - 109 deficiency notices
 - 6 alteration notices
 - 18 interim measures

In 2019/20 our Fire Protection group completed:

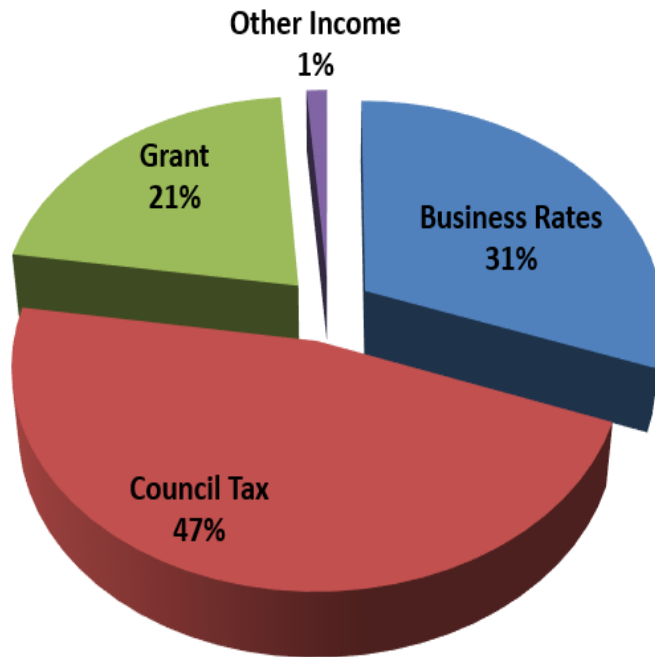
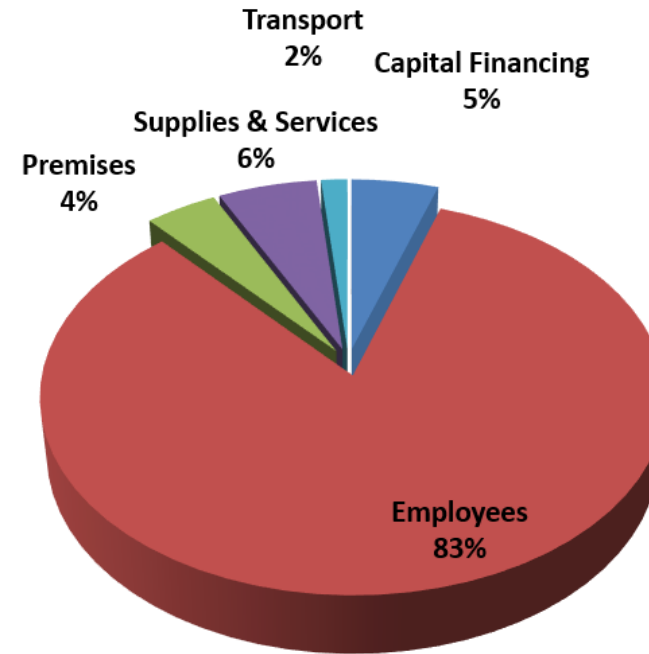
- 381 fire safety audits
- 790 building regulations inspections
- 503 fire safety concerns
- 141 specific inspections
- 43 desk-based inspections
- 212 licensing consultations
- 349 fire safety advice requests

Narrative Statement (continued)

6. Financial Performance

Since 2010/11 there has been significant funding reductions, and this is forecast to continue. The CFA has addressed the issue through a 'managed reserves strategy', whereby reserves have been consciously increased to buy time to implement future reductions in a planned way.

Net expenditure on provision of services was £43,009k in 2019/20 and £55,995k in 2018/19. The chart to the right sets out the spend by subjective description.



The expenditure above is funded through various resources as demonstrated to the left: The Expenditure and Funding analysis as note 2 shows the relationship between the outturn position above and what is reported in the CFA's Comprehensive Income and Expenditure Statement. The CFA's Revenue Outturn report can be found on the following link: <https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

Narrative Statement (continued)

7. Pension Liabilities

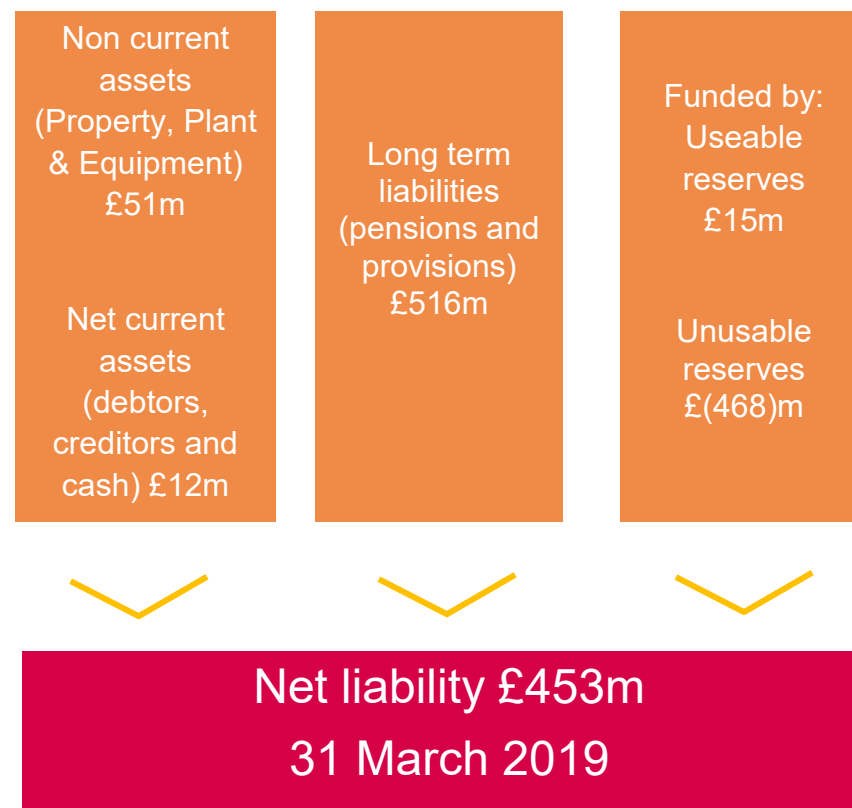
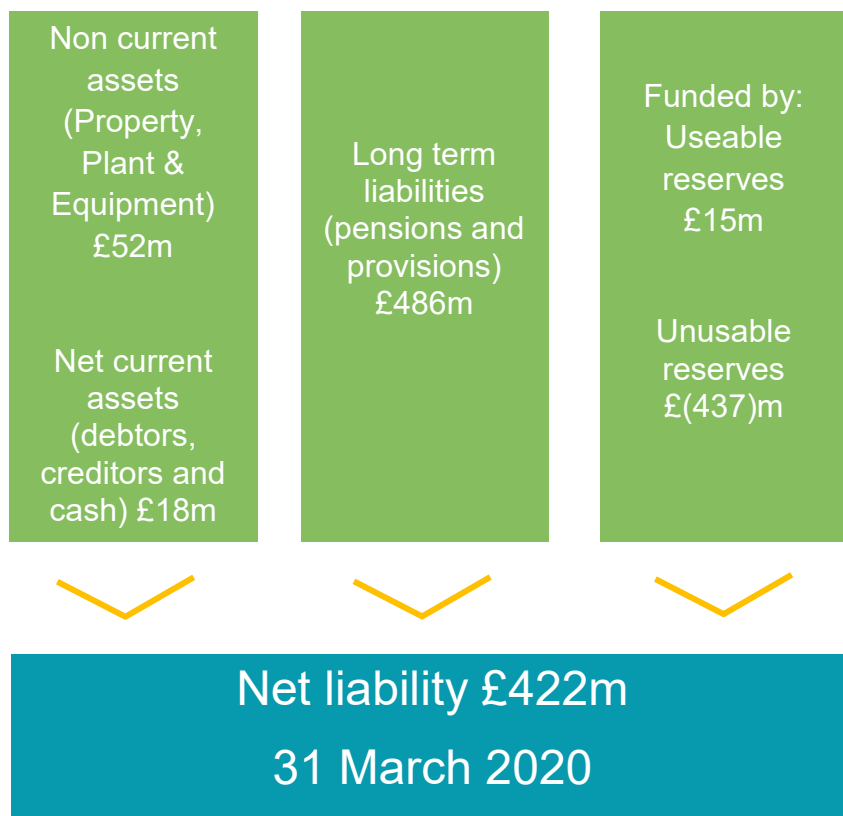
The Balance Sheet shows liabilities in respect of five pensions schemes provided for our staff:

The £11,868k liability (£17,054k in 2018/19) on the Local Government Pension Scheme (LGPS) is expected to be covered by increased levels of employer contributions.

The Firefighters' schemes are statutory unfunded schemes and the significant total liability of £459,660k (£483,590k in 2018/19) is a result of this position. There is no requirement, or legal powers, for the CFA to fund this deficit, and any costs not financed by future levels of employee or employer contributions will be met by grant from the Home Office. More details on pensions can be found in note 37.

Narrative Statement (continued)

8. Net Assets



Narrative Statement (continued)

9. Capital

The CFA had a budget for 19/20 Capital programme of £5,291k.

The key projects initiated in 2019/20 expected to carry forward into 2020/21 are the purchase of an aerial ladder platform vehicle, works arising from the condition survey, operational equipment purchases and demountable ICT devices for vehicles.

Capital Spend 2019-20		
Category	£000	Spend includes:
Property	155	Various works arising from condition survey
Vehicles	2,298	4 new appliances, 2 tactical response vehicles plus other operational and support vehicles
Firefighting Equipment	66	Minor equipment items
ICT	335	Upgrades to support systems
Total	2,854	

Narrative Statement (continued)

10. Governance

Details regarding the CFA governance arrangements can be found in the Annual Governance Statement (page 100) along with the significant risks facing the authority.

11. Covid-19

In March, 2020, the Covid19 virus pandemic struck the UK. The CFA has supported other organisations during the pandemic including East Midlands Ambulance Service. The financial impact in 2019/20 was minor. The majority of the financial impact will be felt in 2020/21, this will be monitored closely. There is also expected to be an impact on the collection of council tax and non-domestic rates this is likely to impact the CFA's budget for 2021/22. The CFA has received £1m of grants from the Government to help meet the consequences of the pandemic. The CFA may need to carry out a more fundamental review of its revenue and capital priorities as part of its budget planning for 2021/22.

12. Looking Ahead

The CFA has set a balanced budget for 2020/21. Further detail on the CFA's long- term financial strategy can be found in the budget report;

<https://leics-fire.gov.uk/wp-content/uploads/2020/02/budget-strategy-2020-21-to-2021-22.pdf>

The strategy predated the Covid pandemic, and the future outlook is going to be heavily contingent on the long-term consequences. Although the additional current grant funding for 2020/21 is believed to be sufficient. However, we do not know the impact the pandemic will have on the income available to the CFA in future years. This will be reviewed as part of the budget planning for 2021/22.

13. Conclusion

The Authority will continue to operate within a reducing revenue budget envelope for the immediate future.

The Authority's Finance and Resources strategy aims to Deliver value for money quality services. The Authority will need to continue to ensure that it uses its cash and fixed asset resources in the most efficient and effective way possible. This will be important in maximising available resources whilst operating with prudent financial disciplines.

Further details on the Authority's organisational structure, corporate plans and strategic issues can be found in the Annual Governance Statement.

Narrative Statement (continued)

14. Structure of the Statement of Accounts and Core Accounting Statements

The Statement of Accounts sets out the CFA's income and expenditure for the year, at its financial position at 31 March 2020. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. This is based on International Financial Reporting Standards adopted for use in the public sector context.

The Core Statements are:

- The **Comprehensive Income and Expenditure (CIES)** - this shows the net cost of providing services. This statement is prepared on the accounting basis. The Expenditure and Funding Analysis compares the CIES with level of income and expenditure which are taken into account when setting the annual budget and council tax, since certain amounts are disregarded under statute.
- The **Movement in Reserves Statement** is a summary of the changes in the CFA's reserves over the course of the year. Reserves are divided into usable reserves which can be used to fund future expenditure and unusable

reserves which are maintained to meet statutory responsibilities.

- The **Balance Sheet** shows the CFA's assets and liabilities at the year end. Net assets are matched by reserves which may be usable or unusable.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents during the year and explains the reasons.

The Supplementary Financial Statements are:

- The **Annual Governance Statement** provides an overview of the CFA's key governance arrangements and updates readers on the conclusions of the annual review of these, including any changes and improvements that are being made.

The notes to these financial statements provide more detail about the CFA's accounting policies and individual transactions.

Group Accounts Preparation:

The CFA operates a trading company named Forge Health Limited as a wholly owned subsidiary. It is considered that the interests in Forge Health Limited are not material therefore group accounts are not presented.

Statement of Responsibilities for the Statement of Accounts

THE CFA'S RESPONSIBILITIES

The CFA is required to;

- (i) 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 the CFA that officer is the Treasurer,
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets,
- (iii) approve the Statement of Accounts.

These accounts were approved by the Treasurer to the CFA on the 2020.

CHAIR OF THE COMBINED FIRE AUTHORITY

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the chief financial officer has:

- (i) selected suitable accounting policies and then applied them consistently,
- (ii) made judgements and estimates that were reasonable and prudent,
- (iii) complied with the local authority Code,
- (iv) kept proper accounting records which were up to date,
- (v) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Combined Fire Authority as at the reporting date and of its income and expenditure for the year ended the 31st March 2020.

Alison Greenhill

TREASURER OF THE COMBINED FIRE AUTHORITY

Date: 2020.

Independent Auditor's Report to the Members of Leicester, Leicestershire and Rutland Combined Fire Authority

Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement** shows the CFA's actual financial performance for the year on the accounting basis, measured in terms of the resources consumed and generated over the financial period under the relevant accounting standards. This statement is prepared on the accounting basis and shows a deficit in 2019/20 of £13,613k.

The Net Cost of Services is now reported to mirror the CFA's financial reporting to members, which is a move away from the previous SeRCOP reporting requirement.

Total comprehensive income and expenditure includes various transactions which illustrate aspects of the CFA's financial position but do not impact on the 'bottom line' amounts chargeable to

taxpayers, in particular gains on the revaluation of pension liabilities (£41,608k) and gains on revaluation of property assets (£641k).

Comprehensive Income and Expenditure Statement (continued)

2018/19			2019/20				
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp	
£000	£000	£000	Note	£000	£000	£000	
58,841	(2,846)	55,995		43,996	(3,717)	40,279	
58,841	(2,846)	55,995		43,996	(3,717)	40,279	
-	(14)	(14)	Other Operating Expenditure	11	-	(21)	(21)
12,317	(196)	12,121	Financing and Investment Income and Expenditure	12	12,913	(72)	12,841
-	(43,764)	(43,764)	Taxation and Non-Specific Grant Income and Expenditure	13	-	(42,216)	(42,216)
71,158	(46,820)	24,338	(Surplus) or Deficit on Provision of Services	13	56,909	(46,026)	10,883
		(4)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	24			(641)
		15,469	Remeasurement of the Net Defined Benefit Liability	24			(41,658)
		15,465	Other Comprehensive Income & Expenditure				(42,299)
		39,803	Total Comprehensive Income & Expenditure				(31,416)

Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the CFA.

2019/20	General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Note	£000	£000	£000	£000	£000
Note	23	10		24	
Balance at 31st March 2019 brought forward	2,612	12,448	15,060	(468,452)	(453,392)
Total Comprehensive Expenditure and Income	(10,883)		(10,883)	42,299	31,416
Adjustments between accounting basis & Funding basis under regulation	9 11,114		11,114	(11,114)	-
Transfers to/(from) Earmarked Reserves	10 (693)	693	-		-
Increase/(Decrease) in 2019/20	(462)	693	231	31,185	31,416
Balance at 31st March 2020 carried forward	2,150	13,141	15,291	(437,267)	(421,976)

Movement in Reserves Statement (continued)

	2018/19	General	Earmarked	Total	Unusable	Total
		Fund	Reserves	Usable	Reserves	Authority
		Balance		Reserves		Reserves
	Note	£000	£000	£000	£000	£000
Note		23	10		24	
Balance at 31st March 2018 brought forward		2,247	11,599	13,846	(427,435)	(413,589)
Total Comprehensive Expenditure and Income		(24,338)	-	(24,338)	(15,465)	(39,803)
Adjustments between accounting basis & Funding basis under regulation	8	25,552	-	25,552	(25,552)	-
Transfers to/(from) Earmarked Reserves	10	(849)	849	-	-	-
Increase/(Decrease) in 2018/19		365	849	1,214	(41,017)	(39,803)
Balance at 31st March 2019 carried forward		2,612	12,448	15,060	(468,452)	(453,392)

Balance Sheet

The Balance Sheet shows the CFA's assets and liabilities.

The top of the Balance Sheet shows the CFA's net assets. Assets include property, plant & equipment, intangible assets, amounts owed to the CFA and the CFA's cash and financial investments. Liabilities include amounts owed by the CFA (including conditional funding received), provisions made in respect of future events (see Note 22), the CFA's borrowing and the deficit on the CFA's pension fund.

The bottom of the Balance Sheet shows how the CFA's net assets are financed by reserves, which are divided into usable and unusable reserves. More information on reserves is given in Notes 10, 23 & 24, and the change in the level of reserves is reconciled in the Movement in Reserves Statement, as outlined above.

31st March 2019		Note	31st March 2020
£000			£000
51,288	Property, Plant & Equipment	15	52,268
-	Intangible Assets	16	107
51,288	Long Term Assets		52,375
376	Inventories	18	390
6,520	Short Term Debtors	19	4,486
10,471	Cash and Cash Equivalents	20	13,303
17,367	Current Assets		18,179
(634)	Short Term Borrowing	17	(1,369)
(4,663)	Short Term Creditors	21	(4,872)
(422)	Provisions (<1 year)	22	(417)
(5,719)	Current Liabilities		(6,658)
(475)	Provisions (>1 year)	22	(429)
(15,209)	Long Term Borrowing	17	(13,916)
(500,644)	Net Pensions Liability	24	(471,528)
(516,328)	Long Term Liabilities		(485,873)
(453,392)	Net Assets		(421,977)
	<u>Represented by:</u>		
15,060	Usable Reserves	23	15,290
(468,452)	Unusable Reserves	24	(437,267)
(453,392)	Total Reserves		(421,977)

Cash Flow Statement

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

2018/19		2019/20	
£000		Note	£000
24,338	Net (surplus) or deficit on the provision of services		10,883
(28,053)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	25	(17,286)
(3,715)	Net cash flows from Operating Activities		(6,403)
1,845	Net cash flows from Investing Activities	26	3,013
1,286	Net cash flows from Financing Activities	27	558
(584)	Net (increase) or decrease in cash and cash equivalents		(2,832)
9,887	Cash in hand, (overdraft) and cash equivalents at the beginning of the reporting period		10,471
10,471	Cash in hand, (overdraft) and cash equivalents at the end of the reporting period		13,303

Explanatory Notes To The Core Financial Statements

Note 1 Accounting Policies

Changes in Accounting Policies

Only minor amendments have been made to the 2019/20 accounting policies to provide users with greater clarity.

Accounting Policies for 2019/20

General Principles

The Statement of Accounts summarises the CFA's transactions for the 2019/20 financial year and its position at the year-end of the 31st March 2020. The CFA is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as applicable to Fire Authorities and the Service Reporting Code of Practice 2019/20 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

All figures in the Statement have been rounded to the nearest £1,000, which may result in some rounding errors.

Accruals of Income and Expenditure

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

In particular:

Revenue from the sale of goods is recognised when the CFA transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the CFA.

Revenue from the provision of services is recognised when the CFA can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the CFA.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue or expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 CFA's cash management.

Note 1 Accounting Policies (continued)

Prior Year Adjustments, Changes in Accounting Policies and Estimates and Errors.

Prior year adjustments may arise as a result of a change in accounting policies or the need 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 effect of transactions, other events and conditions on the CFA's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Charges to Revenue for Non-current Assets

Services 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
- Revaluation and impairment losses on assets where there are no accumulated gains in the

Revaluation Reserve against which the losses can be written off

- Amortisation of intangible assets.

The CFA 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 equal to an amount calculated on a prudent basis determined by the CFA in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP) or the Statutory Repayment of Loans Fund Advances), by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting NDR and council tax for themselves. 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 NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the CFA's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the CFA's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement (MIRS).

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

Note 1 Accounting Policies (continued)

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include wages, salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. provided cars) for current employees and are recognised as an expense for services in the year in which employees render service to the CFA. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the CFA to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These costs are charged on an accruals basis to the appropriate service segment at the earlier of when the CFA can no longer withdraw the offer of those benefits or when the CFA recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, the General Fund Balance is required to be charged with the amount payable by the CFA to

the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post - Employment Benefits

Employees of the CFA are members of one of five pension schemes, all of which are accounted for as defined benefits schemes.

- The Local Government Pension Scheme (LGPS), for which Hymans Robertson calculate the liability as at the 31st March 2019 and which Leicestershire County Council administer.
- Four Firefighters' pension schemes, for which the Government Actuary's Department (GAD) calculate the liability:
 - The Firefighters' Pension Scheme 1992
 - The Firefighters' Pension Scheme 2006
 - The Firefighters' Pension Scheme 2015
 - The Firefighters' Injury Benefit Scheme

These schemes do not have the usual type of pension fund found in the private sector which uses investments to help meet scheme liabilities. The CFA is required to maintain a Firefighters' pension fund which:

~ receives employee and employer contributions and transfer values from other schemes, and

~ pays out benefits and transfer values to other schemes.

The CFA does not have the power to invest assets in the Firefighters' pension scheme as would normally be the case with a pension fund. If the fund has insufficient money to meet all of its pension liabilities, the Secretary of State will make up the shortfall; if the fund is in surplus, the Secretary of State will take the excess to cover any shortfall in the funds of other Authorities.

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

Note 1 Accounting Policies (continued)

Liabilities are discounted to their value at current prices, using a discount rate of 2.70% for the LGPS and 2.55% for the Firefighter's schemes.

The assets of the LGPS attributable to the CFA are included in the Balance Sheet at their fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unlisted securities - current bid price
- property - market value

The change in the pensions asset/liability is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked
- past service costs - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset) - i.e. net interest expense for the CFA - the change during the year in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES - this is calculated by applying the discount rate used to measure the defined benefit obligation at the

beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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

Contributions paid to the pension funds

- cash paid as employer's contributions to the pension fund in settlement of liabilities: not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the CFA to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such

amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

Note 1 Accounting Policies (continued)

Events After the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the CFA becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate

that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

Loans and Receivables

Loans and receivables (assets that have fixed or determinable payments but are not quoted in an active market) are recognised on the Balance Sheet when the CFA becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the investments that the CFA has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. The amortised cost will include any interest accrued and not received as at the Balance Sheet date. Where the interest is fixed for the term of the investment then the actual interest rate has been used to calculate interest receivable as this is the same as the effective

interest rate. There are no transaction costs relating to investments.

Annual credits to the Financing and Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument.

Financial assets and financial liabilities are presented gross in the Statement of Accounts, unless the CFA has a legal right to set off the amounts in which case the gross amounts are disclosed in a note.

Note 1 Accounting Policies (continued)

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 CFA when there is reasonable assurance that:

- the CFA will comply with the conditions attached to payments, and
- the monies will be received.

Amounts recognised as due to the CFA are not credited to the 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced 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 MIRS. Where the grant has yet to be used to finance capital expenditure, it is

posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the CFA 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 CFA.

Intangible assets with an original cost in excess of £10k are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the CFA can be determined by reference to an active market. In practice, no intangible asset held by the CFA meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the

General Fund Balance in the MIRS and posted to the CAA and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The CFA has an interest in Forge Health Limited that has the status of a wholly owned subsidiary. An annual review in accordance with paragraph 9.1.1.7 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 has been undertaken and it is considered that this interest is not material therefore Group Accounts are not prepared. The income, expenditure, assets and liabilities of Forge Health Limited are not included in the main statements of the CFA. Note 28 gives details.

There are no interests in associates and jointly controlled entities.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first in, first out (FIFO) costing formula.

Note 1 Accounting Policies (continued)

Joint Operations

Joint Operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

CFA as Lessor

An agreement remains under negotiation with East Midlands Ambulance Service (EMAS) for occupation of an area within Headquarters. An accrual has been made for the estimated income from mid-September 2016.

CFA as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

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 CIES).

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

depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the CFA at the end of the lease period).

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

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. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Note 1 Accounting Policies (continued)

Overheads and Support Services

The costs of overheads and support services are charged to services in accordance with the CFA's arrangements for accountability and financial performance.

Property Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the CFA and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) or is under a £5k de-minimus limit is charged as an expense when it is incurred.

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

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

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

- offices and workshops - current value, determined as the amount that would be paid for the asset in its existing use
- fire stations - due to the specialised nature of the asset existing use value (EUV) cannot be assessed so it is held at depreciated replacement cost (DRC)
- assets under construction - depreciated historical cost
- all other assets - current value, determined as the amount that would be paid for the asset under EUV.

Where there is no market-based evidence of current value because of the specialist nature of an asset, 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.

Assets included in the Balance Sheet at current value are revalued annually. The latest valuation exercise was carried out by Cameron Butler BLE (Hons) MRICS of FHP Property Consultants. The asset values used in the accounts are based on a certificate issued by FHP Property Consultants on all

properties as at the 31st March 2019. Additions which are still under construction are included in the accounts at cost. 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:

Note 1 Accounting Policies (continued)

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment is reversed subsequently, the

reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- buildings - straight line allocation over the useful life of the property as estimated by the valuer.

- vehicles, plant, furniture and equipment - a percentage of the value of each asset in the Balance sheet, as advised by a suitably qualified officer

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

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

Note 1 Accounting Policies (continued)

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. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the

asset in the Revaluation Reserve are transferred to the CAA.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipt Reserve, and can then be used for new capital investment, or set aside to reduce the underlying need to borrow (the CFR). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

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 CAA from the General Fund Balance in the MIRS.

Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

Provisions are made when an event has taken place that gives the CFA a legal or constructive obligation that probably requires settlement by a transfer of economics benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

For instance, the CFA may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES when the CFA has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account

relevant risks and uncertainties.

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

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

Note 1 Accounting Policies (continued)

The CFA holds an insurance provision to cover the cost of known or likely claims relating to past events where it is anticipated that payment is likely to be made and also a provision in respect of possible further increase of the Firefighters pay settlement for July 2017, on which discussions are still ongoing.

(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.

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

(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 entity's control.

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.

Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the CFA – these reserves are explained in note 24.

Value Added Tax

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

Note 2 Expenditure and Funding Analysis

2019/20	Net Expenditure Charged to the General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
	£000	£000	£000
Fire Authority	34,934	5,344	40,278
Net Cost of Services	34,934	5,344	40,278
Other Operating Expenditure	(21)	-	(21)
Financing and Investment Income and Expenditure	572	12,270	12,842
Taxation and Non-Specific Grant Income	(35,716)	(6,500)	(42,216)
(Surplus) or Deficit on Provision of Services	(231)	11,114	10,883

Movement in Balances	Usable Reserves
Opening Balance	(15,057)
Surplus or Deficit in the Year	(231)
Closing Balance	(15,288)

Note 2 Expenditure and Funding Analysis (continued)

2018/19	Net Expenditure Charged to the General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
	£000	£000	£000
Fire Authority	33,375	22,622	55,997
Net Cost of Services	33,375	22,622	55,997
Other Operating Expenditure	(14)	-	(14)
Financing and Investment Income and Expenditure	534	11,587	12,121
Taxation and Non-Specific Grant Income	(35,106)	(8,658)	(43,764)
(Surplus) or Deficit on Provision of Services	(1,211)	25,551	24,340

Movement in Balances	Usable Reserves
Opening Balance	(13,846)
Surplus or Deficit in the Year	(1,211)
Closing Balance	(15,057)

Note 3 Accounting Standards Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IAS 19 Employee Benefits will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures amendments are not expected to have any impact on the accounts of LFRS

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 of this Statement of Accounts, the CFA has had to make certain judgements about complex transactions and/or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- a) There is a high degree of uncertainty about future funding levels for local government. However the CFA has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the CFA might be impaired as a result of a need to close facilities and reduce levels of service provision
- b) The relationship with Forge Health Limited is treated as a wholly owned subsidiary in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. As the interests are not considered material, group accounts are not presented
- c) That no contracts held by the CFA hold embedded leases
- d) That no major legal claims are in progress which could result in claims of a material value by or from the CFA.

Note 5 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 CFA about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the CFA's Balance Sheet at 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the CFA will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £30k for every year that useful lives had to be reduced.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements by the actuary relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement rates, mortality rates and expected returns on pension fund assets. On behalf of the CFA, the Local Government Pension Scheme employs the Actuary, Hymans Robertson, and the Firefighter's Pension Schemes are valued by Government Actuary's Department (GAD). These actuaries provide expert advice on assumptions to be applied.	<p>The effects in the net pensions liability of changes in the individual assumptions can be measured. For instance a 0.5% increase in the discount rate assumption would result in an decrease in the pension liability of £47,453k (£4,453k LGPS and £43,000k Firefighters schemes).</p> <p>However, the assumptions interact in complex ways. During 2019/20, the CFA's actuaries advised that the net pensions liability had decreased by £3,379k as a result of estimates being corrected as a result of experience and decreased by £41,107k attributable to updating of the assumptions.</p>

Note 5 Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At the 31st March 2020, the CFA had a balance of sundry debtors of £47k. There is a balance of just under £30k over 121 days outstanding. There was also a balance of £29k relating to retained firefighter pension buy-backs. These are all over 121 days outstanding as the employees concerned have been given a longer timescale to repay. Due to the terms of the buy-back, it is not anticipated that any of these debts will become irrecoverable.	If all debt over 121 days were to be irrecoverable, there would be minimal effect to the CFA CIES. All funds currently outstanding relate to the firefighters pensions scheme which are collected then passed on to the Home Office as part of the firefighters pension account settlement.

Note 6 Material Items of Income and Expense

There are no material items of income and expenditure other than those disclosed elsewhere in these statements.

Note 7 Events After the Balance Sheet Date

There were no events to report between 1/4/20 and .

Note 8 Note to the Expenditure and Funding Analysis

2019/20	Adjustments Between Accounting & Funding Basis					Net Expenditure Charged to the General Fund Balance
	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	
	£000	£000	£000	£000	£000	
Combined Fire Authority	40,279	1,573	(6,825)	(92)	(5,344)	34,935
Cost of Services	40,279	1,573	(6,825)	(92)	(5,344)	34,935
Other Operating Expenditure	(21)				-	(21)
Financing and Investment Income and Expenditure	12,841	20	(12,290)		(12,270)	571
Taxation and Non-Specific Grant Income	(42,216)		6,573	(73)	6,500	(35,716)
(Surplus) or Deficit on Provision of Services	10,883	1,593	(12,542)	(165)	(11,114)	(231)

Note 8 Note to the Expenditure and Funding Analysis (continued)

2018/19	Adjustments Between Accounting & Funding Basis						Net Expenditure Charged to the General Fund Balance
	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total		
	£000	£000	£000	£000	£000	£000	
Combined Fire Authority	55,995	1,110	(23,783)	51	(22,622)	33,373	
Cost of Services	55,995	1,110	(23,783)	51	(22,622)	33,373	
Other Operating Expenditure	(14)	-	-	-	-	(14)	
Financing and Investment Income and Expenditure	12,121	66	(11,653)	-	(11,587)	534	
Taxation and Non-Specific Grant Income	(43,764)	185	8,422	51	8,658	(35,106)	
(Surplus) or Deficit on Provision of Services	24,338	1,361	(27,014)	102	(25,551)	(1,213)	

Note 8 Note to the Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

This column adds depreciation, impairment and revaluation gains and losses into 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 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 are satisfied in the year.

Net Change for Pensions Adjustments

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Adjustments

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income 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.

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

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

General Fund Balance

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

Adjustment	2019/20	
	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments primarily involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:		
Charges for depreciation, impairment and amortisation of non-current assets	2,710	(2,710)
Revaluation losses on Property Plant and Equipment	(301)	301
Capital grants and contributions applied		-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		-
Use of the Capital Receipts Reserve to finance new capital expenditure	(21)	21
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	(1,148)	1,148
Capital expenditure charged against the General Fund balance	(2,833)	2,833
Adjustments primarily involving the Capital Receipts Reserve:		
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	21	(21)
Use of the Capital Receipts Reserve to finance new capital expenditure	(21)	21

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustment Continued	2019/20	
	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	12,542	(12,542)
Adjustment primarily involving the Accumulated Absences Account:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	92	(92)
Adjustment primarily involving the Collection Fund Adjustment Account:		
Amount by which Council Tax and NDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	73	(73)
Total Adjustments	11,114	(11,114)

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment	2018/19	
	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments primarily involving the Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:		
Charges for depreciation, impairment and amortisation of non-current assets	2,405	(2,405)
Revaluation losses on Property Plant and Equipment	(358)	358
Capital grants and contributions applied	(185)	185
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(319)	319
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	(1,316)	1,316
Capital expenditure charged against the General Fund balance	(1,534)	1,534
Adjustments primarily involving the Capital Receipts Reserve:		
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13	(13)
Use of the Capital Receipts Reserve to finance new capital expenditure	(26)	26
Contribution from Police and Crime Commissioner towards Coalville extension project	(40)	40

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2018/19	
	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	27,014	(27,014)
Adjustment primarily involving the Accumulated Absences Account:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(51)	51
Adjustment primarily involving the Collection Fund Adjustment Account:		
Amount by which Council Tax and NDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and NDR income calculated for the year in accordance with statutory requirements	(51)	51
Total Adjustments	25,552	(25,552)

Note 10 Movement in 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 the period 2018 to 2020.

2019/20	Balance at 31st March 2019	Transfers In 2019/20	Transfers Out 2019/20	Balance at 31st March 2020
	£000	£000	£000	£000
Insurance Reserve	157	-	-	157
Occupational Health Reserve	29	-	-	29
Ill Health Retirement Reserve	152	-	-	152
Relocation Reserve	15	-	-	15
Emergency Services Mobile Communications Programme Reserve	327	-	-	327
Management of Change Reserve	491	728	-	1,219
Capital Fund Reserve	4,852	2,640	(2,833)	4,659
Estates Strategy Reserve	6,026	-	-	6,026
Recruitment Over - Establishment Reserve	400	-	-	400
COVID 19 Reserve	-	158	-	158
Total Earmarked Reserves	12,449	3,526	(2,833)	13,142

Note 10 Movement in Earmarked Reserves (continued)

2018/19	Restated Balance at 31st March 2018	Transfers In 2018/19	Transfers Out 2018/19	Balance at 31st March 2019
	£000	£000	£000	£000
Insurance Reserve	172	-	(15)	157
Occupational Health Reserve	29	-	-	29
Ill Health Retirement Reserve	152	-	-	152
Relocation Reserve	15	-	-	15
Emergency Services Mobile Communications Programme Reserve	327	-	-	327
Management of Change Reserve	290	201	-	491
Capital Fund Reserve	4,541	311	-	4,852
Estates Strategy Reserve	5,673	353	-	6,026
Recruitment Over - Establishment Reserve	400	-	-	400
COVID 19 Reserve	-	-	-	-
Total Earmarked Reserves	11,599	865	(15)	12,449

Note 11 Other Operating Expenditure

	2018/19	2019/20
	£000	£000
Total (gains)/losses on the disposal of non-current assets	(14)	(21)
Total	(14)	(21)

Note 12 Financing and Investment Income & Expenditure

	2018/19	2019/20
	£000	£000
Interest payable and similar charges	664	623
Net interest on the defined benefit liability	11,653	12,290
Interest receivable	(84)	(103)
Fixed Asset Funding	(81)	-
Dividend Received	(31)	31
Total	12,121	12,841

Note 13 Taxation and Non-Specific Grant Income & Expenditure

	2018/19	2019/20
	£000	£000
Council Tax income	(20,729)	(21,584)
Non domestic rates	(9,675)	(14,059)
Non-ringfenced government grants	(13,190)	(6,573)
Capital grants and contributions	(170)	-
Total	(43,764)	(42,216)

Note 14 Expenditure and Income Analysed by Nature

The CFA's expenditure and income reported in the Comprehensive Income & Expenditure Statement is analysed by nature in the table below.

	2018/19	2019/20
	£000	£000
Expenditure		
Employee Benefit Expenses	61,126	46,977
Other Services expenses	6,963	6,599
Depreciation, amortisation, impairment	2,405	2,710
Interest Payments	664	623
Total Expenditure	71,158	56,909
Income		
Fees, charges and other service income	(1,584)	(480)
Interest & Investment Income	(115)	(72)
Income from Council Tax, non domestic rates	(30,405)	(35,643)
Government grants & contributions	(14,702)	(9,810)
Gain on the disposal of assets	(14)	(21)
Total Income	(46,820)	(46,026)
Surplus or Deficit on Provision of Services	24,338	10,883

Note 15 Property, Plant and Equipment - Movement on Balances in 2019/20

Depreciation

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

- Land and Buildings - 5-65 years
- Vehicles, Plant, Furniture and Equipment - 5-15 years

Asset remaining lives have been reviewed and no alterations have been considered necessary for these accounts.

Capital Commitments

A total amount of £70k is currently contracted and is mainly related to the purchase of a new vehicle. These commitments are expected to be paid in 2020/21.

Movements on Balances in 2019/20	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Cost or Valuation				
At 1st April 2019	43,935	20,902	2,444	67,281
Additions	155	2,622	27	2,804
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	637	-	-	637
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(823)	-	-	(823)
De-recognition – disposals	-	(266)	-	(266)
Transfers (to)/from In Construction	768	67	(892)	(57)
As at 31st March 2020	44,672	23,325	1,579	69,576

Note 15 Property, Plant and Equipment - Movement on Balances in 2019/20 (continued)

Movements on Balances in 2019/20	Land and	Vehicles, Plant, Furniture &	Assets Under	Total Property,
	Buildings	Equipment	Construction	Plant and Equipment
	£000	£000	£000	£000
Accumulated Depreciation & Impairment				
At 1st April 2019	34	15,959	-	15,993
Depreciation written out to the Revaluation Reserve	(1,129)	-	-	(1,129)
Depreciation Charge	1,112	1,598	-	2,710
De-recognition – disposals	-	(266)	-	(266)
As at 31st March 2020	17	17,291	-	17,308
Net Book Value as at 31st March 2020	44,655	6,034	1,579	52,268
As at 1st April 2019	43,901	4,943	2,444	51,288

Note 15 Property, Plant and Equipment - Movement on Balances in 2018/19

Assets included in the Balance Sheet at current value are revalued annually. The latest valuation exercise was carried out by Cameron Butler BLE (Hons) MRICS of FHP Property Consultants. The asset values used in the accounts are based on a certificate issued by FHP Property Consultants on all properties as at the 31st March 2020.

The valuation is subject to “material valuation uncertainty” as per the RICS Red Book due to the potential impact of the COVID-19 pandemic. Due to the nature of assets on the balance sheet the authority does not consider that there is a significant risk of material adjustment in the forthcoming financial year.

Additions which are still under construction are included in the accounts at cost.

2018/19 Comparative Movements	Land & Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation				
At 1st April 2018	42,330	20,529	3,147	66,006
Additions	892	458	420	1,770
Revaluation				
Increases/(Decreases) recognised in the Revaluation Reserve	323			323
Revaluation				
Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(717)			(717)
De-recognition – disposals	-	(101)	-	(101)
Transfers (to)/from In Construction	1,107	16	(1,123)	-
As at 31st March 2019	43,935	20,902	2,444	67,281

Note 15 Property, Plant and Equipment - Movement on Balances in 2018/19 (continued)

2018/19 Comparative Movements	Land & Buildings	Vehicles, Plant, Furniture and Equipment	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000
Accumulated Depreciation & Impairment				
At 1st April 2018	43	14,709	-	14,752
Depreciation Charge				-
Depreciation written out to the Revaluation Reserve	(1,074)	-	-	(1,074)
Depreciation Charge	1,065	1,339	-	2,404
De-recognition – disposals	-	(89)	-	(89)
As at 31st March 2019	34	15,959	-	15,993
Net Book Value as at 31st March 2019	43,901	4,943	2,444	51,288
As at 1st April 2018	42,287	5,820	3,147	51,254

Note 16 Intangible Assets

The CFA accounts for software licences as intangible assets, to the extent that these are part of particular IT systems. The CFA's intangible assets are amortised over 5 years on a straight line basis.

As at the 31st March 2020 there are no contractual commitments for the acquisition of intangible assets.

	2018/19	2019/20
	£000	£000
Balance at 1st April		
Gross Carrying Amounts	136	136
Accumulated Amortisation	(135)	(136)
Net carrying amount at start of year	1	-
Additions (Purchases)	-	49
Reclassified from other asset classifications	-	58
Amortisation applied in Year	(1)	-
Gross Carrying Amount at 31st March	136	243
Accumulated Amortisation	(136)	(136)
Net Carrying Amount at 31st March	-	107

Note 17a Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Category	Amount	Amount	Comment / Reference
	31st March 2019	31st March 2020	
	£000	£000	
Short Term Borrowing			
Amount in Balance Sheet	634	1,369	
Amounts covered in Note 17b:	634	1,369	
Long Term Borrowing			
Amount in Balance Sheet	15,209	13,916	
Amounts covered in Note 17b:	15,209	13,916	
Other Long Term Liabilities			
Amount in Balance Sheet	501,119	471,957	
Amounts not covered in Note 17:	475	429	
Liability related to defined benefit pension schemes	500,644	471,528	Note 37 - Defined Benefit Pensions

Note 17b Financial Instruments - Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31st March 2019	31st March 2020	31st March 2019	31st March 2020
	£000	£000	£000	£000
- Cash (including bank accounts)			10,471	13,303
Total Cash and Cash Equivalents	-	-	10,471	13,303
Loans and receivables:				
- Trade receivables			23	18
Included in Debtors	-	-	23	18
Total Financial Assets	-	-	10,494	13,321

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long Term		Short Term	
	31st March 2019	31st March 2020	31st March 2019	31st March 2020
	£000	£000	£000	£000
Loans at amortised cost:				
- Principal sum borrowed	13,978	13,229	-	750
Total Borrowing	13,978	13,229	-	750
Liabilities at amortised cost:				
- Finance leases	1,231	687	634	619
Total Other Liabilities	1,231	687	634	619
Liabilities at amortised cost:				
- Trade payables	-	-	171	-
Included in Creditors	-	-	171	-
Total Financial Liabilities	15,209	13,916	805	1,369

Note 17c Financial Instruments - Gains and Losses

	Age profile of Debtors	
	31st March 2019	31st March 2020
	£000	£000
Debtors		
- not yet due for payment	21	12
Past due analysis		
Less than 1 month overdue	-	3
1-2 months overdue	-	2
2-6 months overdue	-	-
Over 1 year overdue	46	30
Total trade debtors	67	47

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	Financial	Financial	2019/20	2018/19
	Liabilities	Assets		
	Amortised Cost	Loans & Receivables		
	£000	£000	£000	£000
Interest expense	622	-	622	652
Interest payable and similar charges	622	-	622	652
Interest income	-	(103)	(103)	(84)
Interest and investment income	-	(103)	(103)	(84)
Net (Gain)/Loss for the Year	622	(103)	519	568

Note 17d Financial Instruments - Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds, the fair value is taken from the market price.

Some of the authority's financial assets are measured at fair value on a reoccurring basis and are described below:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

The table shows the amounts held at 31st March 2020 and the fair value reported in the 2019/20 accounts.

*The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

	31st March 2019		31st March 2020	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£000	£000	£000	£000
Assets for which fair value is not disclosed *	13,428	0	14,286	-
Total Financial Assets	13,428	-	14,286	-
<i>Recorded on balance sheet as:</i>				
Short-term debtors	3,541	-	983	-
Cash and cash equivalents	10,471	-	13,303	-
Total Financial Assets	14,012	-	14,286	-
	31st March 2019		31st March 2020	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£000	£000	£000	£000
<i>Financial liabilities held at amortised cost:</i>				
Long-term loans from PWLB	13,978	17,732	13,978	17,599
Lease payables	1,865	1,865	1,306	1,306
Total	15,843	19,597	15,284	18,905
Liabilities for which fair value is not disclosed*	503,356	0	475,634	-
Total Financial Liabilities	519,199	19,597	490,918	18,905
<i>Recorded on balance sheet as:</i>				
Short-term creditors	2,712	-	1,236	-
Short-term borrowing	634	-	1,417	-
Long-term borrowing	15,209	-	13,957	-
Other long-term liabilities	500,644	-	474,308	-
Total Financial Liabilities	519,199	-	490,918	-

Note 18 Inventories

The value of inventories as at 31st March:

	Balance at 31st March 2019	Balance at 31st March 2020
	£000	£000
Operational equipment	209	221
Vehicle Parts	89	91
Other	78	78
Total	376	390

Note 19 Debtors

Short-Term Debtors

The value of short-term debtors as at 31st March:

	Balance at 31st March 2019	Balance at 31st March 2020
	£000	£000
Central Government bodies	2,979	2,223
Other Local Authorities	1,901	1,500
All Other	1,640	762
Total	6,520	4,485

Note 20 Cash and Cash Equivalents

The value of cash and cash equivalents as at 31st March:

	Balance at 31st March 2019	Balance at 31st March 2020
	£000	£000
Cash held by the CFA	2	46
Bank current accounts	10	12
Short-term investments	10,459	13,245
Total Cash and Cash Equivalents	10,471	13,303

Note 21 Creditors

The value of creditors as at 31st March:

	Balance at 31st March 2019	Balance at 31st March 2020
	£000	£000
Central Government bodies	1,951	2,828
Other Local Authorities	1,222	821
All Other	1,490	1,223
Total	4,663	4,872

Trade and other creditors are shown at amortised cost. There is no fair value adjustment to be made.

Note 22 Provisions

The table below provides a list of provisions made by the authority at the end of the financial year:

Payment of Insurance Claims

The CFA holds an insurance provision for claims in progress. Timing of payment of these claims is difficult to predict as they may be subject to legal process. The amounts put aside are decided upon by reviewing the current level of claims and assessing the likelihood of their success. There are currently no material unfunded risks. Income to this provision is from reserves currently held for this purpose, so has no impact on the CIES.

Pay Award

A provision has also been established in respect of the uncertainty surrounding the pay awards. Whilst payments have been made in respect of most prior year awards it is not yet conclusive that all amounts that will be due have been settled.

Business Rate appeals

A provision is also made for the CFA's share of any defaults on business rates. This is calculated by the district councils based on their experience.

	Insurance	Pay Award	Short Term Total	Business Rate Appeals	Long Term Total
	£000	£000		£000	£000
Balance at 1st April 2018	56	148	204	375	375
Net Movement (additions less amounts used)	14	204	218	100	100
Balance at 1st April 2019	70	352	422	475	475
2019/20 Provisions/(Reductions)	-	-	-	(46)	(46)
Amounts used in 2019/20	(5)	-	(5)	-	-
Balance at 31st March 2020	65	352	417	429	429

Note 23 Usable Reserves

Movements in the CFA's usable reserves are detailed in the table below, which indicates the statement or note that provides further detail.

	Opening Balance	Movement	Closing Balance	Supporting Note
	£000	£000	£000	
General Fund	2,612	(462)	2,150	MIRS and Narrative Statement
Earmarked Reserves	12,448	694	13,142	Note 9 and Narrative Statement
Total Usable Reserves	15,060	232	15,292	

Note 24 Unusable Reserves

	31st March 2019	31st March 2020
	£000	£000
Revaluation Reserve	11,636	11,955
Capital Adjustment Account	20,656	22,572
Pensions Reserve	(500,644)	(471,528)
Collection Fund Adjustment Account	114	41
Accumulated Absences Account	(214)	(306)
Total Unusable Reserves	(468,452)	(437,266)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the CFA arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2018/19	2019/20
	£000	£000
Balance at 1st April	11,633	11,637
Upward revaluation of assets	473	650
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	(150)	(9)
(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	323	641
Difference between fair value depreciation and historical cost depreciation	(319)	(323)
Accumulated gains on assets sold or scrapped	-	-
Balance at 31st March	11,637	11,955

Note 24 Unusable Reserves (continued)

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 additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the CFA as finance for the costs of acquisition, construction and subsequent costs.

The account also contains revaluation gains accumulated on Property Plant and Equipment before the 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

This account represents amounts set aside from revenue resources or capital receipts, which have been used to finance expenditure on non-current assets, or for the repayment of external loans and other capital financing transactions. The table below provides details of the source of all the transactions posted to the account.

	2018/19	2019/20
	£000	£000
Balance at 1st April	19,295	20,656
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation & impairment	(2,404)	(2,710)
Revaluation losses on Property, Plant and Equipment	358	301
Amortisation of intangible assets	-	-
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the Income and Expenditure Statement	(13)	-
	17,236	18,247
Adjusting amounts written out of the Revaluation Reserve	319	323
Net written out amount of the cost of non-current assets consumed in the year	17,555	18,570
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	26	21
Capital Grants, Contributions & Donated Assets credited to the Income and Expenditure Statement that have been applied to capital financing	185	-
Contribution from Police and Crime Commissioner towards Coalville extension project	40	-
Statutory provision for the financing of capital investment charged against the General Fund	1,316	1,148
Capital expenditure charged against the General Fund	1,534	2,833
Balance at 31st March	20,656	22,572

Note 24 Unusable Reserves (continued)

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 CFA accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the CFA 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 CFA has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2018/19	2019/20
	£000	£000
Balance at 1st April	(458,161)	(500,644)
Remeasurement of the Net Defined Benefit Liability	(15,469)	41,658
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(38,471)	(24,223)
Employer's pensions contributions and direct payments to pensioners payable in the year	11,457	11,681
Balance at 31st March	(500,644)	(471,528)

Note 24 Unusable Reserves (continued)

Collection Fund Adjustment Account

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

	2018/19	2019/20
	£000	£000
Balance at 1st April	63	114
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	51	(73)
Balance at 31st March	114	41

	2018/19	2019/20
	£000	£000
Balance at 1st April	(265)	(214)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	51	(92)
Balance at 31st March	(214)	(306)

Accumulated Absences Account

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

Note 25 Cash Flow Statement - Operating Activities

	2018/19	2019/20
	£000	£000
Interest received	(79)	(100)
Dividend received	(61)	-
Interest paid	651	581
Net interest	511	481
The surplus on the provision of services has been adjusted for the following non-cash movements:		
	2018/19	2019/20
	£000	£000
Depreciation	(2,403)	(2,710)
Downward revaluations, impairment losses and reversal of prior year impairments	774	301
Amortisation	(1)	-
(Increase) / decrease in creditors	974	(389)
Increase / (decrease) in debtors	91	(2,034)
(Increase) / decrease in provisions	(318)	51
Increase / (decrease) in inventories	37	14
Movement in pension liability	(27,014)	(12,542)
Carrying amount of non-current assets, sold or de-recognised	(13)	-
Movement in Collection Funds	(101)	(73)
Movement in Accumulated Absences	(51)	92
Other non-cash items charged to the net surplus or deficit on the provision of services	(30)	4
Adjustments to net surplus deficit on the provisions of services for non cash movements Items classified elsewhere in the statement	(28,055)	(17,286)

Note 26 Cash Flow Statement Investment Activities

	2018/19	2019/20
	£000	£000
Purchase of property, plant and equipment and intangible assets	1,871	3,034
Proceeds from sale of property, plant and equipment and int assets	(26)	(21)
Net Cash Flows from Investing Activities	1,845	3,013

Note 27 Cash Flow Statement Financing Activities

	2018/19	2019/20
	£000	£000
Repayments of short and long-term borrowing	1,286	558
Net Cash Flows from Financing Activities	1,286	558

Note 28 Trading Operations

Forge Health

The CFA operates a trading company named Forge Health Limited as a wholly owned subsidiary. Its main activity is the provision of occupational health services to the private and public sectors. The Company employs no members of staff but instead uses the CFA's staff (for which it pays a fee) and independent contractors to deliver its services. There are no non-current or intangible assets owned by the Company for the year ending 31st March 2020.

For the year 2019/20, Forge Health Limited reported turnover of £161k and a post tax profit of £11k (£31k in 2018/19) and this sum is proposed by the Company to be retained as reserves against a probable trading downturn as a result of the Covid-19 pandemic. The dividend

proposed last year of £31k was not paid in order to further bolster reserves and a reversal has been reflected in the accounts of the CFA this year. Note 33 of these accounts discloses the total transactions with Forge Health Limited and amounts due from/to at the year end.

The accounts of the Company are completed on the same financial year basis as the CFA and accounting policies are aligned. The accounts of the Company are available from the Company Secretary, Forge Health Limited, Leicestershire Fire and Rescue Service Headquarters, 12 Geoff Monk Way, Birstall, Leicester, LE4 3BU. It is considered that the interests in Forge Health Limited are not material therefore group accounts are not presented.

	2018/19			2019/20		
	Turnover	Expenditure	(Surplus)/ Deficit	Turnover	Expenditure	(Surplus)/ Deficit
	£000	£000	£000	£000	£000	£000
Forge Health	(196)	165	(31)	(161)	148	(13)
Total	(196)	165	(31)	(161)	148	(13)

Note 29 Members' Allowances

The CFA paid the following amounts to members of the CFA during the year:

	2018/19	2019/20
	£000	£000
Basic Allowance Payments	52	55
Special Responsibility Payments	15	18
General Expense Payments	1	1
Total	68	73

Note 30 Officers' Remuneration

This note comprises two parts. The first discloses the remuneration of the CFA's most senior officers. The second part discloses the total number of 'higher paid' CFA officers whose remuneration exceeded £50k during 2019/20, shown in bands and excluding those senior officers in the first part.

Part 1 - Senior Employees' Remuneration

The table shows the amounts paid to the holders of senior posts in 2019/20 with comparative data from 2018/19 where applicable.

Senior employees are defined as certain statutory chief officer posts, those earning over £150k per annum and those earning less than this sum but reporting directly to the Chief Fire and Rescue Officer. There are two such officers, in 2019/20, which represents no change from 2018/19.

Remuneration in this table (as defined in statutory regulations) includes salary, fees/allowances, employer's pension contributions, taxable benefits and any compensation for loss of office.

Post	Financial Year	Salary, Fees and Allowances	Pension Contributions	Total
		£000	£000	£000
Chief Fire Officer	2019/20	134	49	183
	2018/19	130	29	159
Director / Assistant Chief Fire and Rescue Officer	2019/20	107	40	147
	2018/19	105	23	128
Director / Assistant Chief Fire and Rescue Officer (Note 1)	2019/20	86	22	108
	2018/19	82	10	92
Director / Assistant Chief Fire and Rescue Officer (Note 2)	2019/20	83	17	100
	2018/19			-

Notes:

- 1) Asst CFO from 21st January 2019 to 30th June 2019.
- 2) Asst CFO from 1st July 2019

The amounts shown are the true salary for that individual for the entire year, which will include previous posts if promotion occurred during the year.

Note 30 Officers' Remuneration (continued)

Part 2 - Higher Paid Employees

The number of other CFA employees receiving more than £50,000 remuneration for the year is shown in the table below. In line with the relevant regulations, the table excludes the senior officers listed in the table above.

It should be noted that the definition of remuneration in this table differs from that in the table above (in line with regulations) as it excludes employer's pension contributions.

The table includes compensation for loss of office, so employees who left in the year may appear in a higher band than the equivalent role would appear in based on a normal year's salary. Equally, some posts would not be included in the table based on a normal year's salary, but are included because of payments for compensation for loss of office.

The threshold for inclusion in this report is defined in regulations and remains static at £50k annually. Salaries paid to staff include annual pay increases as and when these are awarded, increasing the scope of the report over time.

Leicestershire Fire and Rescue Service buy in the services of the Chief Financial Officer and the Monitoring Officer from neighbouring authorities. These roles are recharged to the Authority.

Remuneration Band £	Number of Employees	
	2018/19	2019/20
50,000-54,999	38	35
55,000-59,999	12	10
60,000-64,999	2	6
65,000-69,999	-	1
70,000-74,999	-	-
75,000-79,999	2	3
Total	54	55

Note 31 External Audit Costs

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

	2018/19	2019/20
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	23	23
Additional fees due to increased work undertaken	8	-
	31	23

Additional fees for extra work required for increased work in response to regulatory recommendations are yet to be agreed.

Note 32 Grant Income

The CFA credited the following grants to the CIES, within Cost of Services:

Revenue grants recognised in the year

	2018/19	2019/20
	£000	£000
Credited to Cost of Services		
Fire Revenue Grant	1,175	1,795
Section 31 Grants	8	1,193
Covid 19 Grant	-	159
Total Credited to Cost of Services	1,183	3,147

Section 31 grants include grants relating to new burdens and the firelink project. No Government capital grant was received in 2019/20.

Income of £90k was also utilised in the period from grant income received by Nottinghamshire Fire and Rescue Services for Home Office's Emergency Services Mobile Communications Project. This is received by them and distributed to regional partners.

Note 33 Related Parties

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

Central Government

The Home Office has significant influence on the general operation of the CFA - it is responsible for providing the statutory framework within which the CFA operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the CFA has with other parties (e.g. council tax). Grants received from government departments are set out in Note 13 and 32. Income of £9,720k was received in 19/20 (£14,543k in 18/19). Expenditure with Central Government bodies totalled £561k in 19/20 (£548k in 18/19).

Members

Members of the CFA have direct control over the CFA's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in note 29. During 2019/20, no works and services were commissioned from companies in which members declared an interest.

Officers

Officers of the CFA have significant influence over the CFA's financial and operating policies. During 2019/20, no works and services were commissioned from companies in which officers declared an interest.

Other Public Bodies

Leicester City Council, Leicestershire County Council and Rutland County Council are local partners who also supply services to the CFA. A total of £1,059k was spent with these partners (£1,084k in 2018/19). A total of £227k was owing to these partners at 31st March 2020 (£190k at 31st March 2019).

Entities Controlled or Significantly Influenced by the CFA

Forge Health Limited

The CFA has control of Forge Health Limited, a wholly owned subsidiary. No dividend is due for 2019/20.

Fire and Rescue Indemnity Company Limited

Nine fire and rescue authorities, including Leicestershire, are members of the Fire and Rescue Indemnity Company Limited (FRIC). The company commenced trading in November 2015. The CFA's risk protection arrangements are provided through the pooled funds of the company. Payments amounting to £301k were paid to FRIC in 2019/20 (£278k in 2018/19).

Leicestershire Constabulary

Leicestershire Constabulary have paid for an extension on Coalville Fire Station, which they use. During the year, LFRS received income of £41k (£215k in 2018/19). As at 31st March 2020, Leicestershire Constabulary owe LFRS £58k for charges related to use of Coalville Station.

Payments of £39k were made to Leicestershire Constabulary during 2019/20 (£51k in 2018/19). As at 31st March 2020, LFRS still owed Leicestershire Constabulary £24k (£0k at 31st March 2019).

East Midlands Ambulance Service NHS Trust (EMAS)

The CFA has entered into an agreement with EMAS to share some buildings. Income of £100k was received from EMAS in 2019/20 (£51k in 2018/19). Payments to EMAS amounted to £10k in 2019/20 (£42k in 2018/19). As at 31st March 2020, EMAS owed LFRS £60k (£100k at 31st March 2019).

Note 34 Capital Expenditure and Capital Financing

The CFA had an opening capital financing requirement of £18,996k at the 1st April 2019 and a closing capital financing requirement of £17,848k at the 31st March 2020.

Details of capital expenditure incurred during the year and how it was financed shown in the table.

This includes property, plant and equipment and intangible assets (Notes 15 and 16).

	2018/19	2019/20
	£000	£000
Opening Capital Financing Requirement	20,312	18,996
Capital Investment		
Land and Buildings	892	155
Vehicles, Plant and Equipment	458	2,624
Assets In Construction	420	26
Intangibles	-	49
Total Capital Investment	1,770	2,854
Sources of Finance		
Capital Receipts	(26)	(21)
Grants	(170)	-
Sums set aside from revenue:		
Direct Revenue Contributions	(1,534)	(2,833)
MRP	(1,316)	(1,148)
Police Crime Commissioner Contribution	(40)	-
Total Sources of Finance	(3,086)	(4,002)
Closing Capital Financing Requirement	18,996	17,848
Increase/(Decrease) in Capital Financing Requirement	(1,316)	(1,148)

Note 35 Leases

CFA as Lessee

Finance Leases

Finance lease rentals paid to lessors relating to 2019/20 totalled £616k (£862k 2018/19) of which £60k was interest and £556k was principal. All finance leases relate to Vehicles, Plant and Equipment and the net book value of these assets at the 31st March 2020 is £1,241k.

Operating Leases

Operating lease rentals paid to lessors in the year totalled £119k (2018/19 £135k). As at the 31st March 2020 the CFA has a commitment to meet the following future minimum lease payments for operating leases, all of which relate to cars and light vehicles:

CFA as Lessor

Operating Leases

Operating lease rentals received relating to 2019/20 totalled £7k (£7k 2018/19). Part of Birstall HQ is leased to EMAS for £7k per annum. Part of Coalville Station is leased to Leicestershire Police at a Peppercorn rent.

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March	31st March	31st March	31st March
	2019	2020	2019	2020
	£000	£000	£000	£000
Within one year	665	603	683	619
Within 2 to 5 years	1,120	634	1,205	637
Later than 5 years	64	42	77	50
Total	1,849	1,279	1,965	1,306

	31st March	31st March
	2019	2020
	£000	£000
Not later than one year	107	13
Later than one year and not later than 5 years	14	-
Total	121	13

Operating Leases

	31st March	31st March
	2019	2020
	£000	£000
Within one year	7	7
Within 2 to 5 years	35	35
Later than 5 years	17	10
Total	59	52

Note 36 Termination Benefits

The CFA terminated the contract of two employees in 2019/20, incurring costs of £10k (1 employee costing £30k in 2018/19).

Band	Total number of exit packages by cost band	Total cost of exit 2018/19	Total number of exit packages by cost band	Total cost of exit 2019/20
	2018/19	£000	2019/20	£000
Compulsory				
0-20,000	-	-	2	10
20,001 - 40,000	1	30	-	-
Total Compulsory	1	30	2	10
Voluntary				
20,001 - 40,000	-	-	-	-
Total Voluntary	-	-	-	-

Note 37 Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the CFA makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the CFA has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The five pension schemes provide members with defined benefits related to pay and service and are detailed below:

(i) Uniformed Firefighters

This is made up of four unfunded schemes which means that there are no investment assets to match with the liability thus cash has to be generated to meet actual pension payments as they fall due.

(ii) Control and Support Staff

Employees, subject to certain qualifying criteria are eligible to join the LGPS administered by Leicestershire County Council. This is a funded defined benefit scheme meaning that the CFA and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Note 37 Defined Benefit Pension Schemes

Transactions Relating to Post-Employment Benefits– LGPS

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the MIRS. The following transactions have been made in the CIES and the general fund balance via the MIRS during the year:

Local Government Pension Scheme	2018/19	2019/20
	£000	£000
Comprehensive Income and Expenditure Statement		
<u>Cost of Services</u>		
Current service cost	1,458	1,703
Past service cost	-	-
Settlements and curtailments		
Total Service Cost	1,458	1,703
Financing and Investment Income and Expenditure		
Expected return on scheme assets		
Interest cost	353	420
Net Interest Cost	353	420
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	1,811	2,123
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Return on plan assets excluding amounts included in net interest	(802)	2,878
Actuarial (gains)/losses arising from changes in demographic assumptions		(1,548)
Actuarial (gains)/losses arising from changes in financial assumptions	4,099	(6,179)
Other Experience adjustments	2	(1,599)
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	3,299	(6,448)
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	5,110	(4,325)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(1,811)	(2,123)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	817	861
Total Movement in Reserves	(994)	(1,262)

Note 37 Defined Benefit Pension Schemes (continued)

2019/20	Firefighters' Pension Scheme 1992	Firefighters' Pension Scheme 2006	Firefighters' Pension Scheme 2015	Injury Benefit Scheme	Consolidated Firefighters Pension Schemes
	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement					
<u>Cost of Services</u>					
Current service cost	2,220	110	9,780	190	12,300
Past Service Cost	1,750	(1,950)	-	-	(200)
Total Service Cost	3,970	(1,840)	9,780	190	12,100
Financing and Investment Income and Expenditure					
Interest cost	10,410	700	650	110	11,870
Net Interest cost	10,410	700	650	110	11,870
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	14,380	(1,140)	10,430	300	23,970
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement					
Actuarial (gains)/losses arising from changes in demographic assumptions	(12,730)	(1,000)	(980)	(160)	(14,870)
Actuarial (gains)/losses arising from changes in financial assumptions	(15,410)	(1,800)	(1,200)	(90)	(18,500)
Other Experience adjustments	(3,360)	1,190	500	(170)	(1,840)
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	(31,500)	(1,610)	(1,680)	(420)	(35,210)
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	(17,120)	(2,750)	8,750	(120)	(11,240)
Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(14,380)	1,140	(10,430)	(300)	(23,970)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	989	54	3,204	-	4,247
Total Movement in Reserves	(13,391)	1,194	(7,226)	(300)	(19,723)

Note 37 Defined Benefit Pension Schemes (continued)

2018/19	Firefighters' Pension Scheme 1992 £000	Firefighters' Pension Scheme 2006 £000	Firefighters' Pension Scheme 2015 £000	Injury Benefit Scheme £000	Consolidated Firefighters Pension Schemes £000
Comprehensive Income and Expenditure Statement					
<u>Cost of Services</u>					
Current service cost	2,940	140	5,400	100	8,580
Total Service Cost	2,940	140	5,400	100	8,580
Financing and Investment Income and Expenditure					
Interest cost	10,130	640	430	100	11,300
Net Interest cost	10,130	640	430	100	11,300
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	13,070	780	5,830	200	19,880
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement					
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	10,640	1,240	1,070	90	13,040
Other Experience adjustments	(880)	(450)	270	190	(870)
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	9,760	790	1,340	280	12,170
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	22,830	1,570	7,170	480	32,050
Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(13,070)	(780)	(5,830)	(200)	(19,880)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	800	32	1,385	-	2,217
Total Movement in Reserves	(12,270)	(748)	(4,445)	(200)	(17,663)

Note 37 Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet - LGPS

	2018/19	LGPS
		£000
Present value of the defined benefit obligation		46,708
Fair value of plan assets		(29,654)
Net liability arising from defined benefit obligation		17,054
	2019/20	
Present value of the defined benefit obligation		39,747
Fair value of plan assets		(27,879)
Net liability arising from defined benefit obligation		11,868

Reconciliation of the Movements in the Fair Value of Plan Assets - LGPS

	2018/19	2019/20
	£000	£000
Opening fair value of scheme assets	27,637	29,654
Interest Income	752	718
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	802	(2,878)
Contributions from scheme employer	812	856
Contributions from employees into the scheme	245	248
Contributions in respect of unfunded benefits	5	5
Unfunded benefits paid	(5)	(5)
Benefits paid	(594)	(719)
Closing fair value of scheme assets	29,654	27,879

Note 37 Defined Benefit Pension Schemes (continued)

Reconciliation of Present Value of the Plan Liabilities - LGPS

	2018/19	2019/20
	£000	£000
Funded Liabilities	40,316	46,624
Unfunded Liabilities	82	84
Opening Balance at 1st April	40,398	46,708
Current service cost	1,458	1,703
Interest cost	1,105	1,138
Contributions from scheme participants	245	248
Remeasurement gain/(loss):		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(1,548)
Actuarial gains/losses arising from changes in financial assumptions	4,099	(6,179)
Other experience	2	(1,599)
Past service costs	-	-
Benefits paid	(594)	(719)
Unfunded benefits paid	(5)	(5)
Closing balance at the 31st March	46,708	39,747
Represented by:		
Funded Liabilities	46,624	39,663
Unfunded Liabilities	84	84

Note 37 Defined Benefit Pension Schemes (continued)

Reconciliation of Present Value of the Scheme Liabilities - Firefighters Schemes

	Firefighters' Pension Scheme 1992	Firefighters' Pension Scheme 2006	Firefighters' Pension Scheme 2015	Injury Benefit Scheme	Consolidated Firefighters' Pension Schemes
	£000	£000	£000	£000	£000
Opening balance at the 1st April 2018	401,740	25,400	14,200	4,060	445,400
Current service costs (net of employee contributions)	2,400	100	4,160	100	6,760
Past service costs	16,610	1,990			18,600
Contributions by scheme participants	540	40	1,240	-	1,820
Transfers In	-	-	-	-	-
Remeasurement gain:					
Actuarial gains/losses arising from changes in demographic assumptions					-
Actuarial gains/losses arising from changes in financial assumptions	10,640	1,240	1,070	90	13,040
Other experience	(880)	(450)	270	190	(870)
Finance Interest cost	10,130	640	430	100	11,300
Benefits paid	(11,950)	(140)	(250)	(120)	(12,460)
Closing balance at the 31st March 2019	429,230	28,820	21,120	4,420	483,590
Current service costs (net of employee contributions)	1,820	60	8,360	190	10,430
Past service costs	1,750	-	(1,950)	-	(200)
Contributions by scheme participants	400	50	1,420	-	1,870
Transfers In	-	-	-	-	-
Remeasurement gain:					
Actuarial gains/losses arising from changes in demographic assumptions					
Actuarial gains/losses arising from changes in demographic assumptions	(12,730)	(1,000)	(980)	(160)	(14,870)
Actuarial gains/losses arising from changes in financial assumptions	(15,410)	(1,800)	(1,200)	(90)	(18,500)
Other experience	(3,360)	1,190	500	(170)	(1,840)
Finance Interest cost	10,410	700	650	110	11,870
Benefits paid	(12,340)	(200)	(30)	(120)	(12,690)
Closing balance at the 31st March 2020	399,770	27,820	27,890	4,180	459,660

Note 37 Defined Benefit Pension Schemes (continued)

The Local Government Pension Scheme's assets consist of the categories in the table, by proportion of the total assets held:

	2018/19		2019/20	
	Bid Values	Percentage of Total	Bid Values	Percentage of Total
	£000	Assets	£000	Assets
Cash and Cash Equivalents				
All	888	3%	835	3%
<u>Quoted prices in active markets</u>				
Equity Securities				
Consumer	76	0%	71	0%
Manufacturing	22	0%	21	0%
Energy and Utilities	62	0%	59	0%
Financial Institutions	94	0%	89	0%
Information Technology	25	0%	24	0%
Health and Care	22	0%	21	0%
Other	215	1%	202	1%
Bonds				
UK Government	2,506	9%	2,356	8%
Other	384	1%	361	1%
Investment Fund and Unit Trusts				
Equities	11,910	40%	11,197	40%
Bonds	1,253	4%	1,178	4%
Hedge Funds	3	0%	2	0%
Other	2,969	10%	2,791	10%
Derivatives				
Foreign Exchange	-	0%	(35)	0%
<u>Quoted prices not in active markets</u>				
Property				
UK Property	2,216	8%	2,084	7%
Private Equity				
All	1,367	5%	1,286	5%
Investment Fund and Unit Trusts				
Bonds	-	0%	-	0%
UK Government	5	0%	4	0%
Hedge Funds	-	0%	-	0%
Other	3,066	10%	2,882	10%
Commodities	1,049	4%	986	4%
Infrastructure	1,560	5%	1,466	5%
Foreign Exchange	(38)	0%	-	0%
Total	29,654	100%	27,879	100%

Note 37 Defined Benefit Pension Schemes (continued)

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 future years dependent on assumptions about mortality rates, salary levels, etc. The fund liabilities have been assessed by Hymans Robertson LLP for LGPS, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31st March 2016. The Firefighter Pension Scheme has been assessed by the Government Actuary's Department (GAD).

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table. The sensitivity analyses overleaf have been determined based on reasonably possible changes of the assumptions occurring at the end of the year and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations

in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis overleaf did not change from those used in the previous year.

The main assumptions used by the actuary have been:

	LGPS		Fire Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
Mortality assumptions:				
Longevity at 65 for current pensioners (years):				
Men	22.1	21.5	22.0	21.3
Women	24.3	23.8	22.0	21.3
Longevity at 65 for future pensioners (years):				
Men	23.8	22.2	23.9	23.0
Women	26.2	25.2	23.9	23.0
Benefit entitlement assumptions:				
Rate of increase in salaries	3.5%	2.3%	4.4%	4.0%
Rate of increase in pensions	2.5%	1.8%	2.4%	2.0%
Rate for discounting scheme liabilities	2.4%	2.3%	2.5%	2.3%
Take-up of option to convert annual pension into retirement lump-sum – relating to service pre April 2008	50.0%	50.0%	-	-
Take-up of option to convert annual pension into retirement lump-sum – relating to service post April 2008	75.0%	75.0%	-	-
Rate of Inflation (firefighters schemes)	-	-	2.4%	2.0%

Note 37 Defined Benefit Pension Schemes (continued)

Impact on the Defined Benefit Obligation in the Plan/Scheme

The actuary estimate that a one year increase in life expectancy would approximately increase the LGPS Employer's Defined Benefit Obligation by around 3-5%.

Opposite changes in the assumptions will provide approximately equal and opposite changes in the liability.

	Change in Assumption	
	LGPS	Fire Pension Schemes
	£000	£000
Longevity (change of 1 year)	as below	14,000
Rate of increase in salaries (change of 0.5%)	653	7,000
Rate of increase in pensions (change of 0.5%)	3,750	33,000
Rate of discounting scheme liabilities (increase of 0.5%)	(4,453)	(43,000)
Early retirement (change of 1 year)	unavailable	unavailable

Impact on the CFA's Cash Flows

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. Leicestershire County Council has agreed a strategy with the plan's actuaries to achieve a funding level of 100% over the next 18 years. The next triennial valuation of the LGPS is due to be completed on the 31st March 2022. The CFA is anticipated to pay £926k contributions to the scheme in 2020-21. The weighted average duration of the defined benefit obligation for plan members is 24 years as at the latest formal valuation on 31st March 2019.

No such strategy exists for the Fire Pension schemes as they are unfunded schemes and therefore have no target funding level. The methodology for calculating employer contribution rates to the Fire Pensions Schemes for the 2012 valuation is set out in 'The Public Services (Valuations and Employer Cost Cap) Directions 2014. GAD undertook the first valuation exercise for the Firefighters schemes as at 31st March 2016. The results have been published and result in substantially increased employers contributions from April 2019.

Note 37 Defined Benefit Pension Schemes (continued)

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Liabilities		
LGPS	2018/19	2019/20
	£000	£000
Balance at 1st April	40,398	46,708
Current service cost	1,458	1,703
Past service costs (including curtailments)	-	-
Interest cost	1,105	1,138
Contributions by scheme participants	245	248
Benefits paid	(599)	(724)
Remeasurements arising from changes in assumptions	4,101	(9,326)
Balance at 31st March	46,708	39,747

Reconciliation of fair value of the scheme (plan) assets:

Assets		
LGPS	2018/19	2019/20
	£000	£000
Balance at 1st April	27,637	29,654
Interest income	752	718
Contributions by scheme participants	245	248
Employer contributions	812	856
Benefits paid	(594)	(719)
Return on plan assets excluding amounts included in net interest	802	(2,878)
Balance at 31st March	29,654	27,879

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Note 38 Contingent Liabilities

The Fire Service has not identified any contingent liabilities in the 2019/20 accounts.

Note 39 Nature and Extent of Risks arising from Financial Instruments

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

~ Credit risk - the possibility that other parties might fail to pay amounts due to the CFA

~ Liquidity risk - the possibility that the CFA might not have funds available to meet its commitments to make payments

~ Market risk - the possibility that financial loss might arise as a result of changes in, for example, interest rates

The CIPFA Code of Practice on Treasury Management has been adopted by the CFA and a Treasury Management Strategy is approved by the CFA each year. In addition, half yearly and annual reports are presented to CFA which highlight investment and borrowing progress and explain departures from the strategy. In this way, the risks are actively managed.

Note 39 Nature and Extent of Risks arising from Financial Instruments (continued)

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions and from providing chargeable services to customers. The CFA publishes criteria for lending surplus cash in the Medium Term Financial Strategy. The facilities applicable in this financial year are:

Institutions will not be used where there are any doubts about their security.

Invoices to customers for chargeable services are of relatively low value.

The following analysis summarises the CFA's potential maximum exposure to credit risk based on actual experience in terms of deposits and percentage of debt which has been written off as unrecoverable over the last three years in terms of debtors. All deposits shown on the Balance Sheet as at the 31st March 2020 were repaid to the CFA before the date the Statement of Accounts was authorised for issue where repayment was due in this period. There is no reason to doubt the credit quality of any of the customers amounts, whether current or past due for payment.

The majority of the CFA's liquid cash is invested with Leicester City Council, who also govern the CFA's Treasury Management activities.

Investment Type	Minimum Credit Criteria / Sector Colour Band	Max % of total investments/ £ limit per institution	Max. Maturity Period
Money Market Funds	AAA	100%	Liquid
Local Authorities	N/A	100%	1 Year
Term Deposits With Bank and Building Societies	Blue Orange Red Green	£5m	Up to 1 year Up to 1 year Up to 6 months Up to 3 months

Loans and Receivables	1st April 2019	31st March 2020	Est. Maximum Exposure to Credit Risk	Historical Experience of Default
	£000	£000	£000	£000
Deposits with banks, financial institutions	919	770	0	0.00
Deposits with local authorities	9,560	12,495	0	0.00
Trade Debtors				
- not yet due for payment	21	12	0	0.00
- past due date for payment	46	35	0	0.00
Total	10,546	13,312	0	0

Note 39 Nature and Extent of Risks arising from Financial Instruments (continued)

The past due amount is analysed by age as follows:

	1st April 2019	31st March 2020
	£000	£000
Less than 1 month overdue	0	3
1-2 months overdue	0	2
2-6 months overdue	0	0
Over 1 year overdue	46	30
Total	46	35

Liquidity Risk

The CFA has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the CFA is able to access borrowings from Leicester City Council, money markets and the PWLB. There is no significant risk that it will be unable to raise finance in order to meet its commitments under financial instruments. Instead the risk is that the CFA is exposed to is that it will be bound to replenish a significant proportion of its borrowings when interest rates are unfavourable. The CFA sets limits on the proportion of borrowings during specified periods. The maturity analysis of financial liabilities is as follows:

Maturity Structure of Fixed Interest Rate Borrowing 2018/19		
	Lower Limit	Upper Limit
Less than 1 year	0%	30%
12 months to 2 years	0%	30%
2 years to 5 years	0%	50%
5 years to 10 years	0%	70%
10 years and above	25%	100%

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

Note 39 Nature and Extent of Risks arising from Financial Instruments (continued)

Market Risk

The CFA is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact. For instance, a rise in interest rates would have the following effects:

- ~ borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- ~ investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- ~ investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the 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. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The CFA has a number of strategies for managing interest rate risk. Policy is to aim to have no borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The team responsible for Treasury Management has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to revise the budget during the year. This allows any adverse changes to be accommodated.

According to this assessment strategy, at the 31st March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effects would be:

	£000
Additional interest receivable on variable rate investments (has a positive impact on the Surplus or Deficit on the	141
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive In-	1,474

An average rate of 0.73% (£103k) was achieved for investments, therefore this is the maximum amount which could be lost.

Pension Fund Statement

Firefighters' Pension Fund

Fund Account	2018/19	2019/20
	£000	£000
Income to the fund		
Contributions receivable:		
Fire authority contributions in relation to pensionable pay	(2,212)	(4,261)
Ill health contributions	(37)	(57)
Firefighters' contributions	(1,799)	(1,843)
Transfers in from other schemes	-	(70)
Income to the fund	(4,048)	(6,231)
Spending by the fund		
Benefits payable:		
Pensions	10,600	11,879
Commutation and lump-sum retirement benefits	2,158	1,523
Other payments	83	9
Payments To and On Behalf of Leavers	17	50
Transfers out to other schemes	150	-
Spending by the fund	13,008	13,461
Deficit for the year before top up grant receivable from Home Office	8,960	7,230
Top-up grant received	(6,453)	(5,140)
Net Grant Receivable	2,507	2,090
<hr/>		
Firefighters' Pension fund net assets statement	31st March 2019	31st March 2020
	£000	£000
Net current assets and liabilities:		
Pensions top up grant receivable from Home Office	2,507	2,090
Net grant receivable	2,507	2,090

Pension Fund Statement (continued)

1. In accordance with the requirements of IAS19 the actual cost of pensions required for council tax setting purposes is replaced by the current service cost of pensions in CIES, and reversed out in the MIRS.
2. Employee contributions, and employer contributions are paid into a separate account out of which pensions are paid. This is administered on behalf of the CFA by Leicestershire County Council Pensions Department. Any deficit on this account is made up by direct government funding from the Home Office.
3. It is these employer contributions (rather than the net cost of pensions) that are replaced in the CIES.
4. The Government has determined that this account is deemed a pension fund separate from the CIES and is thus reported on separately. There are no assets in this scheme and the difference between income and expenditure is met by direct government funding to balance the account to nil each year, and therefore there is no surplus or deficit on this fund to impact on overall CFA reserves.
5. Employer's and employee contribution levels are based on percentages of pensionable pay set nationally by the DCLG and are subject to triennial revaluation by the Government Actuary's Department.
6. The pensions fund's accounts do not take account of liabilities to pay pensions and other benefits after the 31st March 2020. These can be found in note 37 in the notes to the accounts.
7. The accounts are prepared in accordance with the same code of practice and accounting policies as outlined in the Statement of Accounting policies starting on page 25.
8. Any Government funding payable is paid in two instalments, 80% of the estimated annual amount in July and any further surplus or deficit settled with the Home Office following audit of the accounts for the year.
9. The fund is in deficit by £459,660k as at the 31st March 2020 (£483,590k as at the 31st March 2019).

Final Statement & Glossary

CFA Annual Governance Statement 2019-20

1. Introduction

The Combined Fire Authority (CFA) is committed to good corporate governance and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016). The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people

This statement is produced in fulfilment of the requirements under the Accounts and Audit Regulations, 2015, to prepare an annual governance statement.

2. The Arrangements

The CFA works within the governance framework summarised in Appendix 1, and has an approved Local Code of Corporate Governance. The following details how the CFA meets the requirements of the Framework through the core principles, systems, policies and procedures it has in place. Appendix 2 demonstrates how this has been assessed to inform the Annual Governance Statement.

We have the following codes and rules:

- Finance and Contract Procedure Rules
- Code of Conduct for Members
- Code of Conduct for Employees
- Anti-fraud, Bribery and Corruption Policy
- Whistleblowing Policy
- Organisational Risk Management

Our purpose is Safer People, Safer Places in both our communities and our workplaces. Our five key corporate strategies identified in our corporate plan and Integrated Risk Management Plan (IRMP) (Our Plan 2020-24) sets out how we will achieve this in each priority area. The strategies are:

- Safer Communities
- Response
- Finance and Resources
- People
- Governance

We monitor:

- Delivery of Our Plan
- Performance indicators
- Delivery of the budget
- Organisational Risk Register

We are transparent in our decision making through:

- Open CFA & committee meetings with published agenda, meeting papers and minutes
- Published Senior Management Team decisions
- Scrutiny of our project development programme through committees
- Stakeholder engagement on our budget; IRMP; key projects and partnership working
- Publication of Freedom of Information Act responses and transparency data

CFA Annual Governance Statement 2019-20 (continued)

We are supported by:

- Leicester City Council who provide the position of Treasurer to make arrangements for the proper administration of the CFA's financial affairs
- Leicestershire County Council who provide the position of Monitoring Officer to maintain the constitution, ensure lawfulness and fairness in decision-making and provide member services
- A staff intranet, which provides guidance and policy documentation
- Tactical Management Team, Project Boards and Project Teams led by middle and supervisory managers to implement effective delivery of service priorities
- Partnership working on key priorities

We review processes and delivery throughout the year supported by:

- Internal Audit
- External Audit
- Corporate Governance Committee
- Annual Report and Statement of Assurance

3. Significant Governance Issues

The CFA's review of processes enables the identification of any areas of the CFA's activities where there are significant weaknesses in financial controls, governance arrangements or the management of risk. Overall from this year's work, the Head of the Internal Audit Service (HoIAS) evaluation of the CFA's control environment (its framework of governance, risk management and control) is overall adequate and effective.

The External Auditors are required by the International Standard on Auditing 260 (ISA 260) to communicate about the audit of the Authority's financial statements with those charged with governance. A written report for the 2018/19 Statement of Accounts was presented to Members in September 2019 that identified issues with the production of the Statement of Accounts, although an unqualified opinion was given. The Treasurer has worked to improve this process for the 2019/20 accounts.

Areas of significant risk or priorities for action have been identified and are listed on the following pages, along with an update of the issues identified last year.

CFA Annual Governance Statement 2019-20 (continued)

Follow Up of Issues Identified in 2018/19

Last year the following areas were identified as significant governance issues. The table below sets out the action that has been taken to address these issues in the current year:

Issue Identified	Action taken to date:
<p>Budget Strategy - the CFA's financial viability is a key concern at a time of deep funding cuts, the national uncertainties around funding from 2020 mean that continued viability could once again become a key concern.</p>	<p>The CFA has a balanced budget for 2020/21, although the Covid-19 pandemic has placed some uncertainty around future funding.</p>
<p>Fire Service Reform – Fire Service is subject to a separate independent inspection regime (HMICFRS). Working standards are being established by a Professional Standards Body.</p>	<p>Following the inspection in December 2018, HMICFRS produced a report in June 2019 detailing their findings which were focussed on 3 areas – effectiveness, efficiency and people. HMICFRS recommended that we consider 24 'Areas for Improvement' (AFI), which were in addition to 20 other observations contained within the report requiring our ongoing consideration. The Combined Fire Authority (CFA) agreed in June 2019 that an improvement plan would be produced and put in place to address these areas. The Corporate Governance Committee (CGC) noted in November 2019 the production of the Improvement Plan and the monitoring arrangements that are in place.</p> <p>Await the impact of the working standards being developed and react accordingly.</p>
<p>Management Arrangements – review temporary management structure.</p>	<p>A permanent Assistant Chief Fire and Rescue Officer (ACFO) was approved by the CFA in April 2019.</p>

CFA Annual Governance Statement 2019-20 (continued)

Follow Up of Issues Identified in 2018/19 (continued)

Issue Identified	Action taken to date:
<p>Regional Pensions Board – to move from a local pension board to a regional one with Nottinghamshire and Derbyshire Fire and Rescue Services.</p>	<p>A submission for approval was made to the Secretary of State, however government focus on Brexit and the Election meant that a response was not received. There is a continued commitment to work towards a regional pensions board.</p>
<p>UK exit from the EU – particularly in the event of a no-deal being reached.</p>	<p>Continually reviewed our impact assessment identifying possible risks and issues of a no-deal EU exit, updating and taking mitigating actions as appropriate. The Authority continued to link to a wider network, working with the National Fire Chiefs Council (NFCC) who identified and shared emerging issues, reporting up to Ministry of Housing, Communities and Local Government (MHCLG) and feeding into the impact assessment as necessary.</p> <p>The Local Resilience Forum (LRF) of which the Authority is a key member, continued to lead on assessing and planning risks collectively across the Leicester, Leicestershire and Rutland (LLR) in terms of possible major impacts requiring a multi-agency response. The Authority continued to work with the LRF to ensure that robust arrangements were in place so that any response needed could be achieved effectively and appropriately.</p>

CFA Annual Governance Statement 2019-20 (continued)

Issues Identified in 2019/20

The areas of significant risk or priorities for action that have been identified are listed below:

Issue Identified	Planned Action:
<p>Budget Strategy - the CFA's financial viability continues to be a key concern. In addition we will need to plan for any long term impacts of Covid-19 on the CFA's budget.</p>	<p>The CFA is monitoring the impact of Covid-19 closely and will consider this when producing the budget for 2021/22.</p>
<p>Covid-19 Pandemic - impact on the resources and services delivered.</p>	<p>Close monitoring and identification of any impacts associated with Covid 19 on the ability to deliver "Our Plan". It is noted for the short term some community based services have been suspended in accordance with government and NFCC guidance, however critical delivery of operational response and community safety activity remain in place, with innovative ideas to reach communities explored.</p>
<p>Statement of Accounts - in the ISA260 for 2018/19 the External Auditors flagged areas of concern when the accounts were produced.</p>	<p>The Treasurer has put a plan in place to support the Finance Team and assist with producing the 2019/20 Statement of Accounts.</p>
<p>Regional Pensions Board - to continue to move from a local pension board to a regional one with Nottinghamshire and Derbyshire Fire and Rescue Services.</p>	<p>Continue to work with Nottinghamshire & Derbyshire to ensure this is moved forward.</p>
<p>Fire Service Reform - Fire Service is subject to a separate independent inspection regime (HMICFRS). Working standards are being established by a Professional Standards Body.</p>	<p>Continue to progress the improvement plan monitored by CGC. Await the impact of the working standards being developed and react accordingly. Prepare for the next inspection due spring 2021 .</p>

CFA Annual Governance Statement 2019-20 (continued)

The Combined Fire Authority had the following governance arrangements in place during 2019/20.

Appendix 1

Key Elements of the Governance Framework at the Combined Fire Authority are summarised below:

Combined Fire Authority

- Provide leadership, develop and set policy

Decision making

- Decisions are recorded on the CFA's website

Risk management

- Risk registers identify both operational and strategic risks
- Key risks are considered by Senior Management Team

Scrutiny and review

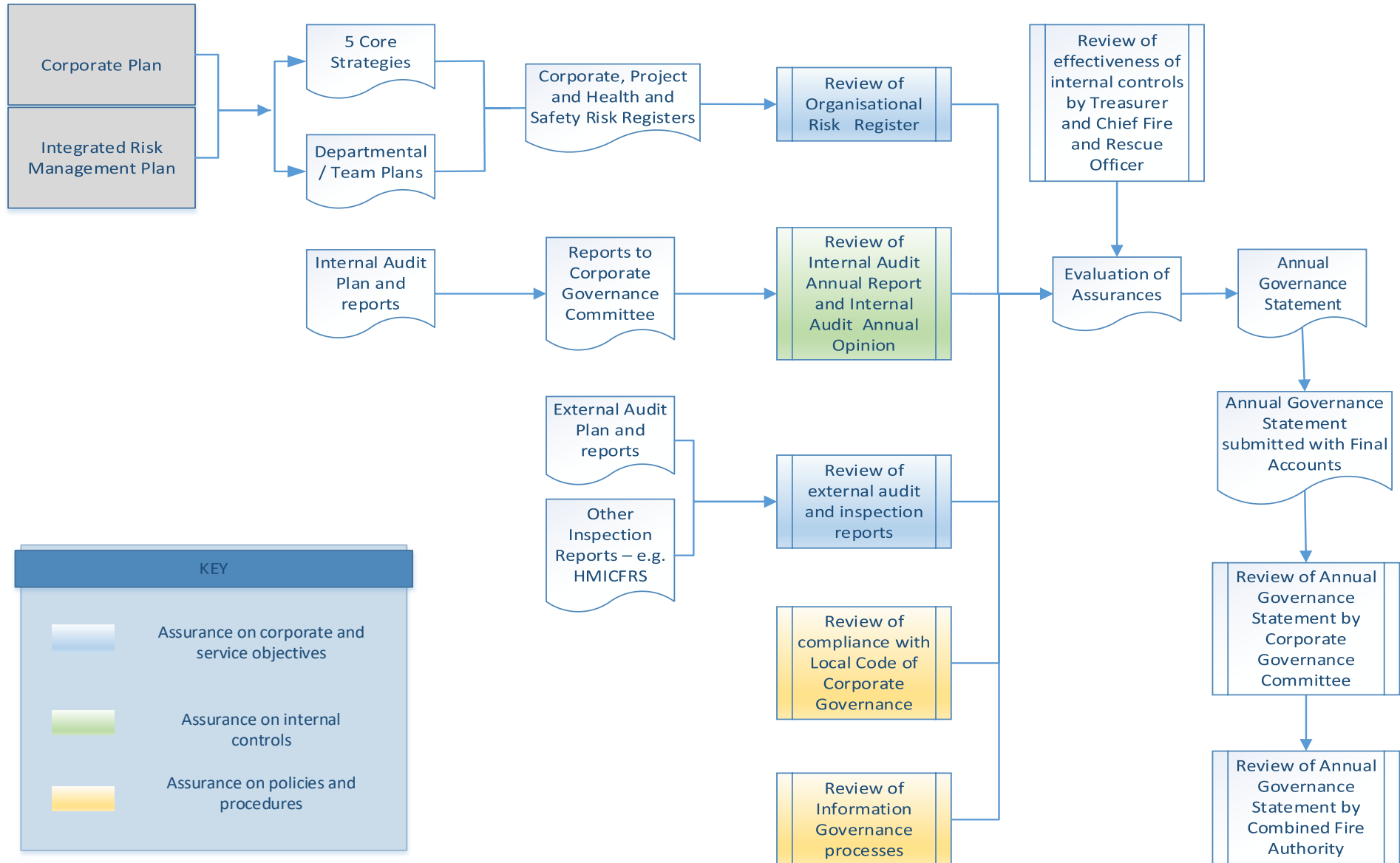
- Corporate Governance Committee has oversight of the financial reporting process and ensures that an adequate risk management framework and control environment is in place.
- Employment Committee will make recommendations to the CFA on key appointments of senior officers and will hear grievances and disciplinary proceedings against these officers.
- Approve the Internal Audit Annual report and opinion
- Pension Board ensures the effective governance and administration of Pension Schemes and compliance with any requirements imposed by

Senior Management Team

- Provide service level management and interface with the political leadership
- Head of Paid Service is the Chief Fire and Rescue Officer, who is responsible for leading an effective senior management team (SMT)
- The Treasurer is the s.151 Officer at Leicester City Council and is responsible for safeguarding the CFA's financial position and ensuring value for money
- Monitoring Officer is the Leicestershire County Council Director Law and Governance who is responsible for ensuring legality and promoting high standards of public conduct
- SMT includes all operational directors and service area managers.

CFA Annual Governance Statement 2019-20 (continued)

Governance Arrangements to inform the Annual Governance Statement



Glossary

This Glossary explains terms that may be encountered in discussion of Local Government finance. Definitions are intended to assist a general audience, rather than reflecting exactly the technical sense in which the terms are used.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortisation

The reduction of the value of an intangible asset by pro-rating its cost over a period of years.

Capital Expenditure

Expenditure on the acquisition of non current assets or expenditure which adds to and not merely maintains the value of existing non current assets.

Capital Receipts

Income from the sale of assets. Such income may only be used to repay loan debt or to finance new capital expenditure.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principle accountancy body dealing with Local Authority and Public Sector finance.

Code of Practice on Local Authority Accounting (The Code)

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of the Authority's Statement of Accounts.

Contingent Liability

A possible obligation arising from past events whose existence will be confirmed by the occurrence of an uncertain future event not wholly within the CFA's control. It can also be a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or where the amount of the obligation is uncertain.

Creditors

Amounts owed by the CFA for which payment has not been made by the end of the financial year.

Debtors

Amounts due to the CFA but unpaid at the end of the financial year.

Depreciation

The measure of the wearing out, consumption, or other reduction in the usual economic life of a non current asset during the accounting period.

Finance Lease

A method of financing the acquisition of assets. Legally the assets are owned by the lessor, although

the risks and rewards of ownership of the assets pass to the lessee. The assets are shown on the Balance Sheet of the CFA.

Financial Instrument

Any contract which gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments are: trade payables, bank deposits, trade receivables and investments.

General Fund

The CFA's main revenue account, covering the net cost of all services.

Government Actuary's Department

A Government Department that provides advice upon public sector pension arrangements, social security provision and regulators of private pension policies.

Glossary (continued)

Impairment

A reduction in the value of an asset, which is additional to the expected depreciation of that asset. Impairment may be a result of, for example, physical damage or reducing prices.

Non- Current Assets

Property, plant and equipment that yield benefits to the CFA for a period of more than one year.

Operating Lease

A method of financing the acquisition of assets, notably equipment, vehicles, plant etc. which involves the payment of a rental by the user for a period which is normally substantially less than the useful economic life of the asset.

Provision

A liability or loss relating to a past event which is likely or certain to be incurred but uncertain as to the date when it will arise, which can be reasonably estimated.

Reserve

An amount set aside for purposes falling outside the definition of a provision. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for general contingencies.

Revenue Expenditure and Income

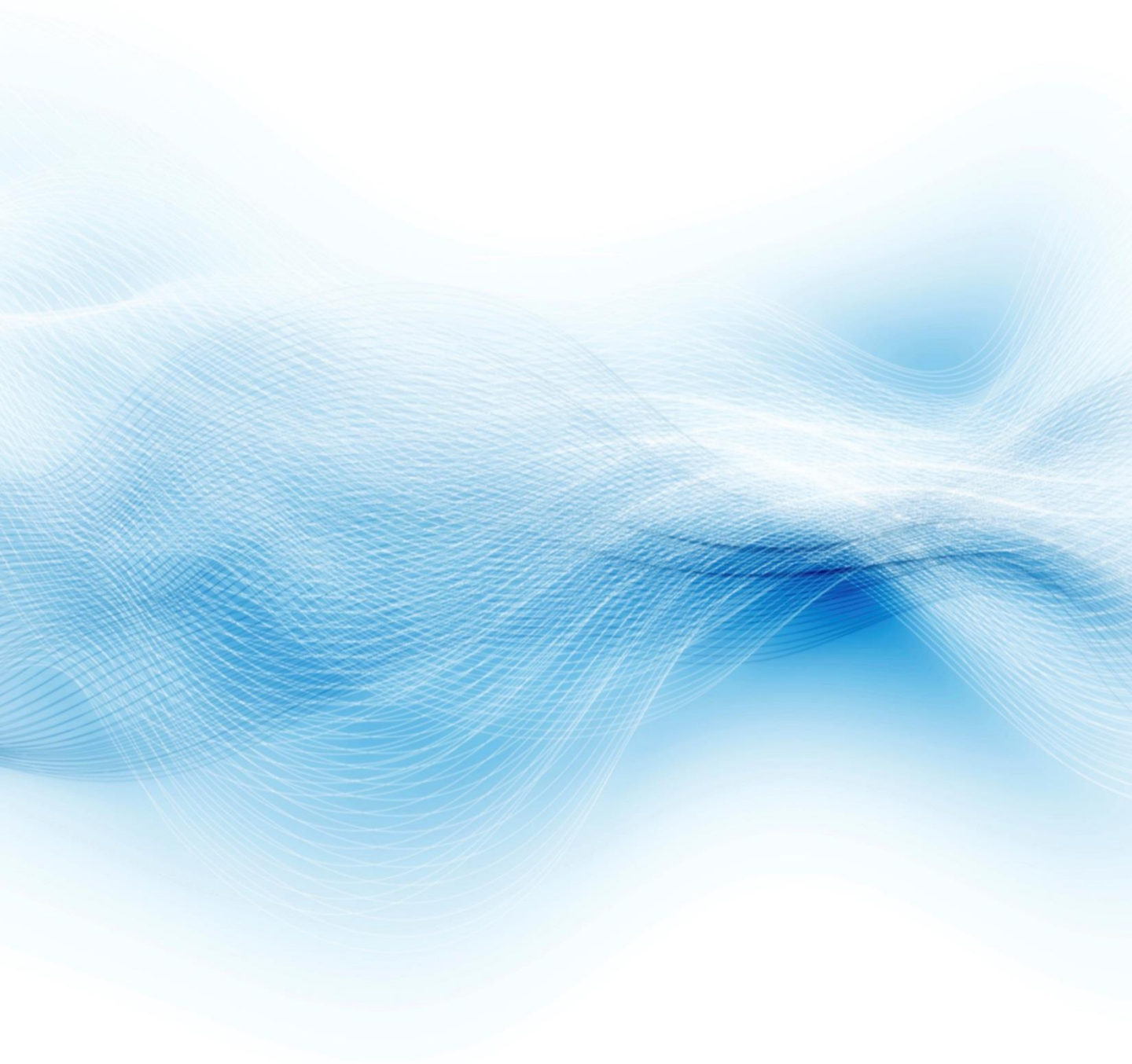
Expenditure and income arising from the day to day operation of the CFA.

Note References

Note 1	Accounting Policies	Note 20	Cash and Cash Equivalents
Note 2	Expenditure and Funding Analysis	Note 21	Creditors
Note 3	Accounting standards issued but not yet adopted	Note 22	Provisions
Note 4	Critical judgments in applying accounting policies	Note 23	Usable Reserves
Note 5	Assumptions Made about the Future and other Major Sources of Estimation Uncertainty	Note 24	Unusable Reserves
Note 6	Material Items of Income and Expense	Note 25	Operating Activities
Note 7	Events After the Balance Sheet Date	Note 26	Investing Activities
Note 8	Note to the Expenditure and Funding Analysis	Note 27	Financing Activities
Note 9	Adjustments between Accounting Funding Basis under Regulations	Note 28	Trading Operations
Note 10	Movements in Earmarked Reserves	Note 29	Members' Allowances
Note 11	Other Operating Expenditure	Note 30	Officers' Remuneration
Note 12	Financing and Investment Income and Expenditure	Note 31	External Audit Costs
Note 13	Taxation and Non-Specific Grant Income and Expenditure	Note 32	Grant Income
Note 14	Expenditure and Income Analysed by Nature	Note 33	Related Parties
Note 15	Property, Plant and Equipment	Note 34	Capital Expenditure and Capital Financing
Note 16	Intangible Assets	Note 35	Leases
Note 17	Financial Instruments	Note 36	Termination Benefits
Note 18	Inventories	Note 37	Defined Benefit Pension Schemes
Note 19	Debtors	Note 38	Contingent Liabilities
		Note 39	Nature and Extent of Risks Arising from Financial Instruments

Audit Completion Report

Leicester, Leicestershire and Rutland
Combined Fire Authority
Year ending 31 March 2020



CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for Money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Independence

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to Leicester, Leicestershire and Rutland Combined Fire Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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14 September 2020

Dear Sirs/Madams

Audit Completion Report – Year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented to the Corporate Governance Committee on 11 March 2020. Since we issued our Audit Strategy Memorandum the UK has been subject to the challenges and restrictions of COVID-19. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

One implication of COVID-19 for the Authority was that the deadlines for submission of the draft and audited financial statements were pushed back to 31 August and 30 November respectively. We would like to express our thanks for the assistance of your teams in preparing accounts and enabling us to substantially complete our audit in the difficult circumstances pertaining this year, and to have done so well ahead of the revised deadlines. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07896 684771.

Yours faithfully

Gavin Barker

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VAT number: 839 8356 73



1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Leicester, Leicestershire and Rutland Combined Fire Authority ('the Authority') for the year ended 31 March 2020, and forms the basis for discussion at the Authority meeting on 23 September 2020.

The detailed scope of our work as your appointed auditor for 2019/20 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control;
- Valuation of land and buildings; and
- Defined benefit liability valuation.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

The NAO have not yet issued group instructions so the timing of our review of your WGA submission is to be confirmed. We will report the results in our Annual Audit Letter.

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. Further details on the exercise of our wider powers are provided in section 2.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Pensions	●	<p>At the time of writing this report, we have some final checks still to complete in relation to our pensions work.</p> <p>We are also awaiting assurance from the pension fund auditor.</p> <p>We will not be able to issue our audit opinion and VFM conclusion until the pension fund auditor assurance has been received.</p>
PPE	●	<p>At the time of writing this report, we have some final checks still to complete in relation to our work on Property, Plant and Equipment valuations and disclosures.</p> <p>As a result of the declaration of 'material valuation uncertainty' in the valuation of land and property in the valuer's report, which has been caused by the Covid-19 pandemic, we will include an emphasis of matter paragraph in our audit report, which draws attention to this disclosure in the financial statements. More information is provided on page 6.</p>
WGA	●	<p>We are awaiting group instructions from the National Audit Office. This may impact on the timing of issuing our audit certificate to formally conclude and close the audit.</p>
Closing Procedures	●	<p>Review and closure processes, including final consideration of post balance sheet events.</p>

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Treasurer with an update in relation to these outstanding matters in a follow-up letter prior to signing the auditor's report. We will ensure that a copy of our follow up letter is provided to all Members of the Authority.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum presented to the Corporate Governance Committee on 11 March 2020. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £1.051m using a benchmark of 2% of Gross Revenue Expenditure at surplus/deficit on provision of services level. Our final assessment of materiality, based on the final financial statements and qualitative factors is £1.193m, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Authority) at £36k based on 3% of overall materiality.



2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 9 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Authority's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Management override of controls

Description of the risk

The International Standards on auditing presume that management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a mandatory significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting on amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Property, Plant
and Equipment
Valuations

Description of the risk

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Authority's holding of PPE. Although the Authority uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of PPE to be an area of significant risk.

How we addressed this risk

We addressed this risk by considering the Authority's arrangements for ensuring that PPE values are reasonable and used corroborative evidence to assess the reasonableness of the valuations provided by the Authority's valuer. We also assessed the competence, skills and experience of the valuer.

We have reviewed the valuation methodology used for assets valued in 2019/20 and tested the underlying data and assumptions. We have compared the valuation output to market intelligence to gain assurance that the valuations are in line with market expectations.

We have reviewed and considered the robustness of the approach taken by the Authority to address the risk of assets not subject to valuation in 2019/20 being materially misstated. We have also considered the movement in market indices between the date of valuation and the year end to determine whether values have moved materially between the dates.

We also considered the impact of COVID-19 on the valuations to gain additional assurance on their reasonableness.

Audit conclusion

The valuer followed guidance issued by the Royal Institute of Chartered Surveyors and their valuation report disclosed a "material valuation uncertainty" in relation to the valuation of the Authority's land and buildings. This has been disclosed in note 15 of the final version of the financial statements. We plan, in line with normal practice, to include reference to this disclosure as an 'emphasis of matter' in our audit report. The purpose of this paragraph is to draw attention to this disclosure, it is not a qualification and does not modify our proposed unqualified opinion on the financial statements.

Our draft Auditor's Report at Appendix B includes a draft emphasis of matter paragraph (as highlighted on page 21 of this report). The draft wording is subject to our internal review processes, and if this wording subsequently changes we will provide an update in the follow up letter to the Treasurer when the audit is completed, as noted on page 4 of this report.

Subject to final completion, our work to date has provided the assurance we sought and has not identified any other matters to report in relation to property, plan and equipment valuations.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Description of the risk

Defined benefit liability valuation

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. Moreover, in 2019/20 the local government pension assets and liabilities are subject to triennial revaluation. This results in an increased risk of material misstatement.

How we addressed this risk

We discussed with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls that you have in place to assess the reasonableness of the figures provided by the Actuary and considered the reasonableness of the Actuary's output, referring to our expert's report on all actuaries nationally.

We reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation. We also considered the adequacy of disclosures in the financial statements.

We are still awaiting assurance from the auditor of the Leicestershire Pension Fund.

Audit conclusion

Material amendments have been made to the pension disclosures arising from changes in the estimated impact of the McCloud Judgement on the firefighters' pension scheme. Further details of amendments made are set out on page 13. Further context to the issues relating to pensions accounting that have arisen this year are described on page 9. We are still waiting for assurance from the pension fund auditor, and have some final checks to complete in relation to pensions.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

Description of the risk

Quality of Working Papers

In our 2018/19 Audit Completion Report we highlighted the difficulties we experienced during the 2018/19 audit which led to the suspension of the audit and additional time being spent by the audit team to complete our procedures. These issues contributed to the late audit opinion and additional fees. The completion report highlighted the problems linked to the quality and timeliness of working papers as well as the initial draft accounts containing material errors

How we addressed this risk

We have followed up the implementation of the recommendations made in our 2018/19 Audit Completion Report to improve the accounts preparation process for the current year of audit.

From discussions with the Finance Team we are aware of changes made to the finance team in 2019/20 to reduce the risk of similar issues impacting on this year's audit. These changes include the Chief Accountant from Leicester City Council overseeing the accounts production and audit process this year, the recruitment of an interim accountant and staff training and standard template working papers being introduced within the finance team.

We kept arrangements under review during both the interim and final audit work and had regular meetings with finance officers enabling any issues arising to be addressed promptly.

Audit conclusion

Our work has provided the assurance we sought. Officers have worked hard to produce good working papers this year which were clear and easy to follow and also provided additional supporting evidence promptly when required. There has been a marked improvement in the quality of the working papers, and the availability of the supporting information that underpins the disclosures in the financial statements.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded that they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Authority's circumstances. The Authority has taken advantage of the exception permitted by the Code to exclude immaterial disclosure notes and this has resulted in financial statements that are relatively streamlined. It also means we have not reported the omission of immaterial figures from disclosure notes as errors.

Draft accounts were received from the Authority on 6 August 2020 and were of a good quality and working papers were provided by the scheduled audit start date of 10 August 2020 and were likewise of good quality and much improved from the prior year.

Significant matters discussed with management

There have been significant issues once again this year relating to accounting for pensions. These issues are not specific to the Authority, but are national issues impacting on all local government, police and fire bodies, to varying degrees. There have been two issues raised this year with respect to pension accounting, these relate to the ongoing implications of the McCloud Judgement which was also an issue last year and a new case, the Goodwin case, and each are discussed separately below.

McCloud Judgement

The McCloud judgement relates to potential age discrimination arising from transitional protections offered to some existing members of public service pension schemes that were not made available to younger members. In July 2019, Treasury confirmed that the difference in treatment between older and younger members of public service pension schemes would need to be removed in order to remove the discrimination. For the financial year 2018-19 GAD and Hymans Robertson provided revised actuarial reports which included an estimate of the impact of the case on the Authority's pension liability, for both the Fire Fighters Pension Scheme and Local Government Pension Scheme respectively. At the time of making this estimate actuaries were required to estimate what the proposed remedy would be. In 2019/20 the respective actuarial reports made an adjustment to the initial estimates based on further information received.

In July 2020 Treasury initiated a consultation on the proposed remedy for public service pensions and MHCLG released a consultation into the proposed remedy for the LGPS, which set out the estimation basis for the impact of the judgement.

The difference between the original accounting entries and the entries required taking into account the consultation remedy were expected to be material in relation the Fire Fighters Pension Scheme. As such a revised IAS 19 Actuarial report was requested from GAD including the updated figures. The changes in this revised report have been reflected in the updated financial statements that are to be approved, and the accounting entries are summarised on page 13.

Management enquired of Hymans Robertson, the actuary of your LGPS, in relation to the expected outcome of this change on the LGPS. Hymans Robertson confirmed that the estimate made in their IAS 19 report was likely to overstate the McCloud liability, and indeed, the allowance for McCloud under the proposed remedy could be in the region of less than half of what they had allowed for. As the actuary's estimate of the McCloud impact on the LGPS was not material, an overstatement of more than half of this would also not be material. To illustrate this, the estimate of the McCloud impact in 2018/19 for the LGPS was in the region of £400k, so the overstatement in the 2019/20 actuarial assessment of liability would be in the region of £200k. We accepted that the impact was not material, and an adjustment was not required. As this relates to the refinement of an estimate rather than an error, this has not been reported as an unadjusted misstatement on page 13.

Goodwin Case

A case was made against the Teachers Pensions Scheme in relation to sexual orientation discrimination. The discrimination occurs because there is a difference in survivor benefits payable depending upon whether the member was in a same-sex marriage or civil partnership or an opposite-sex marriage or civil partnership. The government concluded that changes are required to the Teachers' Pension Scheme to address the discrimination. The government believes that this difference in treatment will also need to be remedied in those other public service pension schemes, where the husband or male civil partner of a female scheme member is in similar circumstances.

2. SIGNIFICANT FINDINGS (CONTINUED)

We understand from your actuary (GAD) that the Goodwin case will not have an impact on the liabilities for the fire fighters pension scheme.

In relation to the LGPS, your actuary (Hymans Robertson) has confirmed that there will be an additional liability arising from the Goodwin judgement. Full information is not yet available to accurately calculate the impact, however, based on an estimation, your actuary has indicated that the LGPS impact is likely to be in the region of 0.1%-0.2% of the LGPS Fund's total liability. For your accounts this would amount to an increased liability of between £40k to £80k. As the impact of this is well below materiality, no adjustment to the financial statements has been made. As these issues relate to the refinement of an estimate rather than an error, they have not been reported as unadjusted misstatements on page 13.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. Officers have been very helpful and responsive in addressing our audit queries, and we are grateful for the assistance provided.

Given the Government's COVID-19 instruction for the public to work from home if possible, our audit was completed remotely but this did not cause significant difficulties during the audit because:

- we used technology, such as video conferencing, to ensure the audit was completed to the required standards;
- all working papers provided were electronic and of a high standard; and
- we used a team of public sector audit specialists with the same manager as in 2018/19 and a new experienced team leader.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2019/20 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have not received any questions or objections in respect of Leicester, Leicestershire and Rutland Fire and Rescue Authority.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our 2019/20 audit has not identified any significant deficiencies to report.

Follow up of previous internal control points

Last year, we raised three significant internal control issues. We are pleased to report that all of these issues have been addressed.

Preparation of the Financial Statements

Recommendations from last year

We recommend that the Authority fully reviews its processes for preparing the financial statements and makes improvements in its arrangements to prevent a recurrence of the problems with the 2018/19 financial statements in future years.

Key issues to address should include:

- A review of any gaps in the skills and competencies required in the production of the financial statements, and the provision of external support where needed, particularly in complex technical areas;
- Improvements in the level of supervision and review of the production of the draft financial statements;
- Improvements in the arrangements for compiling working papers and providing evidence to show how the figures reflected in the financial statements have been derived; this should include a clear mapping of the trial balance to the financial statements, ensuring that all transactions are properly reflected in the ledger and ensuring that any manual adjustments are properly documented and supported;
- Implementation of quality assurance processes to ensure the risk of material error in the draft financial statements is minimised.

2019/20 update

The Authority has updated its procedures around the preparation of the accounts in 2019/20. Changes have been made to the finance team and the accounts process was also managed by the Chief Accountant from Leicester City Council to ensure this issue would not be repeated. Our testing of the draft accounts and working papers has not identified any areas of concern. Working papers produced were of good quality and followed a set template and had been subject to a quality review process.



3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Accounting for Property, Plant and Equipment (PPE)

Recommendation from last year

We recommend that depreciation is not applied to assets under construction, the useful lives of assets are correctly input to the fixed asset register and checked, assets are correctly reflected in the correct category of the asset register so that it can be reconciled to the PPE note and additions are treated correctly in the revaluation reserve in future years. Management understanding and internal control checks on PPE accounting entries need to be improved.

2019/20 update

The Authority I has updated its procedures around accounting for PPE and the update of entries to the Fixed Asset Register to ensure that this issue cannot be repeated. Our testing PPE in the current year has not identified any areas of concern.

Accounting for Pensions

Recommendation from last year

We recommend that officers ensure that pensions disclosures are properly reflected in the financial statements in future years.

2019/20 update

The Authority has updated its procedures around accounting for Pensions and the update of entries to the ledger at the year end to ensure that this issue cannot be repeated. Our testing of pensions in the current year has not identified any areas of concern, although this work is still to be finalised.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £36k.

The first section outlines the misstatements that were identified during the course of our audit which management has assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

We have identified one adjustment that the Authority does not plan to adjust. This relates to note 20 Cash and Cash equivalents. A credit card imprest account is included within the petty cash balance. Due to Covid-19, and remote working the individual card holders had not submitted their statements so the transactions on these statements have not been posted to the ledger. The difference between the ledger and the credit card statements is £57k. Expenditure is therefore understated by this amount and cash held by the Authority is overstated by this amount. The amount although above triviality is well below performance materiality and does not have to be adjusted by the Authority.

The table below outlines the misstatements that have been adjusted by management during the course of the audit.

Adjusted misstatements 2019/20

	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1 Cr: Pension reserve				2,780
Dr: Pension liability			2,780	
Cr: Current service costs		1,950		
Cr: Past service costs		780		
Cr: Other comprehensive income and expenditure		50		
Dr: MIRS - Adjustment between accounting basis and funding basis	2,780			

Following consultation on the proposed remedy relating to the McCloud judgement, a revised report was obtained from GAD in relation to the Fire Fighters Pension Scheme and the adjustments above have been made to reflect the revised position. This is as set out on page 9, and an adjustment was not required in relation to the LGPS scheme. For the avoidance of doubt, this was not an error in the draft financial statements that were produced by the Authority. Issues arose after the draft financial statements were produced, which have required an updated estimate to be used.

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Disclosure amendments

During our review of the financial statements we have identified a number of relatively minor amendments that were required to disclosures. The Authority has made these amendments:

- Note 9: Adjustments between Accounting Basis and Funding Basis. Blank disclosures for both current year and prior year comparatives of adjustments relating to the Deferred Capital Receipts Reserve, Capital Grants Unapplied Reserve and Financial Instruments Adjustments Reserve are not required and have been removed.
- Note 15: As the valuer of land and buildings disclosed a 'material valuation uncertainty' in relation to covid-19 in the valuation report, this needs to be disclosed in the financial statements.
- Note 19: Debtors. The other local authority debtors balance has been increased by £864k while other debtors have decreased by this amount as council tax was categorised incorrectly.
- Note 30: Senior Officer Remuneration. The Assistant Chief Fire Officer in post from the 20.01.2019 to 30.06.2019 was omitted from the senior officer remuneration table in error. They have now been correctly included in the latest version of the accounts.
- Note 30: Higher Paid Employees. Bandings for employees earning between £40-£45k and £45k-£50k were included in line with previous years. These have now been removed from the table in line with the code requirements which require employees earning over £50k to be disclosed.
- Note 30: Higher Paid Employees. The Assistant Chief Fire Officer now added to the senior officer remuneration table has been removed from the banding table to ensure double counting does not occur between the 2 notes. The number of employees paid between £80k to £85k has now changed from 1 to zero.
- Note 36: Termination Benefits. Testing identified there were 2 exit agreements in 2019/20 and not just the 1 originally disclosed. The note has been amended to now show the 2 in full.

We also identified a small number of other minor disclosure inconsistencies and errors, all of which have been amended by management in the final version of the financial statements.



5. VALUE FOR MONEY CONCLUSION

Our approach to Value for Money

We are required to form a conclusion as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, *'in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'* To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

It is important to clarify that the arrangements we consider in reaching this year's conclusion are those in place for the 2019/20 financial year.

Our approach

Our overall approach is set out in our Audit Strategy Memorandum and involves a detailed risk assessment at the planning stage to identify whether or not a Value for Money (VFM) risk exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. As set out in our Audit Strategy Memorandum, for the 2018/19 financial year, we identified no significant audit risks.

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below.

Sub-criteria	Commentary	Arrangements in place?
Informed decision making	<p>There is a Corporate Governance Framework in place which is subject to annual review. The framework includes a Code of Corporate Governance, the scheme of delegation, the decision making policy and financial and contract regulations. The Code is consistent with the seven principles of good governance as identified in the CIPFA/SOLACE framework - 'Delivering Good Governance in Local Governance</p> <p>A Corporate Governance Committee has been established to assist the Treasurer in discharging her statutory responsibilities. A Corporate risk register is maintained with progress reports being made to Corporate Governance Committee. There is an Internal Audit function in place who also report to the Corporate Governance Committee.</p> <p>There is regular reporting of financial and non financial performance to the Senior Management Team and the Combined Fire Authority and the Corporate Governance Committee.</p> <p>We considered the following aspects of proper arrangements specified by the National Audit Office as part of our risk assessment, and, based on our risk-based approach, we did not identify any significant issues or exceptions in the Authority's arrangements:</p> <p>a) Acting in the public interest, through demonstrating and applying the principles and values of sound governance;</p> <p>b) Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management;</p> <p>c) Reliable and timely financial reporting that supports the delivery of strategic priorities; and</p> <p>d) Managing risks effectively and maintaining a sound system of internal control.</p>	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Sub-criteria	Commentary	Arrangements in place?
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Sustainable resource deployment	<p>The Authority's financial outturn for 2019/20 was positive. The authority underspent £894k on the revenue budget attributable to savings on employee costs as well as an upturn in controlled income. This underspend has been transferred to the capital fund earmarked reserve to fund future capital programmes. In addition there has been slippage on the capital programme of £2.4m of which £2.092m relates to slippage into 20/21 plus £286k of savings.</p>	Yes
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A balanced budget has been set for 2020/21 and a MTFP which covers the period to 2021/22 was agreed by the Authority on the 12 February 2020. The MTFP and capital programmes have not been extended beyond 2 years due to uncertainty on funding. The detailed budget for 20/21 is balanced at £39.4m and does not plan to draw on reserves. The Authority plan to increase general reserves over the next 2 years. A large proportion of the savings plans have already been achieved. Contingencies exist to cover pay awards and strike action.

The financial outlook remains challenging, with the added complexity of managing in the context of the COVID-19 pandemic and the continued uncertainty over future funding settlements.

'Our Plan' an Integrated Risk Management Plan (IRMP) and Corporate Plan is in place, this sets out how the Authority plans to deliver services to the local population from 2020 to 2024. This states the authority want to avoid new leases and borrowing and will set aside reserves to maintain the estate.

In June 2019 HMICFRS rated the Authority as 'requires improvement' in all three inspection pillars. The improvement plan addresses these areas and this is also set out in the Corporate Plan.

We considered the following aspects of proper arrangements specified by the National Audit Office as part of our risk assessment, and, based on our risk-based approach, we did not identify any significant issues or exceptions in the Authority's arrangements:

- a) Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions;
- b) Managing and utilising assets effectively to support the delivery of strategic priorities; and
- c) Planning, organising and developing the workforce effectively to deliver strategic priorities.

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Sub-criteria	Commentary	Arrangements in place?
Working with partners and other third parties	<p>The Authority has Corporate Plan in place called 'Our Plan' which sets out its strategic vision, priorities and objectives up until 2024. There are five corporate strategies of which safer communities features partnership working. Strengthening of partnership working with other community safety agencies has been identified as a way to improve data sharing and better target services which will assist in identifying the vulnerable more easily. The plans are facilitated by annual department and district level plans.</p> <p>The Corporate Governance Framework includes Contract Standing Orders which each relevant expenditure item must conform to.</p> <p>We considered the following aspects of proper arrangements specified by the National Audit Office as part of our risk assessment, and, based on our risk-based approach, we did not identify any significant issues or exceptions in the Authority's arrangements:</p> <ul style="list-style-type: none"> a) Working with third parties effectively to deliver strategic priorities; b) Commissioning services effectively to support the delivery of strategic priorities; and c) Procuring supplies and services effectively to support the delivery of strategic priorities. 	Yes

During March 2020, the significant impact of the COVID-19 pandemic began to have far reaching implications for us all, including an impact on the Authority. In particular, following the lockdown from 26 March 2020, the service needed to respond to the impact of the pandemic on its communities and also needed to adapt to new ways of working.

Our 2019/20 value for money conclusion is focused on the arrangements in place during the 2019/20 financial year. Given the timing of the major impact of the pandemic one week before the end of the financial year, the Authority did not have time to review its arrangements for informed decision making, sustainable resource deployment or working with partners and other third parties during the financial year under review. Consequently, we did not identify an additional significant risk relating to the COVID-19 pandemic in our 2019/20 value for money conclusion work.

The Authority's response to the pandemic will be a major focus of our 2020/21 audit. With this in mind, we have continued to liaise with officers and gain an understanding of the arrangements that have been put in place in the new financial year.

Our overall Value for Money conclusion

Our draft auditor's report included in Appendix B states that we intend to issue an unqualified Value for Money conclusion for the 2019/20 financial year.



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

From:
 Chief Finance Officer
 Leicester, Leicestershire and Rutland Fire and Rescue Headquarters
 12 Geoff Monk Way
 Birstall
 Leicester
 LE4 3BU

To:
 Mr Gavin Barker
 Director
 Mazars LLP
 Salvus House
 Aykley Heads
 Durham DH1 5TS
 Date: September 2020

Leicester, Leicestershire and Rutland Combined Fire Authority - audit for year ended 31 March 2020

This representation letter is provided in connection with your audit of the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from me for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Corporate Governance Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider them appropriate for the year.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

Executive summary

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money
conclusion

Appendices

DRAFT MANAGEMENT REPRESENTATION LETTER (CONTINUED)

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with Code.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

We have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Authority, including the impact of mitigation measures and uncertainties and I am satisfied that the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Authority will cease to continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours sincerely

Chief Finance Officer

Date.....

PLEASE ADD THE APPENDIX OF UNADJUSTED MISSTATEMENTS TO THIS LETTER



APPENDIX B

DRAFT AUDITOR'S REPORT

Independent auditor's report to the Leicester, Leicestershire and Rutland Combined Fire Authority

Report on the financial statements

Opinion

We have audited the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority for the year ended 31 March 2020, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Firefighters' Pension Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Leicester, Leicestershire and Rutland Combined Fire Authority as at 31st March 2020 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE WORDING OF THIS PARAGRAPH IS SUBJECT TO INTERNAL REVIEW AND IS SUBJECT TO CHANGE

Emphasis of Matter

Material uncertainty relating to valuations of land and property

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 15 to the financial statements concerning the material valuation uncertainty statement made by the Authority's valuer.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officers' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Leicester, Leicestershire and Rutland Combined Fire Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Leicester, Leicestershire and Rutland Combined Fire Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

Responsibilities of the Authority

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

APPENDIX B

DRAFT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the Leicester, Leicestershire and Rutland Combined Fire Authority as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to them those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Leicester, Leicestershire and Rutland Combined Fire Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

THE FOLLOWING SECTION WILL DEPEND ON WHETHER WE HAVE BEEN ABLE TO REPORT ON WGA BEFORE WE ISSUE OUR REPORT EITHER:

Certificate

We certify that we have completed the audit of Leicester, Leicestershire and Rutland Combined Fire Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

OR:

Delay in certification of completion of the audit

We can not formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

IF THERE IS A DELAY IN ISSUING A CERTIFICATE, A CERTIFICATE WILL BE ISSUED AT A LATER DATE WHEN THE WGA REPORT HAS BEEN COMPLETED.

[Signature]

Gavin Barker
 Director
 For and on behalf of Mazars LLP
 Salvus House
 Aykley Heads
 Durham DH1 5TS

[Insert date]

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



CONTACT

Engagement lead

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Engagement manager

Anita Pipes

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Status of Report: *Public*

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Training Facility – Service Leadership and Development Centre:
Project Update.

Report By: Callum Faint Chief Fire and Rescue Officer

Author: Matthew Wallace – Director Estates Leicester City Council

For: Information only

Purpose

1. This report provides the Combined Fire Authority (CFA) with an update on the progress of the design and build of the Service's new Training Facility in line with emerging outcomes and future financial uncertainty.

Recommendation

2. It is recommended that the CFA acknowledge and note:
 - a. The scaling back from a single consolidated site for the Training Facility – Service Leadership and Development Centre to a cost-effective split site hybrid solution that incorporates less risks;
 - b. The incorporation of Loughborough fire and rescue station in to the project to identify economies of scale and avoid duplication of facilities/effort; and
 - c. That a further report will be presented to the CFA in December 2020.

Executive Summary

3. The CFA has recognised the need for a single consolidated site to deliver all elements of training for the Service.
4. This paper provides an update on project progress and how the Service is taking the opportunity to include an option to scale back on the aspiration to design and build a single consolidated site.
5. The operating environment has offered the opportunity to split the function across two sites and determine the potential benefits of incorporating Loughborough fire and rescue station.
6. All of the above are designed to realise significant cost savings taking account of future financial uncertainty.

Background

7. The CFA agreed in September 2019 to progress the concept, design development and technical detailing for a consolidated site for learning and development infrastructure and to review a number of potential sites.

8. In January 2020, the CFA received an update on progress and was informed that concept designs were to be developed for both Loughborough training centre/Fire and Rescue Station site and the Caterpillar site at Desford. Issues and risks were identified for both sites and it was recognised that there may have to be a compromise.

Progress

9. The identified risks and barriers to progression of the project have been realised since the last report to the CFA in January 2020. For example, there is no longer an option to consider the provision of a single consolidated site at either the Loughborough or Desford Caterpillar locations.
10. This is due to the other occupants at Loughborough not wishing to sell or vacate the property/land to accommodate our needs of a single consolidated training centre; and, Caterpillar Desford have scaled back their land offer from 5 to 2.5 acres.
11. An assessment is underway to determine the benefits of incorporating the fire and rescue station at Loughborough. This has the potential to achieve two different goals in a single action as this station is within the refurbishment programme. It also presents opportunities for economies of scale and avoiding duplication of effort/facilities.
12. The assessment comprises of staff engagement in developing accommodation schedules for Loughborough Fire and Rescue Station and the Learning and Development centre once the fire behaviour/Breathing Apparatus/operational training moves to an alternative site.
13. This process will identify how both units (fire and rescue station and the Learning and Development Centre) can potentially integrate within a single infrastructure with minimal duplication. The outputs of which will include concept design drawings for further development.
14. A generic design for a separate operational training site is being developed based on an agreed schedule of accommodation which can be overlaid onto the possible 2.5 acres that is under discussion at Desford. Although currently site specific, it will be possible to re-locate the design if heads of terms cannot be agreed and an alternative site is sought.
15. Caterpillar is still wishing to proceed with the proposals to collaborate albeit at a reduced scale of 2.5 acres. The project team is commencing formal engagement with them and the legal teams to draw out a preferred sale or heads of terms on a long-term lease. Both will take time to agree the detail.
16. An agreement in principle for the Desford site has been confirmed, allowing the Service's Legal Team to engage in negotiation to conclude the terms of occupation.

Opportunities

17. The project team have identified that a shift from the concept of a single consolidated site to split sites at Loughborough and Caterpillar at Desford presents an opportunity to revise the plan.
18. This agile approach enables LFRS to revise intent in line with emerging project developments and align with the developing financial environment within the public sector.
19. Overall costs for the revised split site approach will be significantly off-set in three main areas.
 - i. Utilising existing infrastructure at Loughborough Training Centre;
 - ii. Incorporating the fire and rescue station within the design; and,
 - iii. Scaling back represents immediate savings of £25,000 in design/specification work.
20. The inclusion of Loughborough Fire and Rescue Station as a hybrid option was identified in the report to the CFA in December 2018. The high-level cost of the split site is circa £6m which will be refined as the design develops.
21. This represents potential overall savings of around £4m (+/-40%) in comparison with the cost assumptions of a single consolidated site presented to the CFA in January 2020 in the table below.

Table 1 – Cost Comparison of Sites

Site	Construction Value	Land	Development Fees @12.5%	Consultancy Fees @10%	Client Side Costs @10%	Potential Savings	Total
Lutterworth	£7.2m	£2m	£900	£720K	£720K	£0	£11.54m
Quorn/ Barrow	£7.2m	£2m	£900	£720K	£720K	£0	£11.54m
Beaumont Leys	£7.2m	£2m	£0	£720K	£720K	-£550K	£10.1m
Desford	£7.2m	Un known	£0	£720K	£720K	£0	£8.6m
Loughboro ¹	£4.5m ¹	£400K	£0	£450K	£450K	£0	£5.8m

¹Value based on previous reports, scope likely to have increased since then.

22. These savings are in addition to off-set reductions identified in paragraph 19 above and include:
 - i. reduced construction value;
 - ii. reduced/elimination of site acquisition costs; and,
 - iii. elimination of industry standard development fee of 12.5% construction value.
23. The site at Loughborough is still required to accommodate the fire and rescue station and there is no 'wind fall' sale price expected for the remainder of the

site. This is due to planning constraints reducing potential to optimise site, configuration with others and common access rights.

24. Loughborough Fire and Rescue Station has been identified in previous reports to the CFA as one of the three wholetime fire and rescue stations in need of significant refurbishment.
25. The incorporation of Loughborough fire and rescue station will reduce duplication in provision of infrastructure and remove the station from the estates rebuild/refurbishment plans (detailed in the report to the CFA in June 2019). Design and sketch proposals for similar developments based upon extant duty systems give indicative costs of around £2.5m for rebuild, as reported to the CFA in December 2018.
26. The recent pandemic has presented an unprecedented challenge to communities, businesses and the public sector alike. LFRS has led the sector (national and international) in creative and innovative training delivery utilising technology. The future of which will influence the accommodation needs of the new Service Leadership and Development Centre.
27. The only certainty is that LFRS's spending power in the future is uncertain. The split site option accounts for future uncertainty, fits with the current aspirations of Caterpillar and keeps the overall project within the current estates reserve of circa £6m.

Report Implications/Impact

28. Legal (including crime and disorder)
 - a) All stages of the design and build will comply with CFA Procedure Rules, Contract Procurement Rules and Financial procedure Rules
 - b) Redevelopment or refurbishment work is likely to require planning permission and approvals from building control.
 - c) Legal support will be provided by the County Council's Legal Team in the usual way.
29. Financial (including value for money, benefits and efficiencies)
 - a) An earmarked reserve of circa £6m is available to support this project. Utilising the refurbishment of existing infrastructure will significantly reduce the need for additional funding requirements – representing reduced scope as a control within current financial uncertainty.
 - b) At this stage it is not feasible to achieve cost certainty.
 - c) Caterpillar at Desford represents an opportunity to secure provision or use of land at a much-reduced rate.
 - d) Split site represents reduced costs in acquisition of smaller piece of land in the event that Caterpillar withdraw from the venture.
 - e) Indicative costs for split site versus consolidated site are +/-40% £6m versus £8m.
 - f) The sum of £90,000 has been set aside for this project to develop the business case.

- g) The table below identifies a potential overspend. Scaling back will reduce this by circa £25,000 bringing it below budget.
- h) The option to 'buy-in' fire behaviour, Breathing Apparatus training has been discounted by cost benefit analysis undertaken in 2019 and included in previous CFA reports.

Table 2 – Current Project Budget Overview			
Item	Description	Budget	Spend to Date
PM	LCC Project Manager	£19,500	£19,500 (18 days remaining)
Surveying	Topographical surveys of Loughborough and Desford	£2,020	£1,620 (FY 19/20)
RIBA 0+ Report	Consultancy support	£20,950	£20,950 (FY 19/20)
2 no. RIBA 2 Reports	Consultancy and architectural support	£60,000	£5,200
		£102,470	£47,270

**FY = Financial Year

30. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)
- a) LFRS current resource expertise in this area is limited, therefore the entire programme of works is being led by the Estates and Building Services (EBS) department of Leicester City Council.
- b) To mitigate risks around project delivery, the building design and construction process will be undertaken within the shared framework of Royal Institute of Building Architects (RIBA) Plan of Work 2013.
- c) A detailed risk log is included in the business case and key issues are outlined below:
- i. This proposal removes the existing risks of a single site that has yet to be identified or secured, and there will not be the need to consider a developer-tied site and the additional costs inherent therein. (subject to full evaluation and tender in accordance with the procurement regulations)
 - ii. Limiting the scale and nature of development at the Loughborough site will reduce the risk that planning conditions may be too onerous. In particular, re-developing the existing site into a “clean” training environment will negate any future planning conditions likely to be imposed by the provision of a new Fire Behaviour Unit on the site.

Note – The existing Fire Training Unit does not include carbonaceous capability. i.e. it does not produce products of combustion/thick black smoke.

- iii. Split site effectively scales back initial proposals removing risk of not being in budget.
 - iv. Split site will significantly reduce the risk of requiring temporary accommodation whilst work is undertaken.
 - v. Split site significantly reduces the risk of breaching CFA's VAT Partial Exemption. If this were to occur, then all CFA supplies rated as exempt VAT will not be recoverable from Her Majesty's Revenue and Customs and would incur significant cost to the CFA. The impact of VAT will be fully assessed and calculated as part of the overall financial evaluation.
 - vi. The Royal Institution of Chartered Surveyors' Building Cost Information Service is forecasting that tender prices will rise between 4.5% and 5.5% every year at least. The risk of a rise thereafter is potentially aggravated by Brexit and the post Covid-19 impact has yet to be quantified.
- d) Focusing on a split site with Caterpillar is dependent on the continuation of Caterpillar's willingness to collaborate and agree reduced rates. It is accepted that this is an "eggs in one basket" scenario. The split site option will reduce developer costs in the event of having to source and build from the open market.

31. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

- a) Refurbishment and redevelopment work can have a significant impact on operational personnel and their ability to provide continuity of service. If temporary accommodation is required, it should be of a standard that is fit for purpose and provides the firefighters with the facilities required to remain effective.
- b) In accord with the LFRS People Strategy there has been early engagement with staff and representative bodies regarding user requirements and subsequent design specifications within the program of works.
- c) All changes will be subject to a People Impact Assessment and transport plans within Project methodology. i.e. identify impact on travel for staff/environment.
- d) Split site may increase travel for instructional staff.
- e) Re-development of the Loughborough site would include a refurbishment of the Fire Station and would provide an opportunity to improve the use of the site by Staff, Service Users and Stakeholders.

32. Environmental

- a) Following completion of the build, environmental issues are potentially improved based on the use of modern building techniques and materials (subject to the identified risks on the complexity of building services).
- b) Design and build of the Fire Behaviour Unit will include engagement with the Environment Agency to ensure emissions are within prescribed limits.
- c) Split site may increase travel for instructional staff.

- d) The re-development and refurbishment involved in a split site will allow integration of modern methods of construction, and their environmental effects, in existing infrastructure.
- e) The profile of staff movements will be assessed with a view to achieving these in the most environmentally friendly way including electric vehicles and different ways of working. For example, to introduce multi-site working arrangements to reduce financial costs and impact on the environment.

33. Impact upon Our Plan Objective

An improved estate should contribute towards LRFS aims to 'respond effectively to incidents' and having 'an engaged and productive workforce'. Improvements should also present 'value for money' as running costs and ongoing maintenance costs should reduce.

The provision of a new Development Centre secures the future of LRFS delivering Safer People Safer Places in the work place; ensuring that there are the right people in the right place doing the right thing in the right way.

Background Papers

Report to the CFA 12 December 2018 - Estates Plan Update

<https://leics-fire.gov.uk/wp-content/uploads/2018/12/estates-planning-final.pdf>

Report to the CFA 6 February 2019 - Estates Review Update

<https://leics-fire.gov.uk/wp-content/uploads/2016/06/estates-review-update-final.pdf>

Report to the CFA 19 June 2019 - Review of Non-Operational Estates including Support Service Accommodation

<https://leics-fire.gov.uk/wp-content/uploads/2019/06/estates-review-report.pdf>

Leicestershire Fire and Rescue Service Leadership and Development Facility – Strategic Business Case – September 2019 included as an Annex to

<https://leics-fire.gov.uk/wp-content/uploads/2019/09/service-training-facility-strategic-business-case-final.pdf>

Report to the CFA 22 January 2020 - Project Update: Training Facility – Service Leadership and Development Centre

<https://leics-fire.gov.uk/wp-content/uploads/2020/01/training-facility-update.pdf>

Royal Institute of Building Architects (RIBA) Plan of Work (2020)

<https://www.architecture.com/-/media/GatherContent/Test-resources-page/Additional-Documents/2020RIBAPlanofWorkoverviewpdf.pdf?la=en>

Officers to Contact

Callum Faint, Interim Chief Fire and Rescue Officer

callum.faint@leics-fire.gov.uk

07800 709922

Richard Hall, Assistant Chief Fire and Rescue Officer, Service Support

Richard.hall@leics-fire.gov.uk

07800709846

Status of Report: Public

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Day Crewing Plus Duty System

Report by: The Interim Chief Fire and Rescue Officer

Author: Callum Faint, Chief Fire and Rescue Officer

For: Information Only

Purpose

1. The purpose of this report is to update the Combined Fire Authority on the progress made regarding the Day Crewing Plus duty system (DCP) following the decision taken at its meeting on 29 July 2020 to move away from the current DCP system in preparedness for the next IRMP 2024.

Recommendation

2. It is recommended that the CFA notes the update provided.

Executive Summary

3. The Combined Fire Authority agreed at its meeting on 29 July 2020 that:
 - a) “the LFRS proposal to move away from the current DCP crewing system in preparedness for the next IRMP 2024 be approved; and”
 - b) “that alternative options to replace the current DCP duty system, via an officer group working party of relevant stakeholder representatives, be developed.”
4. Following this resolution, officers began work on forming the joint working group, and developing the terms of reference for this.
5. The Fire Brigades Union (FBU) has agreed a joint statement with the Service (attached at the Appendix). This demonstrates their support for the way forward and also agrees to suspend their current trade dispute regarding the matter.
6. The Chief Fire and Rescue Officer has written to the Health and Safety Executive (HSE) (attached as the Appendix) to inform them of the Authority’s intention and included the joint statement agreed with the FBU. It is envisaged that this agreed way forward will substantially reduce the likelihood of any enforcement action. If the position of the HSE changes, this will report to the CFA.

Background

7. The matters surrounding the DCP arrangements are long standing and complex. This was discussed by the CFA as an exempt report at its meeting on 29 July 2020.
8. Following the resolution of the Authority, officers have been able to agree a joint statement with the FBU. This is an incredibly positive step forward and shows a joint commitment to the approach. It has also seen the FBU agree to suspend its current trade dispute regarding this matter.
9. The Chief Fire and Rescue Officer wrote to the Health and Safety Executive, informing them of the Authority's intentions and included a copy of joint statement agreed with the FBU (both documents are attached at the Appendix).
10. To date no reply has been received from the Health and Safety Executive however, it is envisaged that the joint statement would substantially reduce the likelihood of enforcement action from them.
11. Officers are now beginning work to establish the joint working group with representative bodies. This will ensure that staff and representative bodies are involved in the process and able to make recommendations for any new future provision.
12. Terms of Reference for this group are currently being drafted with a view to them being agreed shortly with meetings commencing in November 2020.
13. A number of communications have been delivered across the Service using different forms of interaction and to those who work on the DCP shift system, notifying them of the timescales and intentions.

Report Implications/Impact

14. Legal (including crime and disorder)

The issues in relation to the DCP system have been covered in earlier reports and are not therefore repeated here. The position outlined in this report represents significant progress and reduces the risk of challenge and enforcement.

15. Financial (including value for money, benefits and efficiencies)

There is no financial risk arising from this report. However, the change to the DCP duty system will have financial implications for all 74 staff currently undertaking the duty system. In addition, any agreed alternative may place pressure on the current budget which remains both vulnerable from the impacts of Covid-19 and the single year provision from Government.

16. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

There is no risk arising from this report. However, the risk that the FBU would take a civil action against the authority if DCP was maintained in its current format has been removed following the CFA's decision at its meeting on 29 July 2020 to move away from the current DCP system. The risk remains that changing the duty system without a detailed understanding on the probable impacts may place communities within Leicester, Leicestershire and Rutland at increased risk and therefore they will need to be consulted prior to implementation.

17. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

There is no staff risk arising from this report. However, any proposed change will need to be consulted upon with staff as there will be a need to change contracts of employment. The decision to move away from DCP in preparedness for the next IRMP 2024, does allow those staff undertaking DCP some certainty over the next few years allowing them to consider future implications.

18. Environmental

None.

19. Impact upon Our Plan Objectives

There is no impact arising from this report. However, changes to the duty system may have implications to the fire cover provisions and will need to be subject to future public consultation. Due to the nature of any future proposals it is not yet possible to define the long-term implications.

Appendix

Copy of letter sent to the Health and Safety Executive, including a joint statement agreed by Leicestershire Fire and Rescue Service and the Fire Brigades Union.

Officers to Contact

Callum Faint
Interim Chief Fire and Rescue Officer
callum.faint@leics-fire.gov.uk
07800 709922

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Our Ref: 2386/RT/JG/HSE-DCP statement of Intent
 Your Ref:
 Please ask for: CFO Rick Taylor
 Date: 6 August 2020

Carol Downes
 FOD Ops Unit 3 Group 9
 Foundry House
 3 Millsands
 Riverside Exchange
 Sheffield
 South Yorkshire
 S3 8NH

Dear Carol

Following on from your letter dated 6 June 2019 and our conversation on the 31 March 2020 during the Covid-19 lockdown period. You may recall our aspiration in regard to maintaining our Day Crewing Plus duty system (DCP) was that a collective agreement would be achievable with one of the representative bodies. We were at a point of achieving this outcome, when we received legal advice that suggested we would need a collective agreement with the FBU to prevent a potential future civil action against the Combined Fire Authority.

We pursued discussions with the FBU, but unfortunately there was no chance of them signing a collective agreement in regards to the DCP duty system. On 29 August 2020, the Combined Fire Authority for Leicestershire Fire & Rescue Service accepted a report that gave a clear mandate to move away from DCP. Any future duty system will need to be fully evaluated and consulted upon to ensure compliance with the Fire Service National Framework therefore, it has been agreed changes to DCP will occur in the next IRMP.

The proposal has been fully supported by the FBU and I attach with this letter the joint statement. I hope this is sufficient information to satisfy the HSE that Leicestershire Fire & Rescue Service has achieved all that is required to prevent any enforcement action.

Please feel free to contact me to discuss any aspect of the decision.

Yours sincerely



Rick Taylor
 Chief Fire and Rescue Officer



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LEICESTERSHIRE
FIRE and RESCUE SERVICE

Joint Statement of Intent

Leicestershire Fire and Rescue Service and Fire Brigades Union – Leicestershire

Since 2012, Leicestershire Fire and Rescue Service has utilised a shift system called “Day Crewing Plus” (DCP). This shift system was introduced over a period of time across six stations. At the time, this ensured there were no redundancies and fire cover was improved to meet operational demands.

The DCP system sits outside of the nationally recognised shift systems contained within the National joint council, Terms and Conditions of service – known as the Grey Book. It is also recognised that through a legal challenge, a similar system to DCP did not meet the requirements of the Working Time Regulations 1998.

Following engagement and ongoing discussions with the Fire Brigades Union, it became clear that there would be no agreement to support DCP in its current format and that without compromise, the matter would be referred to the courts. This would be detrimental to the Combined Fire Authority (CFA) and therefore, it is the intention of Leicestershire Fire and Rescue Service to move away from the DCP shift system.

Given the significance and potential impact to staff and the community, a joint working group will be established, making recommendations to management and the CFA on an agreeable solution that satisfies all legislative requirements and continues to provide the best suitable fire cover to the community.

The joint working group shall be made up of equal numbers of representatives from both the management side (Leicestershire Fire and Rescue Service) and the employee side (the Fire Brigades Union), with other relevant representative bodies also invited to join. The working group will consult regularly with the Fire Authority and other stakeholders. The working group shall begin by agreeing a terms of reference, which shall be made public.

Any negotiated solution between the FBU and LFRS that alters service provision will need public consultation. This will be proposed as part of the Integrated Risk Management Planning process as required by the Fire and

Rescue Services National framework. This consultation would take place in 2024 (in line with the IRMP timeline) implementation, subject to consultation feedback, would take place in the first half of that IRMP period (to be concluded by 2025). Any trials of new systems, prior to introduction may be undertaken prior to this date, subject to mutual agreement.

Leicestershire Fire and Rescue Service and the Fire Brigades Union agree to work in collaboration to proactively support the necessary changes to deliver an agreeable shift system that continues to protect the public in Leicestershire.

To this end, the Fire Brigades Union have suspended the local dispute dated 14 June 2019.

Rick Taylor, Chief Fire Officer

Leicestershire Fire and Rescue Service

Graham Vaux, Brigade Chair

Leicestershire Fire Brigades Union

Status of Report: Public

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Service Identity

Report by: Callum Faint, Chief Fire and Rescue Officer

For: Decision

Purpose

1. The purpose of the report is to seek approval from the Combined Fire Authority (CFA) for the re-introduction of a Leicestershire Fire and Rescue Service (LFRS) Badge/Service identity.

Recommendation

2. The Combined Fire Authority is requested to:
 - a) Approve Option 3 as set out in paragraphs 28 to 33 of this report which entails utilising Badge 1 as an interim measure whilst work is undertaken on developing Badge 2 and obtaining the necessary permissions from the Heraldry Commission.
 - b) Authorise the Chief Fire and Rescue Officer to introduce the Service Badge across the Service.
 - c) Note that a report will be presented to the CFA for approval of the final Badge design prior to use.

Executive Summary

3. This report presents the findings of work conducted by a task and finish group that was established following the feedback from staff concerning a lack of 'service identity', following the removal of insignia/corporate identity in 2016. These feelings are still evident and have been further expressed in the recent staff engagement survey.
4. The report also provides the Combined Fire Authority with three options in relation to branding and identity in the form of a traditional eight-pointed star badge to be worn on uniform.
5. The report includes:
 - Evidence regarding the views of service staff;
 - Options on different insignia.

Background

6. LFRS chose to remove the service badge well over a decade ago in favour of a modern corporate design/logo which looked different from the traditional identity

that other Fire and Rescue Services maintain. The aim was unclear and there is no corporate knowledge or documentation to support the change made.

7. The corporate logo that replaced the badge was not universally welcomed, leading to staff feeling that the service had 'given up' its history. This corporate logo was then abolished in 2016 by the then Chief Fire and Rescue Officer.
8. The removal of identity, has left staff feeling that they have lost their sector identity and has reportedly been a contributory factor in a reduction of morale. This has again recently been expressed in the staff engagement survey. This sense of loss of identity is compounded when LFRS staff are representing the service at multi-agency level and large events involving other uniformed services.
9. Staff at LFRS represent the service both locally and nationally, events include; funerals, long service events, corporate meetings and remembrance events to name a few.
10. The service identity in the form of a badge continues to be displayed only in officer undress uniform (worn by up to 31 people) and is seen on the service standard (flag).
11. The lack of the broader use of this badge is a topic that continually increases passions across the uniformed section of the service. These issues have not been progressed due to a number of competing high priorities which has added to the perceived loss of morale.
12. During Director visits to stations and departments and more recently, the staff engagement survey, one of the most repeatedly talked about topics since this change occurred has been service identity. This subject has caused much discussion from staff and continues to re-occur during visits and conversations with partners in other Fire and Rescue Services.
13. Senior Officers are aware that there is a significant desire across the Service to reinstate a service identity. It is for this reason, a task and finish group was formed to establish the views of all staff and provide evidence to the Senior Management Team to support any proposed change.
14. The task and finish group undertook a survey of staff from across the whole service. Both grey and green book staff were invited to respond and a total of 469 responses were received; 93% (435) of respondents support the introduction of a Corporate identity on uniform.
15. From the 435 members of staff who supported the introduction of a Corporate identity, 84% (358) preferred to adopt the original badge (option 1); as used on cap badges worn by senior officers and seen on the current service standard (flag).
16. What is evident from the survey is that staff universally support the re-introduction of service identity. Any re-introduction of a service identity may link to the people themes highlighted within the HMICFRS Inspection report in 2019.
17. The cost of embroidering shirts for all options will incur an additional cost. This would be effectively managed by phasing the introduction of the badge. The

initial roll out would be to add Badge 1 to uniformed shirts only which would add an additional £2.40 to the cost of a shirt. The indicative cost to achieve this is circa £20,000 and is achievable from existing budgets.

18. If approved, the timescales for delivery would be between 4-6 months.
19. The final badge would then be added to replacement uniform (jumpers and coats) when issued. There is no additional cost to this as it would be a replacement for the existing corporate branding.
20. It is envisaged that other signage across service property and vehicles would only be changed as and when they are due for repair, refresh or replace, adding no additional costs, but in any event, this would be after the new badge has been approved.

Options

21. The following options for branding are currently being considered:
 - i. Badge 1 shows the original badge, this is an eight-pointed star with a gold, red and white shield in the centre, depicting the county and city emblems supported either side with golden animals and Leicestershire Fire and Rescue is held on red banners with golden text.
 - ii. Badge 2 shows a newly proposed badge with a modern take on an eight-pointed star. At the centre is a red circle depicting a joined hose with a shield at the centre. The shield represents, the county, the city and Rutland. Utilising the current Police badge.



Badge 1



Badge 2

Option 1 – The original Service Badge

22. Of the options provided to staff, this badge is their preferred choice and it is currently used on the service standard (flag) and cap badges worn by senior officers. However, it is recognised that the heraldry contained within the design does not include any distinct representation of Rutland.
23. Having liaised with the Heraldry Commission, there wouldn't be any costs associated with utilising this option within the Service.

24. The heraldry is owned by Leicestershire County Council and as LFRS serve Leicester, Leicestershire and Rutland as a combined authority no permission is required. However, the Heraldry Commission has suggested it would be advisable to seek approval for use from the County Council, this has subsequently been agreed by Leicestershire County Council.

Option 2 – De Montford University Design Incorporating Leicestershire Police Shield.

25. This badge was designed by De Montfort University (DMU) in 2016 following a competition ran by the then Chief Fire and Rescue Officer. The outer shield and red ring were designed by the students at DMU.
26. The shield in the middle belongs to Leicestershire Police. The benefit of this design is that it clearly represents Leicester, Leicestershire and Rutland. For this design to be used it would need to be submitted to the Heraldry Commission, which would take approximately 12-15 months for the process to be completed and add an additional £13,325. Furthermore, permission for use would need to be officially obtained from DMU and may require Copyright protection if we continue to use this unchanged.

Option 3 – Immediate introduction of Badge 1, undertaking some additional work on Badge 2 and submit to the Heraldry Commission for approval. Once completed this would become the service identity for the long-term future.

27. The Chief Fire and Rescue Officer recommends that this option is chosen as it shows a strong commitment to staff, their opinion and their pride in the service, whilst also recognising and respecting Leicester, Leicestershire and Rutland in the longer term.
28. If agreed, this would see Badge 1 return to service uniform shirts within 4-6 months. No other uniform with service badges would be altered at this stage.
29. The Service would work with stakeholders to amend some elements of Badge 2 but keeping the shield representing Leicester, Leicestershire and Rutland. Once completed Badge 2 would be submitted to the Heraldry Commission for approval.
30. The anticipated timeline of amending Badge 2 and passing through the Heraldry Commission process is approx. 12-18 months. This timeline aligns with the requirement to re-tender for service work wear uniform, meaning that the new work wear uniform contract would be established with the long-term badge that equally represents Leicester, Leicestershire and Rutland.
31. This option presents additional costs of £13,250 to obtain Heraldry Commission approval on Badge 2. This is achievable within existing service budgets. However, it does present the opportunity to demonstrate commitment to staff and their pride, whilst equally representing Leicester, Leicestershire and Rutland in the long-term.
32. From that point forward the new badge would be utilised when issuing or replacing uniform, fire engines and station signage.

Report Implications/Impact

33. Legal (including crime and disorder)

From a legal perspective the Richmond Herald College of Arms have confirmed that in order to use the original badge LFRS are legally able to do so. It is courtesy to seek approval from Leicestershire County Council.

34. Financial (including value for money, benefits and efficiencies)

Financial costs for commissioning a new design are in the region of £13,325 however, Richmond Herald College of Arms have confirmed there will be no additional costs in utilising the badge if option 1 was chosen.

The impact of the re-introduction of any corporate branding/identity will involve increased costs to cover the provision of uniform.

35. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

Any final design should seek to represent the communities of Leicester, Leicestershire and Rutland to prevent any reputational damage.

36. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

An Equality Impact Assessment will be completed to support any decision to proceed.

It is believed that the re-introduction of a service identity via a badge will increase morale of staff, however it may be difficult to measure the impact of any change in isolation.

37. Environmental

None identified within this report.

38. Impact upon Our Plan Objective

People Strategy - An engaged and productive workforce, doing the right thing.

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Status of Report: *Public*

Meeting: **Combined Fire Authority Meeting**

Date: **23 September 2020**

Subject: **Service Delivery - Update**

Report by: **Callum Faint – Chief Fire and Rescue Officer**

Author: **Matthew Cane – Area Manager Response**

For: **Information Only**

Purpose

1. The purpose of the report is to update the Combined Fire Authority (CFA) on the key service delivery matters since the CFA meeting on 12 February 2020.

Recommendation

2. The CFA is requested to note:
 - a) The update provided on the key service delivery matters for the financial year 2019/20;
 - b) The update provided on the key service delivery matters for the period between 12 February 2020 to September 2020;
 - c) The work undertaken by the Service during the Covid-19 pandemic.

Executive Summary

3. This report sets out the progress, or otherwise, that has been achieved in relation to service delivery and provides an overview of the current operational position since the CFA meeting in February 2020. The subject matter areas that are covered in this report include:
 - Response activities for the financial year 2019/20
 - Response activities from 1 April 2020
 - Effects of Covid-19
 - Incidents of note

Response activities 2019/20

4. Overall for the period 1 April 2019 – 31 March 2020 incidents remained broadly unchanged. LFRS responded to 8,540 incidents, 24 less than for 2018/19.
5. During this period there were four fire fatalities, which is four less than the previous year.

Response activities 1 April 2020 – September 2020

6. For the period 1 April 2020 to 31 August 2020 LFRS attended a total of 3,214 incidents. This compares to 3,631 for the same period last year, an 11% decrease.

Effects of Covid-19

7. On 23 March 2020 the UK government ordered a lockdown in England, ordering all public to stay at home. During the lockdown period LFRS continued to respond to all emergency incidents. Further detail is given below:

Response

8. During the lockdown, appliance availability increased. On-call staff furloughed from their full-time jobs have been employed to undertake additional duties and assist with maintaining appliance availability.
9. On-call appliance availability is currently at 82.73%. This compares to an availability of 64.55% in 2019/20.
10. Wholetime appliance availability has been maintained at over 99%. Matching last year's availability of 99%.

Protection

11. At the beginning of the lockdown LFRS worked to identify ways to continue to supply communities with safety advice. Oakham, Melton and Eastern stations trialled delivery of safety information via phone, socially distanced advice and leaflet drops. Learning from this trial has now been shared across the organisation, to enable protection and prevention activities to continue. During the trial:
 - i. 163 socially distanced visits were completed with a success rate of 39% (63).
 - ii. 400 leaflets were delivered asking households to contact us to arrange a telephone call for advice. None were returned.
 - iii. 134 telephone consultations were carried out with a success rate of 40% (53).
12. A number of the individuals contacted had not communicated with anyone outside of their lockdown for several months. LFRS staff were able to discuss fire safety, health and wellbeing and make referrals to partner agencies including food delivery and medical care.

Additional activities

13. LFRS has responded to a number of requests from partners to supply additional duties outside of “normal” working. This has included:
 - i. Delivery of essential items to vulnerable persons e.g. food, prescription medication = 377 deliveries completed.
 - ii. Face fitting for masks to be used by front line NHS and clinical staff = 282 face fit tests completed.
 - iii. Delivery of PPE and other medical supplies to NHS care facilities = 35
 - iv. Driving of ambulances, not on blue lights, transporting patients to outpatient appointments or to receive urgent care = 200 incidences.
 - v. The assembly of face shields for the NHS and care work frontline staff = 5,250.
 - vi. Packing/re-packing of food supplies for vulnerable people = 280.
 - vii. Covid-19 compliance inspections within Leicester City for Leicestershire County Council and the Health and Safety Executive = 40.
14. LFRS has completed Covid-19 risk assessments of all Fire and Rescue Stations and has also been an active member of the Local Resilience Forum Covid-19 Strategic Coordination Group and Tactical Group, at initially daily and, more recently, weekly meetings.

Incidents of note

15. LFRS have responded to the following incidents:
 - i. Storm Dennis February 2020; numerous floodings and vehicles stuck in flood water across Leicester, Leicestershire and Rutland.
 - ii. Mira vehicle research facility, Hinckley, May 2020; building involved in fire. 10 appliances plus 2 aerial ladder platforms, command vehicle, water carrier. Cause accidental.
 - iii. Farm, Skeffington, July 2020. Building struck by lightning, involved in fire. 6 appliances, Incident Support Unit, water carrier.
 - iv. Person Involved in fire, August 2020. Charnwood. Now subject to Police and coroner investigations.
 - v. Uppingham School, August 2020. Building involved in fire. 6 appliances with assistance from Northants FRS. Accidental.

Report Implications/Impact

16. Legal (including crime and disorder)

None identified within this report.

17. Financial (including value for money, benefits and efficiencies)

None identified within this report.

18. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

There is a potential risk of a rise in sickness levels linked to mental health issues relating to increased exposure to fatalities. This is currently being managed through Occupational Health along with the counselling service Amica. This potential risk will be reduced further by the introduction of Trauma Risk Incident Management (TRiM).

Homeworking during the Covid-19 pandemic may create the risk of some staff becoming isolated and this could affect their mental health. Covid “wellbeing passports” have been introduced to identify individuals at risk.

19. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

Covid-19 has led to the introduction of home working for many staff working in support staff roles.

20. Environmental

None identified within this report.

21. Impact upon Our Plan Objective

Covid-19 has had an impact on the Service’s ability to interact with the community. This impact has reduced our ability to carry out inspections of businesses (due to closures, furlough and social distancing), community education (schools closed) and to enter people’s homes for fire safety. New and innovative ways to overcome these challenges are being explored but there has been an impact because of it. The full impact is not yet known as the pandemic continues and local and national lockdown measures continue to change.

Background Papers

None.

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Status of Report: Public

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Our Plan 2020-24
Annual Report, Statement of Assurance 2019-20 and the Annual Equality Report

Report by: Callum Faint, Chief Fire and Rescue Officer

Author: Chris Moir, Planning Manager

For: Discussion

Purpose

1. The purpose of this report is to present Our Plan 2020-24 and the Annual Report and Statement of Assurance for 2019-20.

Recommendation

2. Members of the Combined Fire Authority (CFA) are requested to:
 - a) Approve Our Plan 2020-24 and the Annual Report and Statement of Assurance for 2019-20, and authorise the Chief Fire and Rescue Officer to make any minor amendments where necessary; and
 - b) Note the Annual Equality Report will be presented to the Authority at its meeting on 16 December 2020.

Executive Summary

3. Our Plan (attached at Appendix A) is our Corporate and Integrated Risk Management Plan (IRMP) for 2020-24 and contains the 2020-24 IRMP proposals approved in February 2020 for implementation by the CFA.
4. The Annual Report for 2019-20 presents a review of the levels of performance that have been achieved during the previous financial year. The publication of the Annual Statement of Assurance is a statutory requirement required in accordance with the Fire and Rescue National Framework for England (both documents are attached at Appendix B).
5. Due to the vacation of a role, the recruitment timescales and the impact of Covid-19 the publication of the Annual Equality Report will be delayed and presented to the Authority at its next meeting on 16 December 2020.

Background

6. The Fire and Rescue Framework for England requires that every fire and rescue service has an Integrated Risk Management Plan. As in previous years this IRMP has been combined with the Service's Corporate Plan. The Corporate Plan, known as 'Our Plan' contains the planning framework, the five strategies and the aims, outcomes and objectives of the organisation.
7. Delivery of the strategies is supported by individual District and Department Plans, progress against which is reported to the Senior Management Team and the Corporate Governance Committee.
8. The Fire and Rescue Framework also requires that a Statement of Assurance is published annually by all fire and rescue services. Its purpose is to provide assurance to their community and to Government on financial, governance and operational matters.
9. The CFA publishes an annual report every year, highlighting the previous year's performance and providing information on how it is meeting agreed aims and outcomes.
10. The annual report also contains a number of links to other documents or areas, including the Annual Governance Statement and will include the Annual Statement of Accounts when finalised. There are also links to various other activities and expectations (Operational, Fire and Rescue National framework, Health and Safety) confirming that the CFA complies with these areas in order to discharge all statutory duties.

Report Implications/Impact

11. Legal (including crime and disorder)

The production of an IRMP and an Annual Statement of Assurance are statutory requirements as detailed in the Fire and Rescue National Framework for England. The statement of assurance must be signed by an elected member on behalf of the authority.

12. Financial (including value for money, benefits and efficiencies)

The Annual Report and Statement of Assurance for 2019-20 incorporates a section on financial assurance.

13. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

Failure to publish a Statement of Assurance would not meet with the statutory requirements of the National Framework.

Publication of the Service's annual performance figures mitigates any organisational reputational risk and that of not meeting the Local Governance Transparency Code 2015.

14. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

The relevant departments will deal with any actions arising from performance or assurance outcomes.

15. Environmental

The documents will only be available in an electronic format unless hard copies are specifically requested.

16. Impact upon Our Plan Objective

Publication of these documents meets the aim of 'providing assurance' by ensuring that we have well-informed staff and communities.

Background Papers

None.

Appendices

Appendix A – Our Plan 2020-24

Appendix B – Annual Report and Statement of Assurance 2019-20.

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Our Plan

**Corporate and Integrated
Risk Management Plan (IRMP) 2020 – 2024**

LEICESTERSHIRE
FIRE and RESCUE SERVICE





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Amit:

Amit receives regular blood for his blood disorder – Beta
Amit said: "Without blood transfusions I
be game over for me. I've never taken the
I receive for granted. I've never turned up and there
been no blood for me. There's always a con

Blood and

Foreword

Our purpose is **Safer People, Safer Places** in both our communities and our workplaces. This plan sets out how we will achieve this.

We must understand who our service users are and what services they need to ensure we can continue to deliver a well-managed service, focused on the end users and to direct our resources efficiently and effectively.

This corporate plan describes our service priorities and aims; departmental and district plans will detail how we will successfully achieve our desired outcomes.

Our prevention, protection and response teams will continue to manage the number and impact of incidents and will react effectively when they do happen. Our support teams will enable prevention, protection and response to deliver.

Our staff and our communities must feel safe and have confidence in the quality of the service we provide and the way in which we deliver it. We've agreed a range of activities within our plan to make sure we continue to achieve our statutory duties and deliver an excellent fire and rescue service.



Rick Taylor

Chief Fire and Rescue Officer



Nicholas Rushton

Chair of the Combined Fire Authority

About Us

We have 20 fire stations and a fleet of fire engines and other operational vehicles. We employ just over 700 staff; 562 are firefighters, and the remainder are specialist support staff. We attend and resolve over 8,000 emergency incidents each year; fires in buildings, complex rescue incidents involving road traffic collisions, hazardous materials, buildings collapsing and rescuing people trapped in water.

Leicestershire Fire and Rescue Service

Leicester, Leicestershire and Rutland cover an area of more than 979 square miles. It has a network of major motorways, an international airport, large scale businesses, buildings of historical importance and protected wildlife sites.

It has mix of urban, semi-rural and rural localities. The population is growing and ageing. At present it stands at just over 1.1 million people living in over 430,000 domestic properties. There are over 45,000 business premises.

Leicester, Leicestershire and Rutland is diverse and multicultural, with varying degrees of affluence and social deprivation. About 25% of the population are from minority ethnic communities, with Leicester City having the highest proportion of Black, Asian and mixed-race communities at 55%.

The Combined Fire Authority

The Leicester, Leicestershire and Rutland Combined Fire Authority (CFA) govern the fire and rescue service. The CFA is responsible for delivering both an effective fire and rescue service to Leicester, Leicestershire and Rutland and this Corporate Plan and Integrated Risk Management Plan (IRMP). It provides clear leadership for residents and communities to ensure we operate with transparency and accountability.



Key Facts

-  **20 fire stations**
-  **a fleet of fire engines and other operational vehicles**
-  **700 staff (562 firefighters)**
-  **8,000 emergency incidents attended each year**
-  **979 square miles coverage**
-  **over 1.1 million people**
-  **over 420,000 domestic properties**
-  **over 45,000 business premises**

Our Plan

This plan sets out what we want to achieve over the next four years. It combines our corporate plan and our IRMP containing our planning priorities and objectives. We've considered how we'll respond to the key risks and challenges facing our local communities and the organisation itself.

The plan is supported by five corporate strategies that provide more detail about how we'll achieve our aims in each of our priority areas:

 **Safer Communities**

 **Response**

 **Finance and Resources**

 **People**

 **Governance**

Delivery of this plan and the five strategies will be facilitated by annual department and district level plans which will link to the development needs and prioritises for all our staff.. The Service Development Programme will support all the corporate projects arising from this plan. Our management and governance structure enables us to monitor progress of the day-to-day activities of the Service, ensuring that risk is managed and our plans are carried out.

We use indicators to monitor the performance of the Service. We measure our own annual performance as well as benchmark against other fire and rescue services.

We publish our levels of performance each year in our Statement of Accounts, Annual Report and Statement of Assurance documents. The Annual Report identifies what we've achieved in the previous financial year, which helps to inform future plans.

Appendix A to this document sets out our action plan and establishes what we intend to do during the next four years. The action plan is reviewed, refreshed and published each year in line with our performance, the progress we make in implementing our priorities, and any change to risk affecting our communities or the organisation.

Our Planning Framework

Direction

Purpose

Our Plan 2020 - 2024

Corporate Plan

Supporting Strategies

Safer Communities • Response
Finance and Resources • People • Governance

Delivery

Service Development Programme • Departmental and District Plans • Appraisals

Monitoring and Assurance

Regular Monitoring and Performance Management • Annual Report and Statement of Assurance




Our Plan

Purpose

Our purpose describes what we are all working towards and is at the heart of everything we do as a Service:

Safer People, Safer Places

We aim to:

-  **prevent incidents from happening**
-  **limit their impact when they do happen**
-  **respond in the right way at the right time when we're needed**

We want our staff, partners and communities to work for, with and alongside us, to create safer people and safer places.



Our Values and Behaviours

The values and behaviours of the Service should reflect how our people actually feel about working within LFRS.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) recommended that **"the service should ensure its values and behaviours are understood and demonstrated at all levels of the organisation"**

An initiative was undertaken in 2019 which included a number of activities designed to provide all members of staff the opportunity to contribute towards establishing an agreed set of values and behaviours for the Service. These included workshop events, a staff survey and advocates seeking the views of staff.

The outcome of these activities were the behaviours our staff most commonly admired and what we will strive to be. These are:



These will become what we are and be embedded throughout the Service by positively influencing recruitment, promotion, appraisals and performance management.

Additional attributes and meanings for each behaviour were identified for clarity, and these are:

Professional

 **Competent**

 **Reliable**

 **Respectful**

Positive

 **Constructive**

 **Confident**

 **Enthusiastic**

Honest






 **Truthful**

 **Trustworthy**

 **Fair**



Our aims fall into five priority areas, each with a supporting strategy. We recognise there are overlaps within our work that contribute to more than one aim. Each aim has identified outcomes so we know what we want to achieve and can measure how we do it. The outcomes are linked to the individual district and departmental plans.

Priority	Aims	Outcomes
 <p>Safer Communities</p>	<p>Fewer incidents with lower impact</p>	<ul style="list-style-type: none"> • Targeted prevention and protection activities • Recognise and reduce the impact of hazards • Resilient operational risk information • Effective partnership working
 <p>Response</p>	<p>Respond effectively to incidents</p>	<ul style="list-style-type: none"> • Manage calls to fires and other emergency incidents • Provide 24/7 response to local, regional and international incidents • Supply the appropriate resources and attend incidents to meet the needs of our communities • Meet our communities' expectations in resolving emergencies
 <p>Finance and Resources</p>	<p>Deliver value for money quality services</p>	<ul style="list-style-type: none"> • A well-managed and transparent budget • Robust and efficient procurement activities • Reliable, secure and effective ICT systems • Fit for purpose estate, vehicles and operational equipment
 <p>People</p>	<p>An engaged and productive workforce</p>	<ul style="list-style-type: none"> • The right people • In the right place • Doing the right thing • In the right way
 <p>Governance</p>	<p>Provide assurance</p>	<ul style="list-style-type: none"> • Well-informed communities • Well-informed staff • We'll know what our communities think • We'll know what our staff think

Strategies

Our five strategies direct how we'll achieve our aims and objectives. The strategies meet our legislative responsibilities, outline the challenges we face and how we plan to meet them.

Our Strategies

-  **Safer Communities Strategy**
-  **Response Strategy**
-  **Finance and Resources Strategy**
-  **People Strategy**
-  **Governance Strategy**

There are core statutory duties and other legislation we have to satisfy. These require us to be accountable to the diverse communities we serve and to central government. We have to embed equality, improve our performance, show we are open and accountable, and give value for money.

The most significant driver for change is the requirement to re-align the service delivery model to reflect changes in demand and risk levels. We are going to fewer fires, however other incident types are increasing and becoming more complex due to new vehicle/building technologies, designs and construction methods. This complexity in our role requires different skills and a flexible approach, particularly when working with other services, businesses and local partners to protect our communities.

Financial uncertainty will continue to present challenges whilst legislative change will direct future governance, placing broader duties on us to collaborate with others in the interests of efficiency and effectiveness. All our staff will be exposed to changes in processes and systems with greater dependence on ICT and finding out information for themselves.

During 2018, we were inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) for the first time.

The inspection focused on three pillars which were Effectiveness, Efficiency and People. We were inspected on:

- **How effective are we at keeping people safe and secure from fire and other risks?**
- **How efficient are we at keeping people safe and secure?**
- **How well do we look after our staff**

The details of the inspection are listed in the table. Overall, we were judged as requiring improvement, although we were marked as good in four areas.

Effectiveness	Requires Improvement
Understanding the risk of fire and other emergencies	Good
Preventing fires and other risks	Good
Protecting the public through fire regulation	Requires Improvement
Responding to fires and other emergencies	Requires Improvement
Responding to national risks	Good
Efficiency	Requires Improvement
Making best use of resources	Requires Improvement
Making the fire and rescue service affordable now and in the future	Good
People	Requires Improvement
Promoting the right values and culture	Requires Improvement
Getting the right people with the right skills	Requires Improvement
Ensuring fairness and promoting diversity	Requires Improvement
Managing performance and developing leaders	Requires Improvement

We have created an HMICFRS Improvement Plan to address the areas identified for improvement following the inspection. The tasks involved are linked to our strategies and will be delivered through department and district plans.



Safer Communities Strategy

The Challenge:

Fire deaths and injuries have a strong link with social deprivation and the health and wellbeing of individuals. Fire has more of an impact on the elderly and vulnerable groups within our community. Reducing the risk to these represents a sizeable challenge, particularly when set against an ageing population.

We need to continue to identify and engage with those who are vulnerable to fire and other emergencies. Prevention and protection through education, encouragement and enforcement reduces the likelihood and impact of these emergencies.

We want to deliver effective services in many communities. To do this efficiently we need to work with partners. Pressures on finances and competing priorities presents a challenge. Evaluating our partnerships, and their work, will show the benefits of collaborating.

We must be prepared to meet any challenge that reduces our ability to keep our communities safe and secure. We can do this by planning for and responding to incidents that impact on our staff, estate, equipment, business functions and core services.

We need to better understand our communities so we can improve how we deliver services to them and know that we are doing this well.

Identifying the cause to incidents can be difficult but it can help us prevent further incidents. Planning both internally and externally with our partners can assist us in preventing, protecting and mitigating against the impact of these occurrences.

This planning will assist us with our operational preparedness and again help us in our aim of achieving safer people, safer places.





Safer Communities Strategy Cont'd

Meeting the Challenge:

To achieve safer people, safer places we will:

- ✓ deliver targeted, innovative safety education and inspections through skilled staff
- ✓ improve information sharing agreements with partners to enable us to identify those vulnerable to emergencies
- ✓ engage with our partners who can deliver safety messages on our behalf
- ✓ work with partners to help our communities to become warned and informed of risks as well as active and healthy
- ✓ work closely with partners to identify causes of incidents
- ✓ expand our relationships with the diverse communities we serve
- ✓ ensure that we have relevant and timely risk information
- ✓ ensure that we investigate health and safety issues in a timely and appropriate manner
- ✓ put planning arrangements in place to protect our own business from the impact of incidents and emergencies

Our Plan





Response Strategy

The Challenge:

The nature and range of emergency incidents we respond to has changed in recent years, but the expectation of the community remains the same. When emergencies happen, we respond in the most effective and safe way to protect and limit damage to life, property and the environment.

We need to ensure that our staff are competent and our firefighting vehicles are available. We will continue to be flexible in the way we manage and deal with emergencies, from receiving the call to after the incident, whilst seeking to develop collaborative opportunities in our response to emergencies.

Our key priorities must be to ensure that we have the right people, in the right place, doing the right thing, in the right way, to enable us to meet our communities' expectations.

We need to understand what our communities expect and what is important to them; only then can we deliver an effective response.

Meeting the Challenge:

To meet community expectations of the right people, in the right place at the right time, we need to adopt different ways of working to support the availability of emergency response vehicles.

We will:

- ✓ ensure that emergency calls are handled quickly and efficiently
- ✓ maximise the availability of emergency vehicles
- ✓ ensure that we respond to incidents involving a risk to life within an average of 10 minutes
- ✓ ensure that our staff meet the core competencies required to do their jobs
- ✓ work with other emergency services and local and national partners to ensure better outcomes for our communities
- ✓ ensure that when an incident occurs, our community are satisfied in the way we dealt with it



Finance and Resources Strategy

The Challenge:

We need to continue to provide quality services through the effective use of resources against a backdrop of continuing financial uncertainty.

We need to ensure that our ICT enables the Service to run securely, effectively and efficiently.

To continue to develop and maintain fit for purpose facilities, vehicles and equipment, to enable employees to work safely and effectively in secure environments.

Meeting the Challenge:

To meet the challenge, we will:

- ✓ agree a medium-term financial plan, set a balanced budget for each financial year and manage and report spend against it
- ✓ deliver effective financial services to current and ex-employees, suppliers and customers
- ✓ operate effective procurement arrangements and procedures
- ✓ ensure we have a secure and robust ICT infrastructure
- ✓ improve service delivery through:
 - the consolidation and integration of existing ICT systems
 - the implementation of new technologies
- ✓ work with others where it is financially, corporately or operationally advantageous to do so without reducing the quality of service
- ✓ develop and maintain our vehicles, estate, operational workwear and equipment





People Strategy



The Challenge:

Our purpose is safer people, safer places.

Within the context of our People Strategy, this means a shared ambition and belief in what we do and why we do it. Shared by a workforce who are all treated fairly and equally regardless of role or contract of employment.

To meet the challenges of 21st century, we must have the **right people** in the **right place** doing the **right thing** in the **right way**. Enabling change in culture at all levels is not a quick fix. The delivery of our aspirations will require significant time to achieve sustained improvement.

Most importantly, the safety of our staff and communities is the priority.

We need to help our staff understand the changing demands and role of the fire and rescue service.

Operational learning including the outcomes of the Grenfell reports will introduce new responsibilities that will enhance our role, whilst working in partnership making people and places safer.

The 2018/19 inspection by Her Majesty's Inspectorate of Constabularies and Fire & Rescue Services (HMICFRS) set the people pillar as requiring improvement. The inspection also identified Leicestershire Fire and Rescue Service as one of the lowest funded unitary fire authorities in England.

This will make improving efficiency and effectiveness a challenge within current practices that could be described as out of date. Our people need to be developed and supported to assist them in delivering change with fewer resources.

We must all take ownership and be accountable for the continuous improvement of our Service.

We accept the constraints in relation to nationally agreed terms and conditions of service, diversification of role, recruitment and industrial/employee relations.

The challenge will be balancing the demand for multi-skilling with specialist skills, whilst building on the passion of our staff to reach out to new technology and new working practices. The development in the softer skills, changing behaviours and attitudes will be a key success factor in transforming the Service.

Exposure to different experiences and emotions within the broader range of activities makes wellbeing, including mental health, a corner stone of how we develop the plans that support this strategy.

On-Call availability is an increasing challenge with a reduction in available talent, reduced incidents and an expanding role that needs new skills. Our challenge is to attract, recruit and train within a reduced time frame and retain their services for longer.

It's difficult to predict the rate at which staff will leave the Service. Staff are working longer, resulting in an ageing workforce. There are new duty systems, recent transitional protections changes to the pension regulations and changes in tax laws that affect levels of reward. These reduce interest in progression or movement within the Service which particularly affects filling non-station-based operational staff roles. Limited opportunities exist for career progression for our support staff.



People Strategy Cont'd

An additional challenge is making our workforce more representative of the communities we serve. We have been recognised by the Asian Fire Service Association (AFSA) for our targeted Have a Go days which have increased the diversity of our recruits. However, the challenge is to identify which aspects need to change to appeal to women, Black, Asian and minority ethnic groups and members of our communities with other protected characteristics.

The public sector has been subject to continuous and sustained change. The key themes that will persist include the feeling of not being supported or valued, and a lack of trust influenced by perceptions of poor leadership, bias and indecisiveness. Motivation and morale, along with those perceptions, will continue to be influenced by management styles and people's ability to manage people.

We need to understand the opinions and views of our staff to identify the opportunities that this presents.

Mental health and wellbeing issues are increasing. The challenge is to minimise the impact this has on individuals and the organisation.

This strategy sets the scene for Leicestershire Fire and Rescue Service to provide a competent, professional and sustainable workforce that has outstanding leadership in pursuit of organisational excellence.

Meeting the Challenge:

The aim of the People Strategy is to achieve an engaged and productive workforce.

Our people are at the centre of change. The key to success will be a focus on organisational development with greater staff participation through early engagement. We want our staff to be equipped with the right skills to adapt, improve and evolve; having the competence and confidence to make informed decisions within the clarity of our purpose of safer people safer places.

We recognise that staff want clarity in direction along with developing new skills. This strategy acknowledges the immense value in diversity of thought, values, beliefs and feelings of our workforce, contributing to the greater good.

An early indicator of success has been our staff led initiative to develop a set of words that best describes the Service. The outcome of staff engagement has identified that our people want to be part of a Service that is:

- ✓ Professional
- ✓ Positive
- ✓ Honest

If we are to build on our success, we need to integrate these three words within business as usual. We must develop a mind-set of relevant behaviours and attitudes that are embedded within the context of everyday work life. We must create an environment of trust and confidence attracting diversity of thought, knowledge and life experience.

We need multi-skilled, competent, confident and flexible staff who engage enthusiastically and effectively with people in different environments and contexts with a focus on customer service.



People Strategy Cont'd

Fewer fires mean more training and simulation is needed that immerses our staff in realistic training scenarios to equip and prepare for emergency response.

We need to help our staff develop how they think. We recognise that it's not the answer that matters, it's how they get there. We have to create conditions to help our staff unleash the energy and ideas lying latent within the Service. We want to harness their enthusiasm to allow them to improvise and adapt to create their own solutions, enhancing ownership and accountability.

To help us define and plan the future, our objectives are based upon the six key planning areas that have been taken from the NFCC National People Strategy 2017-2022. We recognise that there is an overlap of themes in learning and developing an environment which promotes creative thinking.

We must engage our staff and, through that engagement, link it to the desired outcomes. Operational guidance can't cover every eventuality. Our staff must be trained to have the confidence to improvise and take risks when necessary.

We will:

- ✓ provide clear inspirational leadership, embed trust, motivate staff and empower them to take real ownership/accountability and possess the confidence to make the right decisions for themselves
- ✓ engage with our staff to agree expected behaviours and gather views to improve relationships and expectations of staff throughout the organisation
- ✓ develop a professional, competent customer focused workforce who are flexible and proactive in satisfying the changing needs of our communities
- ✓ ensure our staff contribute to the Service and are developed and coached appropriately, with talent being recognised
- ✓ implement a mental health and wellbeing plan that supports the staff and Service
- ✓ increase the diversity of our staff and create an open, inclusive environment where progression is based on merit and is free from bias



Governance Strategy

The Challenge:

The National Framework requires us to focus on our core work, yet it urges us to work differently. It encourages collaboration where it is efficient for us to do so and requires greater transparency of our decision-making and performance. It also requires the development of professional standards to drive the Service forward.

We want to be sure we are doing the right things for those who work for us and all the communities we serve.

To do this, we need to understand what our communities need, we need to engage with them and have reliable, timely and understandable information to help us make informed decisions. We need to know how well we are doing and make effort to do better in areas identified for improvement. We need to ensure that our governance arrangements are robust.

Meeting the Challenge:

We will:

- ✓ engage with staff and all communities on major changes affecting our Service
- ✓ make our plans and policies available and easy to understand
- ✓ be open and seek the views of our communities on how we do things
- ✓ collect, manage and use information effectively
- ✓ inform staff and communities about the key decisions that we make
- ✓ monitor and report on our performance so everyone knows how we are doing
- ✓ be open and respond to independent audits and inspections
- ✓ publish what we are legally required to



Monitoring and Review

Monitoring the successful delivery of our Corporate Plan/IRMP, our strategies and our district and departmental plans is undertaken throughout the year.

Our plans will have a diverse range of activities within them that link into the outcomes of the strategies. Governance arrangements for these tasks will vary. The Combined Fire Authority and Corporate Governance Committee will oversee key areas, with other tasks monitored and challenged throughout the year depending on their corporate significance through the Senior Management Team, Tactical Management Team, Service Development Programme, departmental and other management meetings.



TECHNICAL
RESCUE

Measuring Success

The success of these strategies will come from measuring how well we achieve the outcomes.

To do this, we will compare ourselves with other fire and rescue services and ask our communities how well they think we are doing. Things we do will have their own success criteria and will feature within all our departmental and district team plans and projects.

We will:

- ✓ know how well we engaged with staff and our communities on major changes affecting the Service and if our plans were available and easy to understand
- ✓ obtain community feedback on our performance
- ✓ have audit and inspection reports telling us how we've done
- ✓ share the key decisions we make with staff and communities
- ✓ have effective data capture and management reporting
- ✓ publish our data and key performance indicators
- ✓ share information about our successes
- ✓ have an external audit unqualified opinion on our annual Statement of Accounts, Value for Money conclusion and Annual Governance Statement
- ✓ have no significant loss of functionality through ICT system downtime
- ✓ achieve all compliance standards
- ✓ meet statutory requirements for responding to Freedom of Information requests
- ✓ measure delivery against time, cost and quality on projects
- ✓ publish an Annual Report and Statement of Assurance



Integrated Risk Management Plan (IRMP)

What is an IRMP?

An IRMP must assess all foreseeable fire and rescue related risks to our communities, and put in place arrangements to respond to and deal with them. It must cover at least a three-year time period, be regularly reviewed, reflect local risk, be developed through consultation and be accessible and cost-effective. The planning process should also have regard to risks of a cross-border, multi-authority and national nature.



Our IRMP process is designed to keep people and places safe and takes account of the risks faced by our communities, including the consequence of fires, road traffic collisions, flooding and collapsed buildings amongst others. It's focused on how best our resources can be used to manage and/or reduce and limit the risks.

Reviewing Our Risks

When we develop an IRMP, we engage with multiple partners and use a variety of sources to review existing risks and identify new ones. These sources include historical incident data, demographic data, performance data, high risk location information and local development strategies. We also consider the impact of wider changes in society, including government policy, economic growth and technological progress.

For our emergency response capability, the key areas we look at are availability of resources, response times to incidents and the individual station demand profiles. We also consider our prevention and protection activities in our future planning, reviewing the use and allocation of our available resources to mitigate the impact of identified risks.

All this data and information helps us understand the needs of our communities, identify locations of potential peak demand, and assess our capacity

to respond. It's also used to anticipate trends that may result in an increase in demand as well as opportunities to reduce the current levels.

Assessing Risks

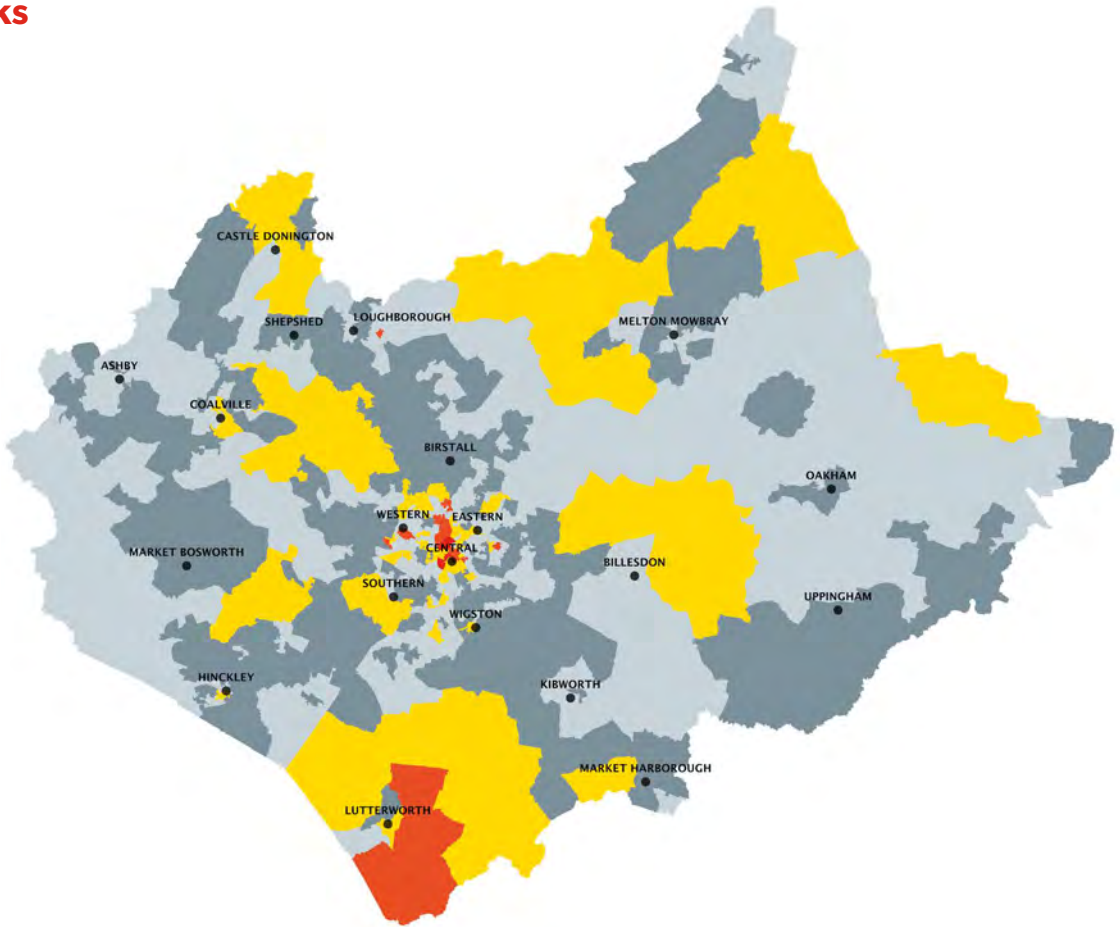
Our Community Risk Model (CRM) uses all this information to predict where a serious incident is more likely to occur, relative to other locations within our area. It combines the overall level of deprivation with historic incident data and identifies localities which are more likely to require our response, relative to other localities. The result is a broad view of risk at a locality level, which then informs our decisions about where we should best allocate our resources.

We've mapped our station locations on to the CRM to show how they are currently placed to reflect the potential risks within our communities.

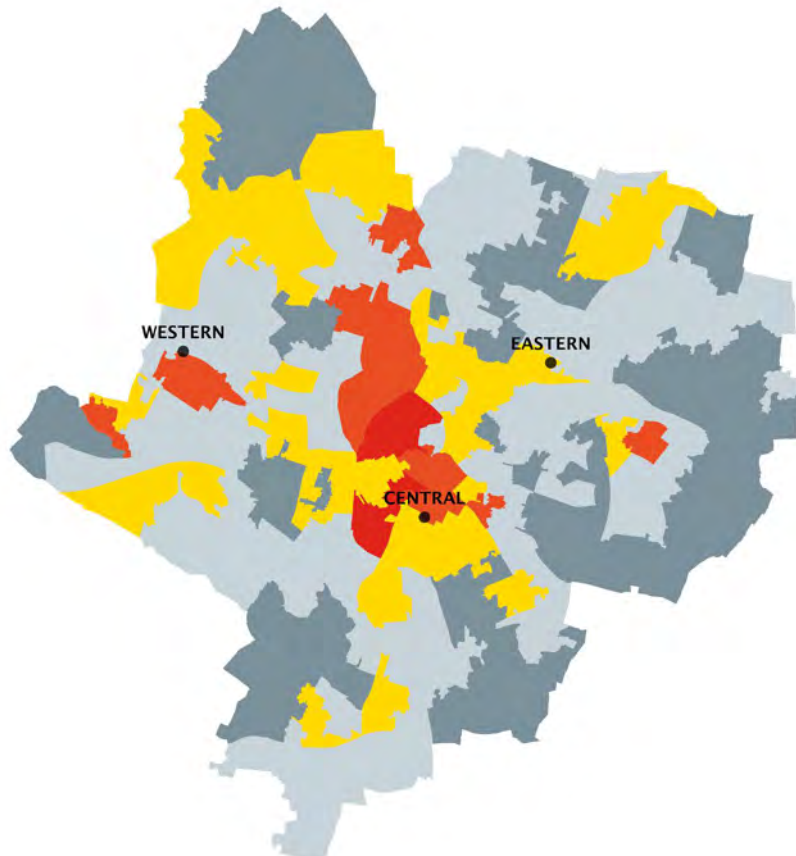
The map shows how each locality has been given a risk category depending on the level and types of incidents attended and overall levels of deprivation. Incidents which are more likely to result in death or injury have been weighted higher.

We've mapped our station locations on to the CRM to show how they are currently placed to reflect the potential risks within our communities.

County Risks



City Risks



Managing the Risks

Risks can come from anywhere. They can make things harder to do as activities need more resources or time to complete or they present opportunities to do things better, more efficiently or in a shorter timescale. All risks, whether legal, financial, operational, safety or project related, will be managed effectively using our Organisational Risk Management process. The Organisational Risk Register will list the most significant risks and what's done to reduce the impact and severity of them. For wider risks affecting our communities, please refer to our Community Risk Register.

Having identified the areas of risk, we use a variety of methods to minimise the risks to our communities. All our risk management work will be contained within individual district and departmental plans.



Our 2020 - 2024 IRMP

Proposals and Consultation

The data we have analysed supports our view that we should use our staff and fire engines efficiently and effectively in undertaking our prevention, protection and response activities. The 2020-2024 IRMP proposals will provide us with the flexibility to do this in a way that ensures we maximise the use of these resources.

The location of our stations meets the foreseeable demand and risk that the Service has to respond to. As such we will not be suggesting any changes to the locations or number of our stations during the 2020-2024 IRMP. We will need to refurbish or redesign elements of them for our staff, partners and community needs.

The seven proposals which were agreed by the CFA in June 2019 were subject to public consultation which ran for 12 weeks from 3 September to 25 November 2019.

They are to:

- ✓ use our fire engines flexibly, aiming to attend life threatening incidents in an average of 10 minutes
- ✓ use our firefighters efficiently and flexibly to maximise our appliance availability
- ✓ purchase a second high reach appliance to replace the older one of the two vehicles
- ✓ continue to undertake our education and enforcement activities, targeting those most at risk
- ✓ continue to collaborate with other blue light services and our partner agencies to support our purpose of safer people, safer places
- ✓ enable our staff to do the right thing to help our communities
- ✓ implement alternative crewing arrangements in the event of the Service moving away from the current Day Crewing Plus duty system

It is estimated that over 70,000 individuals, businesses, schools, councils, community and minority groups, charities, disability and voluntary groups, staff members and interested members of the public have been engaged in the consultation via a range of different communication methods. The outcomes of the consultation were contained in the consultation summary report which was presented to the CFA in February 2020. The CFA agreed that all seven of the proposals should be implemented.

Educating and advising communities on fire and other safety matters to prevent fires and other emergencies

Responding efficiently and effectively to incidents and limiting the impact of an emergency on communities



Enforcing fire safety legislation amongst businesses and public bodies to protect them from harm in the event of an incident

Ensuring we can continue to provide our services irrespective of major unplanned or unforeseen local or national risks



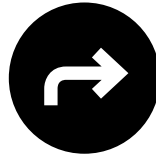
Prevention

We believe prevention is better than cure. We recognise that risk reduction begins with safe behaviours at home, at work, or on the road. We work with local organisations and partners to target those people who are more vulnerable and likely to be affected by fire and other emergencies. This is done by sharing information and risk profiling.



Protection

We have a legal duty to give advice and enforce fire safety standards across a wide range of commercial and public buildings to keep people safe. The focus of our protection activity is guided by a combination of the features of the building, risks of the premises type, local and national incident trends, or fire safety concerns from our communities. We carry out a programme of inspections at a variety of buildings based on risk. The level of enforcement action we take increases in line with the severity of risk at each building.



Response

There are times when prevention and protection activity cannot stop incidents from occurring, and when they do our priority is to ensure we can respond effectively to them. We send the right number of people with the right skills and the right equipment to manage and resolve the incident.



Resilience

We look to provide an effective emergency response service even when the levels of demand are high. To meet this requirement, we already have agreements in place with all our neighbouring fire and rescue services to provide mutual assistance and support. We are part of a national agreement and network of resources and can provide and receive support from all over the country.

In addition to the fire and rescue network of which we are a part of, we are also members of the Local Resilience Forum (LRF) and play a key role in the development and exercising of plans to deal with major incidents and risks across Leicester, Leicestershire and Rutland and those highlighted in the Community and National Risk Registers. This multi-agency approach ensures high levels of confidence in the emergency plans and business continuity arrangements we've developed.

Work with the LRF also encourages community resilience, working in collaboration with our partners to make our communities self-reliant and resilient in the event of an incident or challenging scenario e.g. severe weather, floods, snow, or water shortages.

Our Future Resources

Our budget strategy summarises the proposed budget and shows the forecast position until 2022.

Budget and Income

	2020-21 (£m)	2021-22 (£m)
Total Forecast Spending	39.4	39.8
Council Tax	22.5	23.2
Revenue Support Grant	4.3	4.3
Business Rates Income	4.4	4.5
Business Rates Top Up Grant	5.6	5.7
Other Grants	0.8	0.8
Actuarial Review Compensation Grant	1.5	1.0
Future Authority Income	0.3	0.3
Total Forecast Income	39.4	39.8

*Note – Our Band D Council Tax cost is £67.96 per year. This is the cheapest in the East Midlands and will remain in the lowest quartile of combined fire authorities in England.

Financial Resources

Revenue Budget and Capital Programme

Our **revenue budget** pays for day-to-day firefighting and prevention work. Our **capital programme** pays for works of long-term benefit. Our programme up until 2022 consists of improvements to fire stations, purchasing response vehicles and equipment and purchasing ICT systems and equipment.

How Our Financial Strategy Supports the IRMP

The challenge for our plan is to support the re-alignment of the service delivery model described in the IRMP at a time of financial uncertainty.

We've managed to make savings and balance the budget from 2019-20 to 2021-22. This has provided capacity for limited growth, but the position beyond 2020 remains very uncertain. To secure longer term sustainability, we aim to:

- (a) avoid new borrowing or leasing, funding replacement firefighting vehicles from revenue wherever possible
- (b) set aside a budget for our estate, which we will use to improve the operational efficiency of buildings

Our Fire Stations and Firefighting Vehicles



Wholetime

Birstall 

Castle Donington 

Central  

Eastern  

Loughborough  

Southern 

Western 



On-Call

Ashby 

Billesdon 

Kibworth 

Market Bosworth 

Uppingham 

Shepshed 



Wholetime and On-Call

Coalville  

Hinckley  

Oakham  

Wigston  



Wholetime during day and On-Call at night

Lutterworth 

Market Harborough  

Melton Mowbray  

In total (as at 1 January 2020): 20 stations

Operational Staff Resources

As at 1 March 2020 we have 348 Wholetime and numerous On-Call staff working a variety of hours. We're planning further recruitment during 2020 to ensure we can balance both the Wholetime and On-Call establishment levels as staff retire or leave.

Corporate Resources

This plan is a combined document which sets out all our priorities between now and 2024. This section highlights what we plan to do to our non-operational or 'corporate resources'.

Our Estate

We maintain an estate that consists of twenty fire stations, a Service headquarters, an occupational health facility and a vehicle/equipment maintenance centre. We've completed condition surveys on these buildings and are undertaking a programme of works to deliver the required maintenance improvements. We also have a training and development centre which we are looking to relocate and improve. The level of work depends on the budget and the most cost effective solutions, be that refurbishment or redevelopment. At no time during any building works will we compromise our ability to deliver all the services we need to.

Our Fleet of Emergency and Non-Emergency Vehicles

We maintain a wide range of vehicles that enable us to respond to emergency incidents and carry out all the work we need to do each day. The fleet replacement programme is ongoing and we'll continue to replace special appliances and update our fire engines. Projects will be initiated to manage the replacements; the cost of doing so has been included within the 2020-21 capital budget.

Improving the Efficiency of Support Services

Our support services enable the frontline to operate efficiently. Some of these services are shared with other organisations to improve value for money. We'll continue to streamline processes to reduce bureaucracy and increase capacity across all support services.

Community Engagement

We're committed to transparency and openness in all that we do. We want to maintain a close relationship between decision makers, and those affected by the decisions made – our communities. Consultation and engagement with our communities is vital to us in shaping our future and our priorities.

Work to review the IRMP during 2019 involved full consultation with our communities whose feedback was used by the CFA in deciding which proposals to implement. Our plans set out how we will progress the decisions that were made and when they will be implemented.

We will review, update and publish our action plan annually, in line with progress and updated risk profiles, models and information. We will consult on any proposals that would affect the services to our communities, including the levels of emergency cover. The extent and the manner of consultation will depend on the nature of the proposal and who it will affect.

If you have any comments, or would like any more information on anything in this document, please contact us via one of the methods below.

If you wish to find out more about us, the work we do, or the authority itself, our website provides everything you need to know:

leics-fire.gov.uk

You can also keep in touch and find out more by following us on Facebook and Twitter @LeicsFireRescue.

Alternatively, you can contact us at:



Leicestershire Fire and Rescue Service

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leics-fire.gov.uk

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Glossary

Aerial Ladder Platform

A vehicle with an extendable ladder platform for fighting fires and facilitating rescues at height

Automatic Fire Alarm

Emergency incidents caused by the automatic operation of either a fire alarm or firefighting equipment (e.g. sprinklers), but on arrival there was no fire present

Day Crewing Plus

Fire engine crewed by wholetime employees who work a self-rostered 24-hour shift system and are immediately available to respond to emergency incidents

Day Crewing

Fire engine crewed by Wholetime employees who work a self-rostered 12-hour shift system and are immediately available to respond to emergency incidents

On-Call

Fire engine crewed by employees who are available to respond to emergency incidents from home or work, alerted by a pager

Primary Fires

Fires involving casualties, property or any other items that are insurable

RTC

Any emergency incident that involves a road traffic collision

Secondary Fires

Small fires, such as grass, rubbish, derelict or abandoned vehicles

Wholetime

Fire engine crewed by Wholetime employees who work a shift system and are immediately available to respond to emergency incidents

Appendices



Appendix A – Action Plan 2019-22

Our corporate action plan details the main pieces of work that we plan to carry out to meet our aims and achieve our outcomes. They are the larger, more significant packages that will be carried out as projects or reviews. They will be monitored and governed in line with our policies and procedures. They don't include our day-to-day work, which takes up the majority of our time.

The actions are grouped by corporate aim, but many of them will help us achieve multiple, or indeed all, aims and intended outcomes.

The majority of actions are from our integrated risk management planning process, others from our corporate planning, previous plans, capital programme and Central Government requirements. Our target date for completion is included within the table.

The plan is monitored, reviewed and updated regularly and refreshed each year. It will be published to ensure it's current, achievable and affordable.



AIM 1:

We want to achieve fewer incidents with lower impact

To do this we will:

Target completion date:

Continue to undertake our education and enforcement activities, targeting those most at risk



Deliver a new Arson Strategy



Develop an assurance process to indicate how effectively we identify new risks



Evaluate how effective our protection and prevention work is and use the information for future plans



Deliver any required improvements identified in the reports following the Grenfell fire



**AIM 2:****We want to respond effectively to incidents****To do this we will:****Target completion date:**

Use our fire engines flexibly, aiming to attend life threatening incidents in an average of 10 minutes



Use our firefighters efficiently and flexibly to maximise our appliance availability



Implement alternative crewing arrangements in the event of the Service moving away from the current Day Crewing Plus duty system



Increase the availability of our On-Call appliances to respond to incidents

**AIM 3:****We want to deliver value for money quality services****To do this we will:****Target completion date:**

Purchase a second high reach appliance to replace the older one of the two vehicles



Relocate and centralise our Learning and Development facilities



Procure replacement Personal Protective Equipment (PPE) for our firefighters



Continue to collaborate with other blue light services and our partner agencies to support our purpose of safer people, safer places



Develop the bistro area of the headquarters building to maximise office space and explore opportunities for leasing the space to generate income



**AIM 4:****We want an engaged and productive workforce****To do this we will:****Target completion date:**

Enable our staff to do the right thing to help our communities



Implement a Learning Management System to record operational competence



Undertake a staff survey, sharing the results and developing improvement plans



Embed the Service's values and behaviours throughout the organisation

**AIM 5:****We want to provide assurance****To do this we will:****Target completion date:**

Implement a performance management system



Complete the Black, Asian and minority ethnic community safety initiative



Implement our HMICFRS Improvement Plan



Implement a universal web based mapping system



Publish Annual Data Protection Officer's report



Improve how we communicate using social media and our website



Improve engagement with our communities







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Image on page 24 courtesy of APD Communications

LEICESTERSHIRE
FIRE and RESCUE SERVICE

LEICESTERSHIRE
FIRE and RESCUE SERVICE

Annual Report and Statement of Assurance

2019/20



Our Purpose

At Leicestershire Fire and Rescue Service, our purpose is:



This document provides a summary of our performance between April 2019 - March 2020 in pursuit of our purpose.

It highlights our key achievements against each of the our five strategies which are detailed in our corporate planning document 'Our Plan'.

Our Strategies

-  **Response Strategy**
-  **Safer Communities Strategy**
-  **Finance and Resources Strategy**
-  **People Strategy**
-  **Governance Strategy**



Response

Aim – Respond effectively to incidents



Nicole Marvin
Wholetime Firefighter

In 2019/20, we attended a total of **8,541** emergency incidents which included:

 **2,079** fires

 **748** road traffic collisions

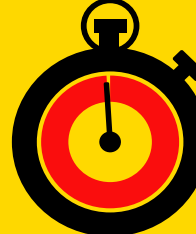
 **2,994** fire alarms

 **2,720** special services

We rescued a total of **1,030** members of the public from incidents. Unfortunately, there were **8** fire related deaths

We attended:

 **95.22%** of life threatening incidents within our **10 minute target**

 **99.48%** of non-life threatening incidents within our **20 minutes target**

 **1,218** community safety activities totalling over **11,000 hours** of time engaging with members of the public



82.61% fire engine availability
98.12% wholtime and 64.55% On-Call



1 minute 36 seconds
average time for a wholtime fire engine to be mobilised



5 minute 52 seconds
average time for a On-Call fire engine to be mobilised

208 After the Incident questionnaires received of which:

100% rated the service received as **'satisfactory'** or better.

99% said the first fire engine arrived as **'expected'** or **'quicker than expected'**





Ash Spriggs
Fire Control Operative

We received a total of **17,130** 999 calls



93% of 999 calls were answered within **7 seconds**



4.34 seconds average time for 999 calls to be answered



1 minute 56 seconds average time taken to get incident details and send the quickest fire engine

Out of the 17,130 calls we received, **208** were hoax calls



103 of the hoax calls were attended

235



Ashleigh Spriggs, who works in Fire Control, won the **Control Room Ambassador of the Year** award for his extraordinary work in serving and protecting the public.



A total of **7,274** Home Safety Checks were completed

We delivered:

-  **5,603** full Home Safety Checks
-  **744** advice given on the doorstep
-  **561** follow up visits
-  **366** checks completed by our partners (Hinckley and Bosworth Borough Council, Rotary Club and Charnwood Borough Council)
-  **1,274** 'extra mile' visits, offering practical support to resolve non-fire related problems

387 Home Safety Check questionnaires received of which:

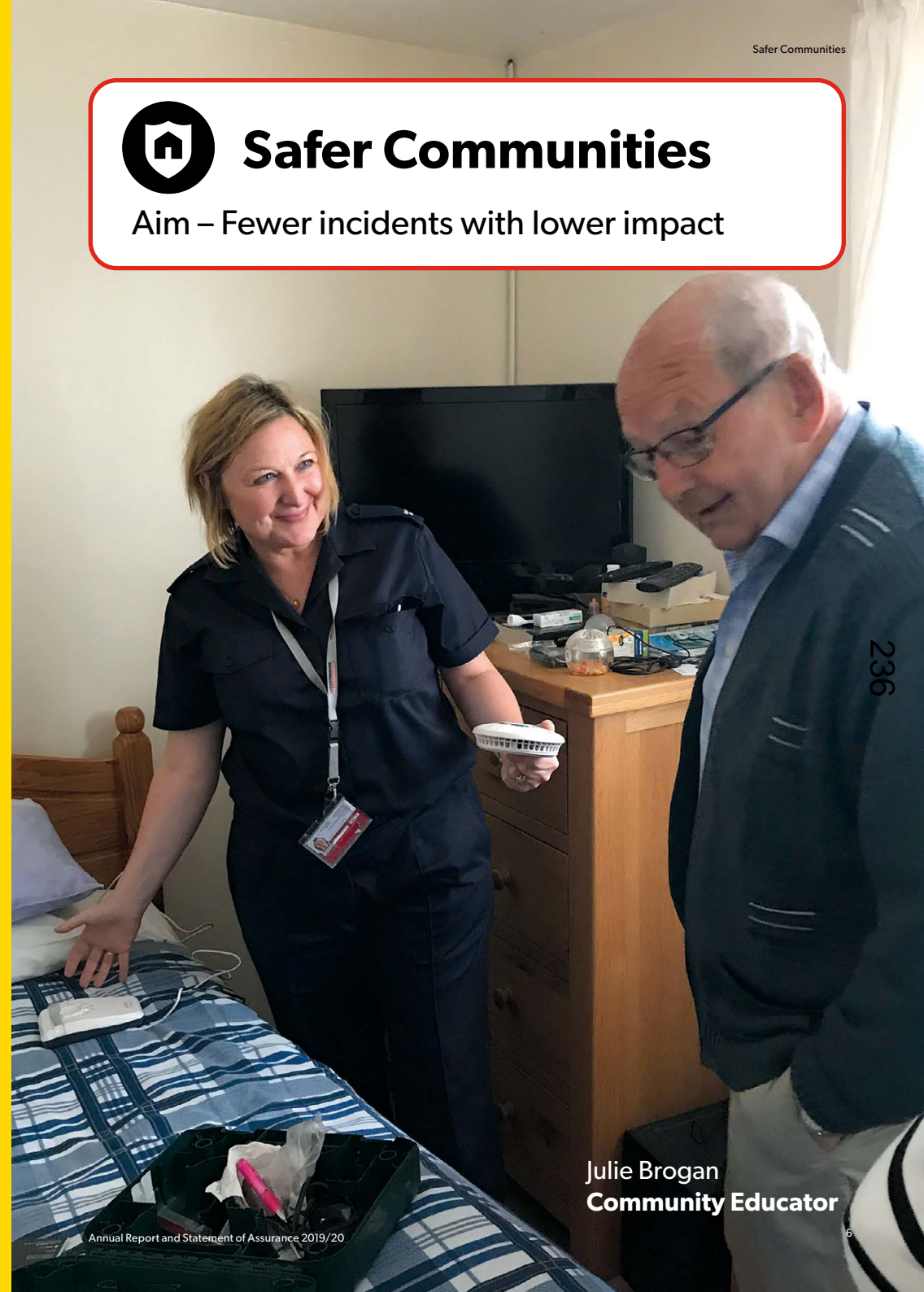
99% said they '**felt safer**' after the a visit.

92% said they '**would change their habits**' after receiving advice



Safer Communities

Aim – Fewer incidents with lower impact



236

Julie Brogan
Community Educator



Fire Skills Course
Coalville Fire and Rescue Station

 **4,720** smoke alarms supplied and fitted

 **305** schools visits engaging with **26,218** children

 **105** road safety events engaging with **28,502** people

117 FireCare (juvenile fire-setters) engagements

288 youth safeguarding concerns raised by our staff

8,832 routine fire hydrant inspections

Review of our **health and safety provision** completed

New arson strategy agreed with the police

80% of firefighters staff trained in the new risk identification process

70% firefighters staff trained on dealing with a terrorist attack

We carried out:

349 fire safety advice requests

503 fire safety concerns

790 building regulations inspections







381 fire safety audits

 **212** licensing consultations

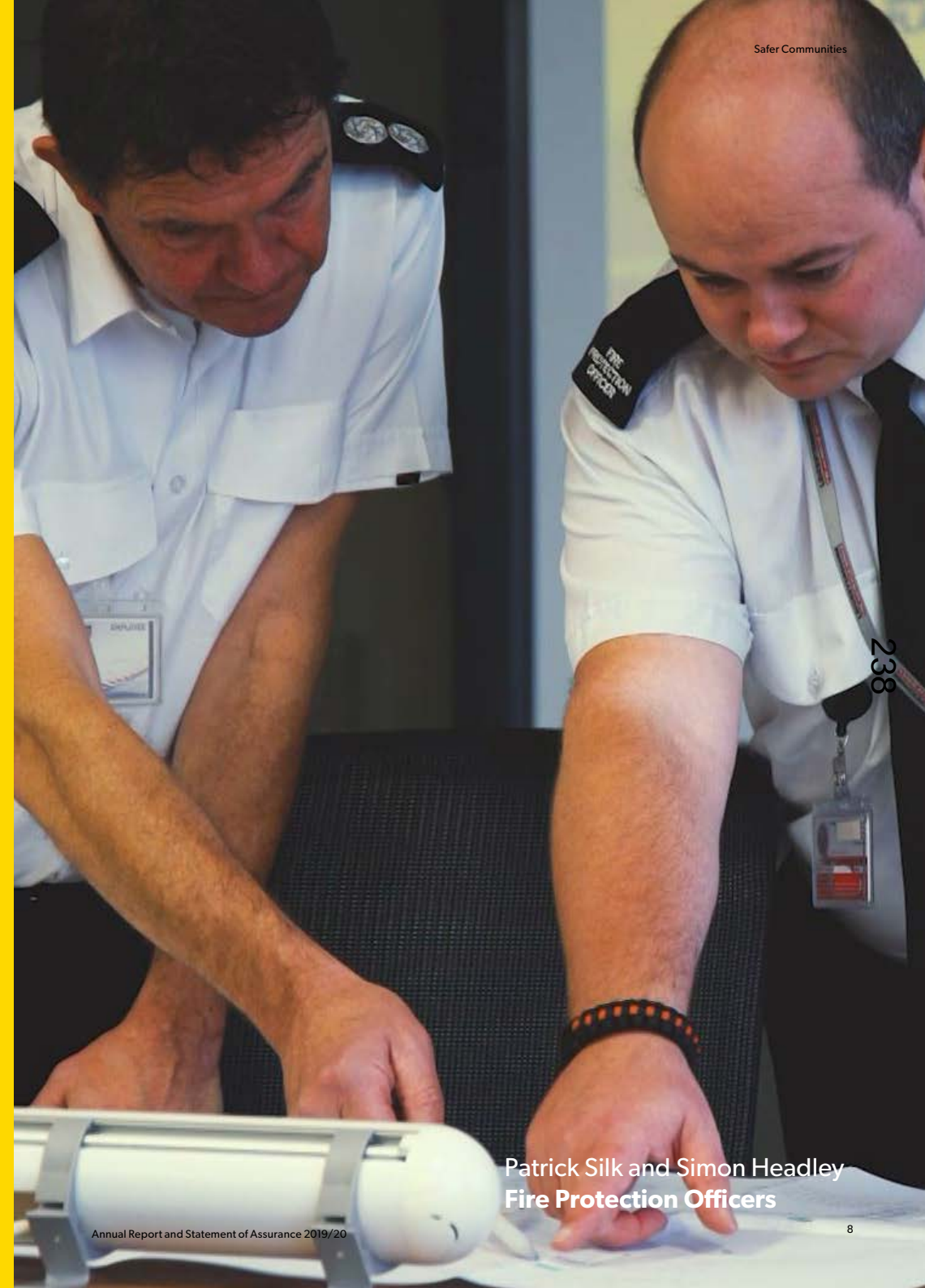
 **141** specific inspections

 **43** desk-based inspections

All of this work resulted in the following being served:

-  **81** action plans
-  **18** interim measures
-  **18** prohibition notices
-  **36** formal enforcement notices
-  **109** deficiency notices
-  **6** alteration notices

Gap analysis completed in response to the **Grenfell Tower Inquiry Phase 1 Report**



Patrick Silk and Simon Headley
Fire Protection Officers



We had a total of **46,059** followers on our corporate and fire station Facebook accounts

1,224 posts offering advice and safety tips, reaching **3.46 million people**

241,247 engagements from followers who either liked, shared or commented on our corporate posts

We had a total of **26,383** followers on our corporate and fire station Twitter accounts

1,025 tweets offering advice and safety tips, reaching over **2 million people**

35,574 engagements from followers who either liked, retweeted or commented on our corporate posts

During our 12 week **Integrated Risk Management Plan** public consultation:

- ✓ **18** Twitter posts reached over **24,000** people
- ✓ **18** Facebook posts reached over **36,000** people

We delivered:



4 replacement fire engines

2 additional Tactical Response Vehicles

31 replacement **fleet vehicles**

Plans developed for a **new Learning and Development Centre**

ICT equipment to support **'working from home'** during the **COVID-19 outbreak**



Skype for Business telephone system



Fire station building improvements following condition surveys



New firefighter **Personal Protective Equipment contract** signed



Finance and Resources

Aim – Deliver value for money quality services



People

Aim – An engaged and productive workforce



Michael Teago
Community Educator and Have A Go Day Participant

Leicestershire Fire and Rescue Service



29 new firefighters recruited (12 wholetime and 17 On-Call)

452 people registered to attended recruitment 'Have A Go' days (**344** wholetime and **108** On-Call)

6.96 average sickness days/shifts lost per person

Learning Management System purchased

Revised **absence management procedures** agreed for implementation

Health and wellbeing processes implemented

Service **values and behaviours** established



The Service **won an award at the LGBT+ Inclusion Awards** for the work it has done in promoting equality for both LGBT staff and communities.



Ronnie Stanley and Craig Hallam **won an award at the Asian Fire Service Association's Annual Conference 2019 for the positive action work carried out** over a sustained period of time, resulting in positive change.

HMICFRS inspection completed with the Service assessed as 'Requiring Improvement'

HMICFRS inspection action plan developed and published

IRMP consultation undertaken and the seven proposals were approved for implementation

General Data Protection Regulation (GDPR) compliance achieved

New policy framework established

Whistleblowing policy successfully communicated

546 responses to our website survey of which:

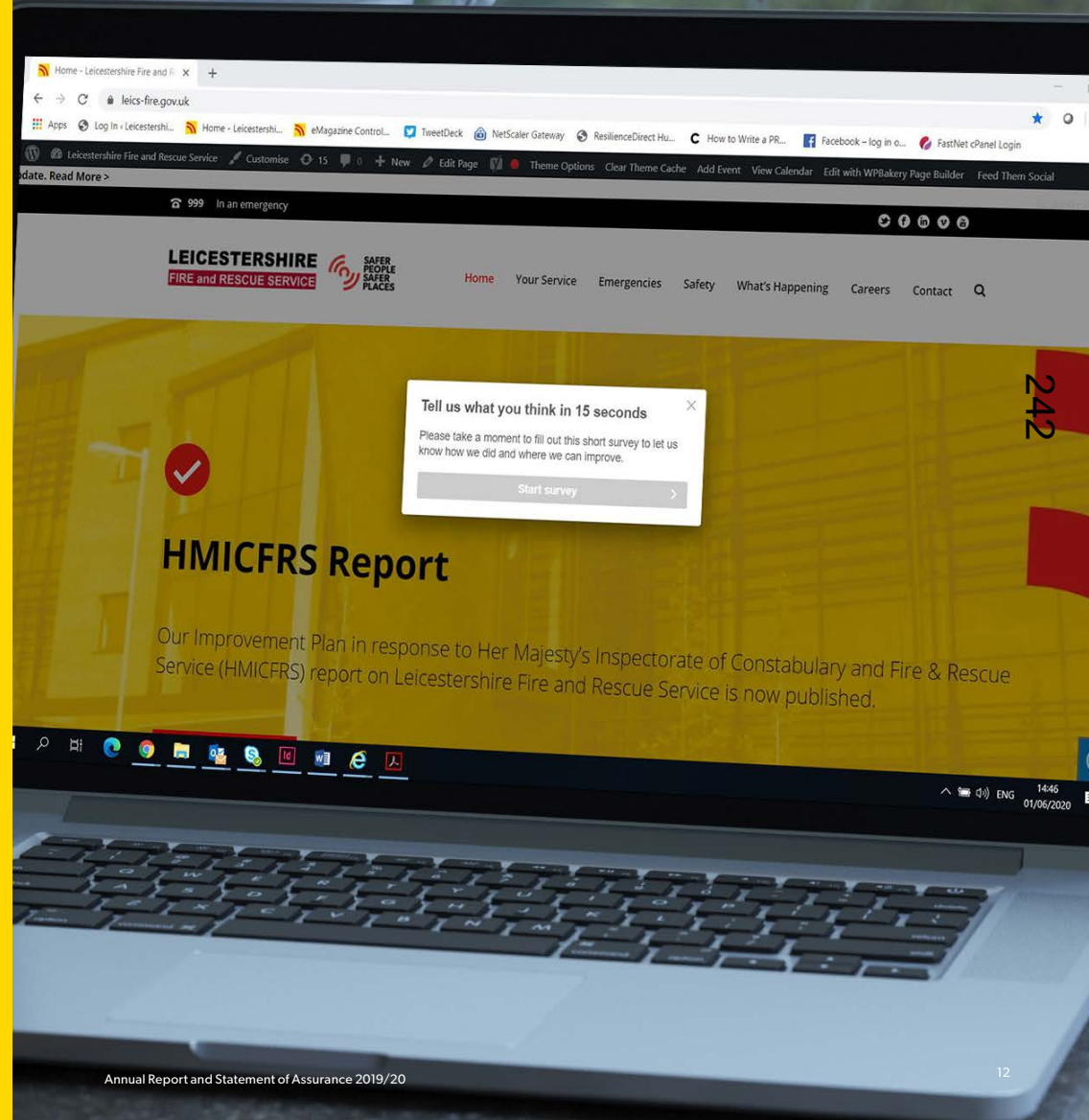
83% said they 'found the information useful'

93% said they 'would visit the site again'



Governance

Aim – Provide assurance



Statement of Assurance


Operational Assurance

The Combined Fire Authority (CFA) maintains key responsibilities that they are bound to carry out. These are primarily found within:

 [The Fire and Rescue Services Act 2004](#)

 [The Civil Contingencies Act 2004](#)

 [The Regulatory Reform \(Fire Safety\) Order 2005](#)

 [The Fire and Rescue Services \(Emergencies\) \(England\) Order 2007](#)

 [The Localism Act 2011](#)

 [The Fire and Rescue National Framework for England](#)

This section provides assurance that our service is delivered in line with our statutory responsibilities.

To meet the requirements of the Fire and Rescue Services Act 2004 and The Fire and Rescue National Framework for England, we publish an [Integrated Risk Management Plan \(IRMP\)](#) that identifies and assesses all foreseeable fire and rescue related risks.

Our risk identification and monitoring processes take into account historical incident data and trends, demographic data and local development strategies. We have a Community Risk Model (CRM) that suggests where a serious incident is more likely to occur relative to other locations within our area. We also have regard to our local resilience forum [community risk register](#) as well as national risks, and the arrangements we have in place with our neighbouring services for mutual assistance in response and fire investigation. All of this information is used to help make decisions on where our resources are best placed according to risk, helping us to make proposals.

By combining the IRMP and the corporate plan, we have one plan for responding to all of the risks and challenges facing our local communities, as well as to the organisation itself.

All of our corporate and IRMP objectives can be found in Our Plan which is updated each year. Our five priorities (response, safer communities, finance and resource and people and governance) each have a strategy that provides details on how we will achieve their aims. They underpin our planning framework and will guide us until 2024.

Financial Assurance

As a public service we are responsible for ensuring that public money is properly accounted for and used economically, efficiently and effectively. As part of financial assurance, our key financial systems are audited every year.

In line with the [Accounts and Audits \(England\) Regulations 2015](#), we publish our [statement of accounts](#) annually. This document sets out the costs of providing our service for the financial year 2019/20. It includes information on income and expenditure, a balance sheet, cash flow statement and a pension fund statement.

Our draft statement for 2019/20 will be published in September 2020. Regulations state that the final audited accounts must be published with the audit opinion and certificate and be approved by the CFA by 31 July each year. However, this date has been extended this year due to the COVID-19 outbreak.

In February 2020, we published our [budget strategy](#), [capital programme](#) and [revenue budget](#), setting out our spending plans for 2020/21. This is effectively our Medium Term Financial Plan (MTFP). The budget strategy links with the planned actions from our corporate plan and IRMP.

The statutory requirement to publish the [Gender Pay Gap](#) information was achieved prior to April 2020

Assurance

In line with the requirements of the Accounts and Audit (England) Regulations 2015, we published an [Annual Governance Statement \(AGS\)](#). This document is produced in accordance with the CIPFA/SOLACE framework and provides a self-assessment of the CFA's performance, along with a review of the effectiveness of our system of internal control and overall corporate governance arrangements.

Our AGS for 2019/20 is signed by the Chair of the CFA and the Chief Fire and Rescue Officer and is due to be approved by the CFA at its meeting in July 2020.


We are committed to being open and transparent to the public. Part of this includes meeting the [Local Governance Transparency Code 2015](#) where we are required to publish specific information on a regular basis. All of the transparency information can be accessed via one link on our website, found by visiting leics-fire.gov.uk/transparency.

Health and Safety

The Health, Safety and Welfare Committees have been constituted under Section 2 (7) of the Health and Safety at Work Act etc. 1974, and the Safety Representatives and Safety Committees Regulations 1977. The committees enable communications between staff and management supporting the health, safety and welfare of staff at work.

We acknowledge our legal duty and seek to embrace this joint working approach. This process helps our managers liaise with the workforce and ensures that chief officers have a thorough picture of the management of health, safety and welfare within the Service through leadership of the committee structure.

The organisational structure of the main consultative committees is: Under these committees we evaluate risks, and proactively plan for

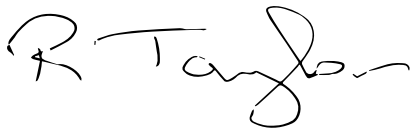
-  Health, Safety, Welfare and Corporate Risk Committee
-  Infrastructure Risk Committee
-  Operational Risk Committee
-  Road Risk Committee

the management of hazards and risks. This improves our ability to predict the likelihood of emerging risks and therefore aim to prevent them from occurring in the first place.

Assurance Declaration

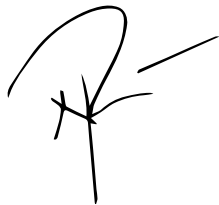
This statement of assurance informs and assures our communities and other relevant stakeholders that we are meeting national operational, financial and governance expectations; and declares that we are meeting the requirements set out in the [Fire and Rescue National Framework for England](#).

We are committed to continuing to provide an excellent level of service to you, our communities, whilst continuing to meet our statutory requirements and keeping you informed.



Rick Taylor

Chief Fire and Rescue Officer



Nicholas Rushton

Chair of the Combined Fire Authority



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FIRE and RESCUE SERVICE

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Status of Report: *Public*

Meeting: Combined Fire Authority

Date: 23 September 2020

Subject: Appointment of Independent Persons

Report by: The Solicitor and Monitoring Officer

Author: Lauren Haslam, Monitoring Officer

For: Decision

Purpose

1. This report concerns the appointment of Independent Persons to support the Member Conduct Complaints Process as required under Section 28 (7) of the Localism Act 2011 and to support the procedures for dealing with the dismissal of the Chief Fire and Rescue Officer, the Monitoring Officer and the Treasurer, as required by the Local Authorities (Standing Order) England Regulations 2001 (as amended). A supplementary report will be circulated to members.

Recommendation

2. The Committee is asked to have regard to this and the subsequent supplementary report and approve the appointment of the Independent Persons recommended by the Corporate Governance Committee for a term of four years ending on 30 September 2024.

Executive Summary

3. The Localism Act 2011 sets out provisions regarding the conduct of members and requires that the CFA appoint at least one Independent Person, whose view must be sought and taken into account by the Authority before it makes a decision on any allegation and whose views may be sought about allegations. In addition, The Local Authorities (Standing Order) England (Amendment) Regulations 2015 set out a new procedure for dealing with the possible dismissal of the Chief Fire and Rescue Officer, the Monitoring Officer and the Treasurer and this was adopted by the CFA on 11 December 2017.
4. The Term of Appointment for the Independent Persons recruited in 2017 will cease on 30 September 2020. A joint recruitment process has been undertaken with Leicestershire County Council over the summer to recruit and appoint a new pool of independent persons that can support both organisations' member complaints process and the dismissal process for senior officers. Interviews were carried out in early September, the outcome of which will be considered by the Corporate Governance Committee at its meeting on 16 September 2020. As this meeting was held after the agenda for the CFA meeting was distributed, a supplementary report will be circulated to members. The term of appointment would be for four years, ceasing on 30 September 2024.

Background

5. The Terms of Appointment for the Independent Persons appointed by the Combined Fire Authority in 2017 will cease on 30 September 2020. The CFA is thankful for the service given by the outgoing Independent Persons in supporting the Authority to uphold standards with elected members and senior Chief Officers.
6. A joint recruitment process has been undertaken with Leicestershire County Council. For both the Combined Fire Authority and the County Council, the Independent Persons will be appointed for a period of four years until 30 September 2024 to support both member conduct and Chief Officer dismissal processes as outlined above. The CFA is thankful for the service given by the outgoing Independent Persons in upholding standards with elected members and senior Chief Officers.
7. The position was publicly advertised and an interview process undertaken to recruit a pool of Independent Persons. The Interview Panel consisted of Members drawn from the Corporate Governance Committee and the Employment Committee of both the CFA and the County Council, supported by the County Council's Assistant Director of Corporate Resources – Corporate Services and the Head of Law (the Deputy Monitoring Officer).
8. It is proposed to appoint a pool of candidates for the four-year term to cover the joint role of supporting the CFA and the County Council, to allow greater flexibility and to avoid the possibility of a conflict of interest.
9. The Committee on Standards in Public Life completed a review into Local Government Ethical Standards and the recommendations are still being reviewed. When these have been finalised, the CFA will adapt recruitment processes for Independent Persons accordingly.
10. At its meeting on 16 September, the Corporate Governance Committee will consider a report of the Monitoring Officer on the appointment of Independent Persons and will make a recommendation to the CFA about these appointments. As this meeting was held after the agenda for the CFA meeting was distributed, a supplementary report will be circulated to members.

Report Implications/Impact

11. Legal (including crime and disorder)

The Localism Act 2011 sets out provisions regarding the conduct of members. It is a requirement under this Act that the CFA appoint at least one Independent Person, whose view must be sought and taken into account by the Authority before it makes a decision on any allegation and whose views may be sought about allegations.

The Local Authorities (Standing Order) England (Amendment) Regulations 2015 set out a new procedure for dealing with the possible dismissal of the Chief Fire and Rescue Officer, the Monitoring Officer and the Treasurer and this was adopted by the CFA on 11 December 2017.

12. Financial (including value for money, benefits and efficiencies)

By running a joint recruitment process for both the CFA and the County Council, economies of scale were achieved through reduced advertising costs, officer administration time and the servicing of a joint recruitment panel.

Any payments made to the independent persons appointed, for travel and subsistence expenses (where appropriate), will fall outside the Members Allowance Scheme which only applies to either elected or co-opted members of either Authority. An allowance is not proposed.

13. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

None.

14. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

The opportunities were advertised widely to ensure that a diverse pool of potential applicants was aware of the opportunities available.

15. Environmental

None.

16. Impact upon "Our Plan" Objectives

None.

Background Papers

Report to Corporate Governance Committee 16 September 2020 –
<https://leics-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

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