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### **Combined Fire Authority 2012/13 Statement of Accounts**

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Copies of the Statement of Accounts and a large print version are available from the Service Headquarters at 12 Geoff Monk Way, Birstall, Leicester, LE4 3BU.  
Tel; Leicester (0116) 2872241 or on our website.

## **EXPLANATORY FOREWORD**

The accounting statements contained in this booklet represent the Combined Fire Authority's (CFA's) accounts for the year ended the 31<sup>st</sup> March 2013. The accounts have been presented in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

The accounts comprise the core financial statements, the names and purposes of which are described below:

### **Movement in Reserves Statement**

This statement shows the movement in year on the different reserves held by the CFA, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the CFA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the CFA.

### **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded by taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS). The deficit on the provision of services is £10.320m (£12.503m in 2011/12)

### **Balance Sheet**

This sets out the value of assets and liabilities of the CFA as at the 31<sup>st</sup> March 2013. The net assets of the CFA (assets less liabilities) are matched by the reserves held by the CFA. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the CFA may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the CFA is not able to use to provide services. This category of reserves include reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'. The net worth of the CFA is £26.746m (£23.248m 2011/12) excluding pensions (a deficit of £335.605m including pensions) - (£286.839m 2011/12)

### **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. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e borrowing) to the CFA.

**Comparison of Income and Expenditure Spend to Budget**

The table below provides a comparison of actual expenditure for the financial year ending the 31<sup>st</sup> March 2013 with the revised budget.

	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
Employees	28,746	28,209	(537)
Fire Pensions	129	404	275
Indirect Employee Expenses	740	687	(53)
Premises	1,840	1,593	(247)
Transport	1,357	1,357	0
Supplies and Services	3,336	3,020	(316)
Other Local Authorities	50	141	91
Support Services	106	94	(12)
Capital Financing	5,581	5,735	154
Gross Expenditure	41,885	41,240	(645)
Income	(38,549)	(39,028)	(479)
Net Expenditure	3,336	2,212	(1,124)
Contribution to/(from) Specific Reserves	761	477	(284)
Net Expenditure after Specific Reserves	4,097	2,689	(1,408)
Contribution to/(from) General Fund	(4,097)	(3,853)	244
<b>Total Expenditure</b>	<b>0</b>	<b>(1,164)</b>	<b>(1,164)</b>

The accounts for 2012/13 show an underspend of £1,124k compared to the revised budget, before adjustments relating to reserves. The main areas contributing to the underspend are as follows:

Administration and Clerical pay £118k, Firefighters pay £332k, Control pay £50k, Retained pay £43k, training £50k, repairs and maintenance £283k, equipment and materials £18k, uniforms and laundry £101k, printing and stationery £15k, external audit fees £26k communications and computing £81k, subsistence and expenses £48k, Regional Management Board £99k, grants and secondment income £61k, Princes Trust income £358k, revenue contributions to capital £291k and other net variances of £13k, offset by a net increase in Her Majesty's Revenue and Customs (HMRC) pension costs of £285k, legal costs £91k and debt charges £447k.

The main items of income are:

Contributions received for the Princes Trust scheme, £638k (£453k 2011/12), interest income £107k (£101k 2011/12), dividend from the subsidiary, Forge Health Limited £33k (£57k 2011/12) and radio mast income £67k (£101k 2011/12).

**Comparison of Capital Spend to Revised Programme**

The table below provides a comparison of actual payments for the financial year ending the 31<sup>st</sup> March 2013 with the revised capital programme.

	<b>Revised Programme £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
Appliances/ Vehicles	821	751	(70)
Property	17,285	11,647	(5,638)
Equipment	573	351	(222)
IT and Communications	1,932	200	(1,732)
<b>Total Expenditure</b>	<b>20,611</b>	<b>12,949</b>	<b>(7,662)</b>

Capital expenditure shown in note 11 to the accounts also includes expenditure of £93k that is incurred under income and expenditure but above the de-minimus level for adding to the asset register, making a total of £13,042k.