

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

To: Members of the Combined Fire Authority

Mr. N. Bannister CC
Councillor Susan Barton
Councillor Kenneth A Bool
Mr D. Gamble CC
Mr. S. L. Bray CC
Mr. B. Champion CC
Councillor Luis Fonseca
Mr. K. Ghattoraya CC
Mr. D. Grimley CC

Mr. R. Hills CC
Mr. B. Lovegrove CC
Ms Betty Newton CC
Mr. J. T. Orson CC
Councillor Annette Byrne
Councillor Hemant Rae Bhatia
Mr Nicholas Rushton CC
Councillor Mahendra Valand

Copies to: Chief Fire Officer and Assistant Chief Fire Officers, 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 on **WEDNESDAY 30 NOVEMBER 2022** at **1.30pm** at **Leicestershire Fire and Rescue Service Headquarters, 12 Geoff Monk Way, Birstall** for the transaction of business set out on the attached Agenda.

Yours Faithfully



Lauren Haslam
Monitoring Officer



Leicestershire Fire and Rescue Service

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LEICESTER, LEICESTERSHIRE AND RUTLAND COMBINED FIRE AUTHORITY

Date/Time **Wednesday, 30 November 2022 at 1.30 pm**

Location **Leicestershire Fire and Rescue Service, 12 Geoff Monk Way,
Birstall, Leicester, LE4 3BU**

Officer to contact **Gemma Duckworth (Tel. (0116 305 2583))**

E-Mail **gemma.duckworth@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. Chairman'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 28 September 2022.		(Pages 5 - 12)
7. Appointment of Treasurer.	The Solicitor and Monitoring Officer	(Pages 13 - 16)
8. Service Delivery Update.	The Chief Fire and Rescue Officer	(Pages 17 - 22)
9. Day Crewing Plus Update.	The Chief Fire and Rescue Officer	(Pages 23 - 28)
10. Industrial Action Update.	The Chief Fire and Rescue Officer	(Pages 29 - 32)
11. Statement of Accounts and Annual Governance Statement 2021/22 and External Audit Update.	The Treasurer	(Pages 33 - 182)
12. Firefighters' Pension Scheme - Category 2 Immediate Detriment.	The Pension Scheme Manager	(Pages 183 - 194)

13. Urgent items.

14. Date of Next Meeting.

The next meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority will be held on 8 February 2023 at 10.00am at Leicestershire Fire and Rescue Service Headquarters, 12 Geoff Monk Way, Birstall.

15. Exclusion of the Press and Public.

The public are likely to be excluded during the following items of business in accordance with Section 100(A) of the Local Government Act 1972:

- Training Facility – Service Leadership and Development Centre: Project Update
- 999 Call Handling and Fire Engine Mobilising System
- Staff Re-engagement

(Exempt under Paragraphs 3 and 10 of Schedule 12A).

16.	Training Facility - Service Leadership and Development Centre: Project Update.	The Chief Fire and Rescue Officer	(Pages 195 - 202)
17.	999 Call Handling and Fire Engine Mobilising System.	The Chief Fire and Rescue Officer	(Pages 203 - 208)
18.	Staff Re-engagement.	The Chief Fire and Rescue Officer	(Pages 209 - 212)



Minutes of a meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority held at Leicestershire Fire and Rescue Service Headquarters on Wednesday, 28 September 2022.

PRESENT

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

Mr. N. D. Bannister CC	Mrs. H. J. Fryer CC
Cllr. Hemant Rae Bhatia	Mr. K. Ghattoraya CC
Cllr. K. Bool	Mr. R. Hills CC
Mr. S. L. Bray CC	Mr. B. Lovegrove CC
Cllr. A. Byrne	Ms. Betty Newton CC
Mr. B. Champion CC	Mr. C. A. Smith CC
Cllr. L. Fonseca	Cllr. M. Valand
Cllr. P. Westley	

In attendance

Callum Faint, Chief Fire and Rescue Officer
 Paul Weston, Assistant Chief Fire and Rescue Officer
 Lauren Haslam, Solicitor and Monitoring Officer
 Colin Sharpe, Treasurer
 Karl Bowden, Interim Assistant Chief Fire and Rescue Officer
 Gemma Duckworth, Democratic Services Officer

31. Apologies for absence.

Apologies for absence were received from Councillor S Barton, Mr D Gamble CC, Mr D Grimley CC and Mr J Orson CC.

32. 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.

33. Urgent Items.

There were no urgent items.

34. Chairman's Announcements.

The Chairman's announcements were circulated in advance of the meeting, a copy of which is filed with these minutes. The announcements covered the following matters:

- High Reach Fire Appliance
- Chief Challenge
- Chief's Commendations.

Arrangements would be made for members to view the new high reach fire appliance at the CFA meeting on 30 November.

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

It was reported that no questions had been received.

36. Minutes.

The minutes of the CFA meeting held on 27 July 2022 were considered.

It was moved by Councillor H. Rae Bhatia and seconded by Councillor K. Bool that the minutes of the CFA meeting held on 27 July 2022 be taken as read, confirmed and signed.

The motion was put and carried unanimously.

RESOLVED:

That the minutes of the CFA meeting held on 27 July 2022 be taken as read, confirmed and signed.

37. To consider the minutes of the Corporate Governance Committee meeting held on 13 July 2022.

The minutes of the Corporate Governance Committee meeting held on 13 July 2022 were considered.

It was moved by Councillor K. Bool and seconded by Mrs. M. E. Newton CC that the minutes of the Corporate Governance meeting held on 13 July 2022 be noted.

The motion was put and carried unanimously.

RESOLVED:

That the minutes of the Corporate Governance meeting held on 13 July 2022 be noted.

38. Financial Monitoring to the end of July 2022.

The CFA considered a report of the Treasurer which presented the financial monitoring to the end of July 2022. This was the first report in the budget monitoring cycle and presented the key issues arising from the revenue budget and capital programme as at the end of July 2022. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

The revenue position currently showed an overall forecast overspend of £33,000; this was planned to be funded from the budget strategy reserve. The overspends had been offset by the phased recruitment of new posts created as part of the 2022/23 budget and On Call being below establishment. It was highlighted that the 2022/23 pay awards had not yet been agreed and could exceed the budget provision. The forecast unbudgeted grant income of £262,000 for the Protection Uplift Grant was proposed to be transferred to the Grenfell Tower Inquiry Recommendations reserve.

The capital programme was reporting a spend of £748,000 to date. Slippage of £3,058,000 had been identified and was being kept under review.

In response to a query around high energy costs, assurance was given that these would be factored in when preparing the budget for the next financial year, along with funding for the CFA and the pay award.

The recommendations contained within the report were moved by Mr Rushton CC and seconded by Councillor Rae Bhatia. The motion was put and carried unanimously.

RESOLVED:

That:

- a) the revenue budget and capital programme position as at the end of July 2022 be noted; and
- b) the transfer of £262,000 of unbudgeted grant income to implement the recommendations from the Grenfell Tower Inquiry to an earmarked reserve to fund future expenditure be approved.

39. Service Delivery Update.

The CFA considered a report of the Chief Fire and Rescue Officer which provided an update on key service delivery performance for the period 1 April – 30 June 2022. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

It was pleasing to note that the number of fire safety audits being completed remained on a continued upward trajectory in line with the risk based inspection programme. A recent successful fire safety prosecution was also highlighted, along with an improved attendance time for life risk incidents.

Members wished to formally record their appreciation for the work undertaken by officers during the summer period.

The recommendations contained within the report were moved by Mr Rushton CC and seconded by Mrs Newton CC. The motion was put and carried unanimously.

RESOLVED:

That:

- a) The update provided on the key service delivery matters for the first quarter (1 April – 30 June 2022) be noted, in particular:
 - The successful prosecution under the Fire Safety Order
 - The increase in the number of fire safety audits being completed and support to local businesses
 - The positive feedback received from the public when responding to emergency incidents; and

- b) Officers be thanked, from the CFA, for the work undertaken during the summer period.

40. Day Crewing Plus Update.

The CFA considered a report of the Chief Fire and Rescue Officer which highlighted the further activity undertaken regarding the withdrawal from the Day Crewing Plus duty system and the preferred proposed option. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

Elements of the preferred option included the introduction of a 'self-rostering' duty system to provide operational availability over a 24 hour period at three DCP stations. This would be piloted, firstly at Coalville Fire Station and then Hinckley. The Service would begin to engage with staff at the pilot station during October 2022, with a view to commence the transition at the beginning of 2023. An update on progress would be provided to the next meeting of the CFA, along with further information on the timescales and what the duty systems would look like.

The recommendations contained within the report were moved by Mr Rushton CC and seconded by Councillor Rae Bhatia. The motion was put and carried unanimously.

RESOLVED:

That:

- a) The work undertaken within the Shift Working Group to establish the various options as the Service transitions away from the Day Crewing Plus Duty system be noted;
- b) The early introduction of a pilot for a self-rostering duty system at one of the identified DCP stations, with the commencement at the start of 2023, be noted; and
- c) A further update be provided to the next meeting of the CFA.

41. Date of Next Meeting.

The next meeting of the Leicester, Leicestershire and Rutland Combined Fire Authority will be held on 30 November 2022 at 1.30pm.

42. Exclusion of the Press and Public.

It was moved by Mr. N. J. Rushton CC and seconded by Councillor H Rae Bhatia 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 item of business as defined in the paragraphs of Schedule 12A of the Act detailed below:

- Appointment of the Assistant Chief Fire and Rescue Officer
- Forge Health Limited – Review of Operational Risk
- Industrial Action
- Industrial Action – Business Continuity Planning, as defined in Paragraph 3; and

That, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The motion was put and carried unanimously.

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 item of business as defined in the paragraphs of Schedule 12A of the Act detailed below:

- Appointment of the Assistant Chief Fire and Rescue Officer
- Forge Health Limited – Review of Operational Risk
- Industrial Action
- Industrial Action – Business Continuity Planning, as defined in Paragraph 3; and

That, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

43. Appointment of the Assistant Chief Fire and Rescue Officer.

The CFA considered an exempt report of the Employment Panel which advised of the outcome of the Employment Panel, established to consider the appointment to the Assistant Chief Fire and Rescue Officer (Service Support). A copy of the report, marked 'Agenda Item 14', is filed with these minutes.

The recommendations contained within the report were moved by Councillor Bool and seconded by Mr Bray CC. The motion was put and carried unanimously.

RESOLVED:

That:

- a) The outcome of the recent recruitment campaign and subsequent assessments be noted; and
- b) The appointment of Judi Beresford as the Assistant Chief Fire and Rescue Officer (Service Support) be approved.

44. Forge Health Limited - Review of Operational Risk.

The CFA considered an exempt report of the Chief Fire and Rescue Officer, the Treasurer and the Solicitor and Monitoring Officer which provided an overview of the commercial operation of Forge Health Limited, the outcome of a recent review of contractual arrangements held with public and private sector bodies and which sought a decision regarding the future of Forge Health Limited. A copy of the report, marked 'Agenda Item 15', is filed with these minutes.

Since the report had been written, a potential opportunity had presented itself and this would therefore be explored as an option.

The recommendations contained within the report were moved by Mr Rushton CC and seconded by Councillor Rae Bhatia. The motion was put and carried unanimously.

RESOLVED:

That:

- a) The Chief Fire and Rescue Officer, following consultation with the Treasurer and the Solicitor and Monitoring Officer, be authorised to explore options to remove the CFA from Forge Health Limited and to arrange for the provision of occupational health advice to LFRS directly via the Service;
- b) The Chief Fire and Rescue Officer be authorised to take such specialist legal, tax and other advice as may be required to progress (a) above;
- c) The Chief Fire and Rescue Officer be authorised to incur expenditure up to £150,000 in connection with (a) and (b) above; and
- d) There be a further report on the plan and progress at the CFA meeting on 30 November 2022.

45. Industrial Action.

The CFA considered an exempt report of the Chief Fire and Rescue Officer which raised awareness of the increased likelihood of industrial action across the Fire and Rescue Sector, at a national level. A copy of the report, marked 'Agenda Item 16', is filed with these minutes.

The recommendation contained within the report was moved by Mr Rushton CC and seconded by Councillor Rae Bhatia. The motion was put and carried unanimously.

RESOLVED:

That the report, the increased likelihood of Industrial Action and the potential impacts for the community and Service, be noted.

46. Industrial Action - Business Continuity Planning.

The CFA considered an exempt report of the Chief Fire and Rescue Officer which provided the information required for it to consider whether or not to extend the contract with a third party provider for contingency arrangements to the Service. A copy of the report, marked 'Agenda Item 17', is filed with these minutes.

The recommendation contained within the report was moved by Mr Rushton CC and seconded by Councillor Rae Bhatia. The motion was put and carried unanimously.

RESOLVED:

That the CFA agrees to extend the current contract with a third party provider to ensure that resilience cover is maintained within the Service during periods of Industrial Action.

10.00 - 10.33 am
28 September 2022

CHAIRMAN

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Status of Report: Public

Meeting: Combined Fire Authority

Date: 30 November 2022

Subject: Appointment of Treasurer

Report by: The Solicitor and Monitoring Officer

Author: Lauren Haslam, Monitoring Officer

For: Information

Purpose

1. The purpose of this report is to inform the Combined Fire Authority (CFA) of the appointment of a new Treasurer and S112 Officer to the CFA.

Recommendation

2. The Authority is recommended to:
 - a. Note the appointment of Amy Oliver as the Treasurer and S112 Officer to the CFA, in her capacity as Director of Finance and S151 Officer for Leicester City Council; and
 - b. Note that the Deputy S151 Officer (Colin Sharpe) remains as the named Pensions Scheme Manager.

Executive Summary

3. The formal role of CFA Treasurer is held by the Director of Finance at Leicester City Council. At its meeting on 16 June 2021, the CFA approved that the then Director of Finance formally delegated her powers as Treasurer and S112 Officer to the CFA to the City Council's Deputy S151 Officer, who in practice has assumed the lead role for the Treasurer function and supported the Leicestershire Fire and Rescue Service and CFA.
4. The City Council has now appointed a new Director of Finance and S151 Officer, who will assume the role of Treasurer and S112 Officer to the CFA. Amy Oliver will take up this role from 21 November 2022.
5. The delegations previously given to the Deputy S151 Officer will ultimately not be reviewed, although it is intended that this officer (Colin Sharpe) will remain as the named Pension Scheme Manager and will usually attend the Corporate Governance Committee.

Background

Treasurer to the CFA

6. The CFA has a duty under section 112 of the Local Government Finance Act 1998 (Act) to make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs (Chief Finance Officer).
7. The CFA must appoint a Treasurer of the Combined Fire Service fund in accordance with paragraph 7 of Schedule 1 of the Leicestershire Fire Services (Combination Scheme) Order 1996 (Order).
8. The CFA has the power by virtue of paragraph 10 of Schedule 1 to the Order to make arrangements with any constituent authority for the use by the CFA of the services of officers and employees of the constituent authority. Leicester City Council is a constituent authority under the Order.
9. Article 9.2 also provides that the duties of the Monitoring Officer and the Treasurer (apart from the administration of the financial affairs of the CFA) must be carried out personally. If these powers are delegated or carried out by a nominated Deputy, accountability will remain with the Monitoring Officer and the Treasurer as appropriate.

Firefighters' Pension Fund Scheme Manager

10. The Scheme Manager is defined in the 2014 regulations as being the Fire and Rescue Authority. Hence, the CFA is responsible for managing and administering the firefighters' pension scheme. The CFA may delegate the scheme manager role, however, it is important to note this does not absolve the CFA of responsibility.
11. The CFA at its meeting in December 2015 appointed the CFA Treasurer as the Pension Scheme Manager. This was subsequently reflected in the Constitution, with Article 9.4 (g) specifying that the Treasurer will undertake the role of Scheme Manager for the Firefighters' Pension Schemes on behalf of the CFA.
12. The Deputy Director of Finance, Colin Sharpe, has formally assumed the role of Scheme Manager on behalf of the Treasurer since 2021 and it is proposed that this continues to be the case. At the time of Mr Sharpe assuming this role, a variation to the Constitution was undertaken, replacing Article 9.4 (g) with: "The Treasurer will usually undertake the role of Scheme Manager for the Firefighters' Pension Schemes on behalf of the CFA, subject to any limitations imposed by the CFA. However, the CFA may alternatively formally delegate this role to another senior officer of LFRS or a constituent authority."

Underpinning Operational Document

13. The above formal appointments set out in the Constitution are supported by a document setting out the more detailed working arrangements, roles and responsibilities. This will be updated to reflect the changes in this report.

Report Implications/Impact

14. Legal (including crime and disorder)

There are no legal implications arising from this report.

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

There are no financial implications arising from this report.

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

It is important to secure proper and effective management of the CFA's finances and pension schemes.

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

There are no staff, service user or stakeholder implications arising from this report.

18. Environmental

There are no environmental implications arising from this report.

19. Impact upon "Our Plan" Objectives

The Finance and Resources strategic aim of demonstrating value for money is supported by the effective management of the CFA's finances and pension schemes.

Background Papers

Report to the CFA – 16 June 2021 – Pension Fund Scheme Manager and Treasurer Arrangements

<https://leicesterfire.wpenginepowered.com/wp-content/uploads/2021/06/pension-fund-scheme-manager-and-treasurer-arrangements.pdf>

Officers to Contact

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 0116 305 6240

Colin Sharpe, Deputy Director of Finance, Leicester City Council
colin.sharpe@leicester.gov.uk
0116 454 4081

Status of Report: Public
Meeting: Combined Fire Authority
Date: 30 November 2022
Subject: Service Delivery Update
Report by: Callum Faint – Chief Fire and Rescue Officer
Author: Paul Weston – Assistant Chief Fire and Rescue Officer
For: Information

Purpose

1. The purpose of the report is to update the Combined Fire Authority (CFA) members on key Service Delivery performance for the second quarter – 1 July – 30 September 2022.

Recommendation

2. The CFA is requested to note the update provided on the key service delivery matters for the second quarter (1 July – 30 September 2022), in particular:
 - a. The continued improvement with prevention and protection over the three-yearly average.
 - b. The proactive work being undertaken with businesses in relation to fire safety.
 - c. The positive feedback received from the public when responding to emergency incidents.

Executive Summary

3. This report sets out the progress, or otherwise, that has been achieved in relation to Service Delivery for the second quarter of 2022/23. The subject matter areas covered in this report include:
 - Prevention;
 - Protection;
 - Response;
 - Performance;
 - Incidents of note.
4. The number of fire safety audits being completed remains on a continued upward trajectory in line with the risk-based inspection program.
5. The report highlights the achievement of maintaining the ten-minute response time for life risk incidents, however several districts remain outside the target time of ten minutes. This is related to the location of incidents and the increased travel distances in these areas.

Background

Prevention

6. This reporting period has seen the delivery of 2,886 Home Safety Checks (HSCs), compared to 3,505 the previous quarter. This takes the total year to date of successful HSCs to 6,391. This is 1,720 higher than the three-yearly average baseline figure of 4,671.
7. The second quarter has seen the installation of 1,125 alarms. This includes 1030 smoke alarms, 38 carbon monoxide alarms and 57 smoke alarms for those hard of hearing. By ensuring that the Service targets those most vulnerable, it is able to support the aim of safer people, safer places.
8. The Service also analyses the success of the Home Safety Check visits. During the second quarter, 501 people responded, of which:
 - i. 100% felt safer after the visit;
 - ii. 92% of respondents were very satisfied with the visit, and 8% satisfied; and,
 - iii. 95% would change their current habits following the visit.
9. Feedback comments include:

“Feel safer knowing I have hard wired smoke alarms and now know what the battery is for. Pleased the bleeping has stopped”

“Knowing I have working smoke alarms and now know my deaf alarm is working OK”

“I now have more fire safety knowledge and have an alarm upstairs that makes me feel safer”

“I now have some smoke alarms which I didn't have before. The firefighter was most kind and explained in great detail what I should do if I have a fire”.
10. The intent of the HSC is to identify hazards and provide advice and guidance to the homeowner or tenant on how to reduce the hazard and lower the risk of a fire occurring.

Protection

11. The Fire Protection team is successfully working through the risk-based inspection program and has completed 213 fire safety audits during the second quarter, compared to 161 for the same period 2021/22. This takes the total audits for 2022/23 to 461.
12. In addition to the risk-based inspection program, the Fire Protection team have completed an additional 70 officer generated fire safety audits. This type of inspection arises through complaints or concerns from either operational crews or members of the public and is in addition to the planned risk-based inspection program.

13. As a result of all the fire safety audits undertaken this quarter, 44 Action Plans and 15 enforcement notices have been issued to premises that require improvement. Fire Protection Officers will continue to work with the building owners to ensure compliance.
14. The Service continues to pro-actively engage with both business owners and the responsible person(s); holding fire safety workshops to promote fire safety awareness and legislative responsibilities.
15. These fire safety workshops have been extremely successful during the last quarter with over 137 businesses represented at the July seminar. Further workshops are planned for quarters 3 and 4.

Response

16. The Service attended 2,702 incidents in the second quarter of 2022/23 compared to 2,296 in the previous quarter. Of the 2,702, 824 (30%) were non-fire incidents, 877 (32%) were fire false alarms and 1,001 (38%) were fire incidents.
17. Compared to the three-yearly benchmark, so far this year the Service has seen an increase of 18.5% in the number of incidents it has attended. This increase is in part due to the weather conditions experienced during July and August.
18. During the second quarter of 2022/23 the Service has responded to 15 incidents involving fatalities, including one fire fatality, five road traffic collisions, three suicides and six special services.
19. Given the nature of these incidents, the Service continues to support crews exposed to fatalities through the Trauma Risk Incident Management (TRiM) and support from the Occupational Health department.

Performance

20. On-Call availability for the second quarter has fallen to 57.6% compared to 59.7% for the previous one. The Service is working hard to increase On Call firefighters and will see four recruitment campaigns for 2022/23.
21. Whole-time availability remains constant for the second quarter at 97.4% which is slightly below the three-yearly average of 98.4%.
22. Attendance times to life critical incidents is currently ten minutes, which is in line with the Service's response target time; however, there are a number of districts that are slightly above the target. Those districts outside the ten-minute target include:
 - Blaby;
 - Charnwood;
 - Rutland;
 - Harborough;
 - Hinckley and Bosworth;
 - Melton;
 - Northwest Leicestershire.

23. Further analysis of the attendance times indicates that the rurality of these districts requires a longer drive time, thus negatively impacting the response.
24. The Service received 110 public responses within the second quarter to the After the Incident Survey, of which:
- i. 100% of respondents were happy with how their call was initially dealt with;
 - ii. 96.9% of respondents said the Service arrived on time or quicker than expected;
 - iii. 88% of respondents felt they were kept very well informed during the incident with 12% feeling fairly well informed;
 - iv. 100% of people responding to the survey stated that they are 'satisfied or very satisfied' with the overall service they received from Leicestershire Fire and Rescue Service.
25. Feedback comments include:
- "They were very calming and reassuring, they were wonderful, and I can't praise them highly enough"*
- "Just amazing response, very professional, made sure everything was safe and such a lovely team"*
- "Great service. Gave us confidence in the fire service".*
- "I was unsure whether to call as I didn't really know if the incident was significant or not. Both the call handler and the fire service who attended the scene were very reassuring and polite".*
- "They were very efficient and kept me informed throughout about what they were doing and what they felt needed doing to ensure that the chimney fire was fully out. They did their utmost to protect our carpeting etc in the bounds of securing the fire swiftly".*

Incidents of Note

26. The following are incidents of note during July - September:

July 2022

July saw significant and sustained emergency calls which resulted in the declaration of a major incident on 19 July. Incidents of note include:

Wildfire – Newtown Linford. Eight Appliances plus reliefs and specials
Incident was protracted over 22 days.

Grassland and wooded area involved in fire; accidental ignition caused by discarded BBQ.

Chemical Incident – Leicester. Four Appliances plus specials
Incident involved chemical leak within factory.

Building Fire – Walton on the Wolds. Six Appliances plus specials
Building involved in fire; accidental ignition due to weather.

Barn Fire – Skeffington. Five appliances plus specials
Barn involved in fire with cylinders, accidental ignition due to weather.

August 2022

August saw over 1,000 emergency incidents, which is the highest number for ten years. Incidents of note include:

Building Fire – Leicester. Seven Appliances plus Ariel.
Domestic dwelling involved in fire; building used to cultivate cannabis;
accidental ignition caused by by-pass of electrical circuits.

Building Fire – Shepshed. Eight Appliances plus specials.
Waste recycling fire, accidental ignition.

Building Fire – Leicester. Eight Appliances plus Ariel.
Flat within tall building in fire, evacuation of building; deliberate ignition caused
by persons unknown.

September 2022

Building fire – Leicester. Four Appliances
Flat involved in fire, caused by combustible materials close to ignition source
One male fatality, aged 56

Building Fire – Leicester. Five Appliances plus Ariel.
Flat within tall building in fire, evacuation of building; accidental ignition caused
by proximity of combustible material.

Building collapse – Leicester. Five Appliances plus specials
Partial collapse of building resulting in declaration of a major incident by the
Police due to impact within Leicester City.

Report Implications/Impact

27. Legal (including crime and disorder)

There are no legal implications arising from this report.

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

There are no direct financial implications from this report.

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

There are no risks arising from this report.

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

There are no staff, service users or stakeholder implications arising from this report.

31. Environmental

There are no environmental implications arising from this report.

32. Impact upon "Our Plan" Objectives

This report sets out relevant developments and performance achieved by the Service Delivery Directorate in pursuance of the objectives set out in Our Plan.

Officers to Contact

Callum Faint – Chief Fire and Rescue Officer

callum.faint@leics-fire.gov.uk

07800 709922

Paul Weston – Assistant Chief Fire and Rescue Officer

paul.weston@leics-fire.gov.uk

07966 111253

Status of Report: Public

Meeting: Combined Fire Authority

Date: 30 November 2022

Subject: Day Crewing Plus Update

Report by: Callum Faint – Chief Fire and Rescue Officer

Author: Paul Weston – Assistant Chief Fire and Rescue Officer

For: Information

Purpose

1. The purpose of this report is to update the Combined Fire Authority on the further activity undertaken regarding the withdrawal from the Day Crewing Plus (DCP) duty system and the proposed transitional plan.

Recommendation

2. The CFA is requested to:
 - a) Note the report and proposed transitional arrangements as the Service moves away from DCP.

Executive Summary

3. Day Crewing Plus (DCP) is a shift system that is operated in six fire stations within Leicestershire Fire and Rescue Service (LFRS). The DCP system sits outside of the nationally agreed systems and officers have not been able to agree a local collective agreement with representative bodies.
4. The Combined Fire Authority considered an exempt report on Day Crewing Plus at its meeting on 29 July 2020 and agreed that:
 - i. “the LFRS proposal to move away from the current DCP crewing system in preparedness for the next IRMP 2024 be approved”; and
 - ii. “that alternative options to replace the current DCP duty system, via an officer group working party of relevant stakeholder representatives, be developed.”

Background

5. The matters surrounding the DCP arrangements are long standing and complex. This was considered by the CFA (as an exempt report) at its meeting on 29 July 2020 where it was agreed that the Service would move away from the duty system and that alternative options would be developed.
6. Following the resolution of the CFA, officers were able to agree a joint statement with the Fire Brigades Union (FBU). This was an incredibly positive step forward and showed a joint commitment to the approach. It also saw the FBU agree to suspend its current trade dispute regarding this matter.

7. The Chief Fire and Rescue Officer had written to the Health and Safety Executive, informing them of the Authority's intentions and included a copy of the joint statement agreed with the FBU.
8. The Health and Safety Executive acknowledged the intention to move away from the duty system and has suspended any potential enforcement due to the agreed joint statement with the FBU.
9. In January 2021, the Service formed a Shift Working Group comprising of Officers and representatives from the FBU and the Fire Officers Association. The group established the terms of reference to ensure that staff and representative bodies were involved in the process and were able to contribute to any new future provision at an early stage.
10. The Shift Working Group's aim was to review all relevant data to understand the impact of moving away from DCP and with this data in mind, create a number of recommendations of what other systems or shifts could be put in place to ensure a suitable level of fire cover is maintained within the budgetary constraints of the Authority.
11. In September 2021, officers held a workshop with CFA members on the four recommended proposals put forward from the Shift Working Group. Of these options, all had an impact across the Service area in terms of 'weight of attack'.
12. Officers then held a series of pre-consultation events across the Service to discuss the recommended proposals, along with seeking alternative solutions from staff, considering the key principles of:
 - Must maintain the Service's 10-minute average attendance time to life risk incidents.
 - Must be affordable and sustainable within the foreseeable budget available.
 - Must be compliant with the Work Time Regulations or achievable through a collective agreement.
13. In December 2021, Central Government gave permission, for those Fire and Rescue Authorities whose funding is within the bottom quartile, to increase Council Tax precepts by £5.00 for a Band D property.
14. This flexibility generated an additional £1.8m which will be re-invested into frontline and support services to maintain the current levels of response following the withdrawal of the DCP duty system.
15. In January 2022 the Shift Working Review Group reconvened to consider a revised proposal taking into account the additional funding. Following CFA approval, the preferred option, as identified within Appendix A of the report, will now be subject to full public consultation as part of the Community Risk Management Plan (CRMP) (*formerly the Integrated Risk Management Plan (IRMP)*) consultation process in 2023.

16. Following the conclusion of the public consultation and analysis of responses, a further report will be presented to the CFA to agree the most appropriate option to move forward with for introduction into the Service.
17. In preparation for the CRMP, the Service has developed a draft transitional plan along with an indicative timeframe for when stations will transfer to an agreed duty system. This is attached as an Appendix B to the report.
18. In order to ascertain the effectiveness of a new proposed self-rostering duty system, Coalville Station will begin a pilot starting in February 2023. This station was identified for two reasons:
 - a. As there was no change to the level of response, there is no requirement for public consultation, and:
 - b. The Station has the highest proportion of staff on temporary DCP contracts.

Report Implications/Impact

19. Legal (including crime and disorder)

The current DCP duty system is very cost effective. However, it doesn't meet the Working Time Regulations and the FBU has stated that it will not sign a collective agreement. As such, the Service is required to move away in line with the next CRMP or face a legal challenge.

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

In order to maintain the same levels of Service Delivery with a duty system that complies with the Working Time Regulations there is a significant increase in the operating costs.

In December 2021, Central Government approved for the CFA to consider a Council Tax increase of £5.00 on a Band D property. This increase would generate additional income in the region of £1.8m. The financial cost of the preferred option is in the region of £1.7m based upon the 2021 pay settlement.

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

Staff across the Service have been engaged with the process of moving away from DCP through the Shift Working Group and a number of pre-consultation events.

Staff at DCP stations have been informed of the proposed transitional arrangements through station visits by the Senior Management Team.

Formal public consultation will commence in 2023 which will present staff, stakeholders and the community the opportunity of expressing their thoughts and suggestions on the proposed options.

22. Environmental

There are no environmental issues associated with this paper, however any changes within the Service (following IRMP consultation) may have an environmental impact that will need to be considered.

23. Impact upon “Our Plan” Objectives

Our plan and the 2020-24 IRMP specifically detail this piece of work: -

Aim 2 – We want to respond effectively to incidents, to do this we will
“Implement alternative crewing arrangements in the event of the Service moving away from the current Day Crewing Plus duty system”

Appendix

Appendix A – Summary of Proposed Changes

Appendix B – Proposed Transitional Arrangements

Background Papers

Leicestershire Fire and Rescue Service, Our Plan 2020 – 2024,

<https://leics-fire.gov.uk/wp-content/uploads/2021/07/our-plan-2021-july.pdf>

Leicestershire Fire and Rescue Combined Fire Authority (CFA) meeting 9 February 2022

<https://leicesterfire.wpenginepowered.com/wp-content/uploads/2022/02/item-9-day-crewing-plus-update.pdf>

Officers to Contact

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Appendix A – Summary of Proposed Changes

Station	Change
Castle Donington	Change from DCP duty system to Day Crewed Appliance crewed at night by tactical response crews from Loughborough and Western Stations
Birstall	Change from DCP duty system to 2-2-4
Loughborough	Introduction of an On-Call section and additional appliance Tactical Response Vehicle to relocate to Castle Donington at night
Melton Mowbray	No Change
Eastern	No Change
Western	Introduction of a Tactical Response Vehicle in addition to the appliance for additional prevention and protection work Tactical Response Vehicle to relocate to Castle Donington at night
Coalville	Change from DCP duty system to self-rostering
Central	No Change
Wigston	Change from DCP duty system to self-rostering
Oakham	Change from DCP duty system to 2-2-4
Market Harborough	No Change
Lutterworth	No Change
Hinckley	Change from DCP duty system to self-rostering
Southern	No Change

Appendix B – Proposed Transitional Arrangements

Phase	Station	Action	Time Scale																													
			Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	
1	Melton	Reduction in crew of 12 to 11																														
	Market Harborough																															
	Lutterworth																															
2	Coalville	Implement 2 x 12hr self-rostering																														
3a	Loughborough	Watch's reduced from 9 to 8																														
3b	Loughborough	Introduce On Call Section																														
4a	Hinckley	Implement 2 x 12hr self-rostering																														
4b	Oakham	Implement 2-2-4 Duty System																														
5a	Wigston	Implement 2 x 12hr self-rostering																														
5b	Birstall	Implement 2-2-4 Duty System																														
6	Western	Introduce Tactical Response Vehicle																														
7	Castle Donington	Implement Day Duty System																														

Status of Report: Public

Meeting: Combined Fire Authority

Date: 30 November 2022

Subject: Industrial Action update

Report by: The Chief Fire and Rescue Officer

Author: Callum Faint, The Chief Fire and Rescue Officer

For: Information Only

Purpose

1. The purpose of this report is to update the Combined Fire Authority on the latest information regarding Industrial Action (including strike action) by the Fire Brigades Union (FBU).

Recommendation

2. The Committee is recommended to note the update and preparations for industrial action.

Executive Summary

3. Pay, Terms and Conditioned of “Grey book” or uniformed staff up to and including Area Manager, is negotiated through a national body called the National Joint Council (NJC). The NJC has put forward a pay award to Grey book staff of 5%, effective from June 2022.
4. The employees side of the NJC is represented by the Fire Brigades Union (FBU). Following a consultative ballot with its members, the FBU has strongly rejected the 5% pay offer and is now moving towards a full ballot for strike action.
5. Section 11 sets out the likely times scale and steps that will be taken, placing the likelihood of industrial action in early February 2023.

Background

6. The Fire and Rescue Service has a strong tradition and links to trade unions and representative bodies. This is the case with both uniformed and professional support staff.
7. The links are heavily underpinned by nationally negotiated and agreed pay, terms and conditions of employment. This is achieved through National Joint

Committees (NJC's) of which there are predominantly two covering the Fire Sector; one for unformed staff (Grey Book terms and conditions) and one for professional support staff (Green Book terms and conditions).

8. The Employers side of the NJC is made up from elected members appointed by the Local Government Association. The Combined Fire Authority and the Chief Fire and Rescue Officer are only consultees in the business of the NJC; they do not vote or take part in the meetings and negotiations.
9. Since the previous update on 28 September 2022 the Green Book employees have voted to accept a pay rise. This has been communicated and will take effect from the November 2022 pay run. This was a flat increase of £1,925 to all roles plus an additional day of annual leave per year, starting from April 2023.
10. The NJC offer to Grey Book employees of 5% across all roles was put forward to the Fire Brigades Union (FBU). This offer was not centrally funded and would need to come from existing Fire Service's budgets. However, this would be challenging for most Fire Services/Authorities across the country.
11. The FBU ran a consultative ballot with its members, with a strong advisory message to reject the pay offer. The consultative ballot closed on 14 November 2022. There was a 78% turnout to the ballot and of this, 79% of the returned vote was to reject the offer of 5%.
12. On 15 November the FBU further communicated its anticipated timelines to formally progress the pay dispute;
 - i. 21 November - intend to submit letters to employers setting out a trade dispute with them on the issue of pay.
 - ii. 28 November - intend to notify all employers of the intention to ballot FBU members for strike action.
 - iii. 5 December - intend to commence a postal ballot of all FBU members with a recommendation for a 'yes' vote for strike action.
 - iv. 23 January 2023 - close of ballot.
13. Subject to the outcome of the ballot the FBU will be required to give 14 days' notice of any intended strike action. In conjunction with the current time line, this would mean that the first possible strike action would be in early/mid-February 2023.

Business Continuity Planning

14. Under the Civil Contingencies Act 2004 and the Fire Services National Framework document (2018), all Fire and Rescue Services are defined as "Category 1" responders. This places a legal requirement on those responders to plan for "all foreseeable" risks and ensure that they are still able to perform their functions. Industrial action is considered as a foreseeable risk.

15. Under direction from the Combined Fire Authority, the Chief Fire and Rescue Officer has put in place business continuity arrangements that will ensure the CFA meets or surpasses the requirement placed upon it. The details of these arrangements were the subject of an exempt report which was presented to the CFA at its meeting on 28 September 2022.
16. As required the arrangements have been submitted to the National Resilience team and passed on to the Home Office for overview and scrutiny. The Home Office has not sought further information or assurance from the plans submitted.

Report Implications/Impact

17. Legal (including crime and disorder)

The Civil Contingencies Act 2004 places a requirement for Category 1 responders to plan for “all foreseeable risks” and to make plans to ensure they are able to “deliver their function in the event of an emergency”. The third party resilience contract ensures this requirement is met.

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

Financial risks were detailed in the report to the CFA on 28 September 2022. This information is subject to commercial confidentiality so not contained in this report.

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

As much planning and mitigation as possible has been put in place but the risks associated with, and impact of, industrial action remains high.

Whilst the Service will meet the guidance from the Home Office regarding levels of fire cover, this is still heavily reduced from normal cover across LLR. This will likely lead to increased attendance times, reduced ability to attend incidents and come at a financial cost.

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

The “people” risks and impacts are difficult to directly quantify but are very significant and may run for significant periods of time. This will not be easy for staff and is also made more difficult by the current economic climate and pressures people are facing. Some staff may not feel able to strike (for personal and/or financial reasons) and others will feel incredibly passionate about it.

21. Environmental

There is the possibility for environmental impact in the event of significant incidents during periods of industrial action. Reduced number of fire engines and specialist capabilities to fight fires may lead to a significant environmental impact.

22. Impact upon “Our Plan” Objectives

The impact on our plan will be significant. In effect all work would cease in the Service with a focus entirely on operational response during periods of Industrial action.

Officers to Contact

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07800 709922

Status of Report: Public

Meeting: Combined Fire Authority

Date: 30 November 2022

Subject: Statement of Accounts and Annual Governance Statement 2021/22 and External Audit update

Report by: The Treasurer

Author: Colin Sharpe, Deputy Treasurer

For: Decision

Purpose

1. The purpose of this report is to seek approval to the Authority's Annual Statement of Accounts and Annual Governance Statement 2021/22, and to provide the Audit Completion Report from the External Auditor (Mazars) which details their audit work and recommendations.

Recommendation

2. The CFA is asked to:
 - a) Note the External Auditor's Audit Completion Report (ISA 260 Report) to those charged with Governance and the recommendations contained within it, attached at Appendix A;
 - b) Approve the Statement of Accounts 2021/22, subject to any technical changes that may be required following completion of outstanding audit work;
 - c) Approve the Annual Governance Statement 2021/22;
 - d) Approve the letter of representation submitted by the Treasurer;
 - e) Authorise the Treasurer to make any technical changes that may be required following the conclusion of outstanding audit work, such changes to be reported back to the CFA.

Executive Summary

3. The external audit of the financial statements has progressed well. The audit is very largely complete, although some minor queries and external documentation remain outstanding at the time of writing. The auditor anticipates issuing an unqualified opinion, without modification, on the financial statements.
4. This report presents the final accounts and associated audit documentation for approval by the CFA. The CFA is asked to authorise the Treasurer to make any technical changes that may be required as the outstanding audit work is completed, such changes to be reported back. The report notes the further external audit work required before the Audit Certificate can also be produced.

Background

5. The statutory accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the UK. The draft 2021/22 statement of accounts (attached as Appendix B) was signed by the former Treasurer on 28 July 2022 and submitted to the external auditor (Mazars) and published on the website (<https://leics-fire.gov.uk/your-fire-service/what-we-spend/actual-expenditure/>).
6. The draft Statement of Accounts and Annual Governance Statement were to be considered by the Corporate Governance Committee on 14 September 2022. The meeting was however cancelled due to the period of national mourning following the death of Her Majesty Queen Elizabeth II.
7. The Statement of Accounts shows the in-year performance in a standard format adopted by all authorities, including a balance sheet showing the financial position at 31 March 2022. The CFA will also recall receiving the separate management accounts, which set out the revenue and capital outturn.
8. Despite the wide variations in the way the position is presented, the key point is that both the outturn reports and the statutory accounts are consistent.
9. The Audit Completion Report (ISA 260 Report) (attached as Appendix A to this report) is to those charged with Governance. It details the conclusions of the external audit and makes recommendations.
10. The auditor reports that the draft financial statements were produced in accordance with the statutory timetable, the statements were of good quality and were well supported by working papers. A small number of disclosure amendments to the accounts were identified, none of which are considered significant or needing to be reported to Members. The auditor received positive co-operation from management during the audit.
11. At the time of writing this report, some matters remain outstanding before the audit of the Statement of Accounts can be completed (see page 7 of the Audit Completion Report at Appendix A). These include:
 - The auditor is working through residual queries and working papers relating to the Authority's assessment of asset valuations.
 - The auditor is awaiting a response to a request for assurances from the Leicestershire Local Government Pension Scheme Pension Fund auditor. Once received, the assurance letter will require additional audit procedures and could lead to uncertainties over the carrying value of the figures in the Authority's financial statements.
 - The auditor is awaiting a bank letter to confirm the Authority's cash balances.

- The auditor has received the audit evidence and response to queries in a number of areas unrelated to significant audit risks, which the auditor needs to review and conclude upon.
12. Hopefully, these matters will be resolved by the time of the meeting and the final documents can be presented. However, if they are not and so as to enable the CFA to give approval by the statutory deadline of 30 November 2022, authorisation is sought for the Treasurer to make any technical changes that may subsequently be required; such changes will be reported back to the CFA.
 13. The Annual Governance Statement will also be presented for approval (the draft is attached as Appendix B). When approved, it will be signed by the Treasurer and the Chairman and published with the Statement of Accounts. This statement should assure taxpayers 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.
 14. The format of the Annual Governance Statement to a large extent is dictated by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) framework 'Delivering Good Governance in Local Government'.
 15. The Letter of Representation, which will be issued nearer to the meeting, is signed by the Treasurer and approved by the CFA. It is designed to give the external auditor assurance on the information included in the Statement of Accounts and to affirm that the primary responsibility for the content of the Statement of Accounts remains with the CFA.
 16. The Audit Certificate would also usually be presented with this report. This confirms that the auditor has discharged all of their audit responsibilities and that the audit is formally 'closed'. However, this year it is again delayed for two reasons:
 - The auditor's work in respect of value for money arrangements is not yet complete. The auditor anticipates however there being no significant weaknesses in arrangements to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources.
 - A significant delay in Whole of Government Accounts work. The current focus is on 2020/21 work, meaning there is likely to be a substantial delay before the auditor is able to address WGA for 2021/22. The auditor has not yet received group instructions from the National Audit Office in respect of work on the WGA submission.

Report Implications/Impact

17. Legal (including crime and disorder)

The Authority is required to approve and publish the documents referred to in this report.

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

This report is concerned exclusively with financial issues.

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

There are no specific risks arising from this report.

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

The arrangements and changes for the posts of Treasurer, Monitoring Officer and Chief Fire Officer are reflected within the Annual Governance Statement.

21 Environmental

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

22 Impact upon "Our Plan" Objectives

It is important to ensure that the budget set by the CFA reflects and enables progress to be made against the CFA's corporate objectives. The Medium-Term Financial Plan reflects the CFA's strategic plan, "Our Plan". It also reflects national and regional strategies and policies at the time of issue.

One of the CFA's corporate aims is achieving excellence in managing our Service. This is underpinned by the objective of efficiency and provision of a Value for Money service. The production of the AGS supports both the aim and objective.

Background Papers

Report to the CFA, 27 July 2022 – Revenue and Capital Outturn 2021/22

<https://leicesterfire.wpenginepowered.com/wp-content/uploads/2022/07/item-7-revenue-and-capital-outturn-202122.pdf>

Appendix

Appendix A – Audit Completion Report (ISA 260 Report)

Appendix B – Draft Annual Statement of Accounts and Annual Governance Statement 2021/22

Appendix C - Letter of Representation

Officers to Contact

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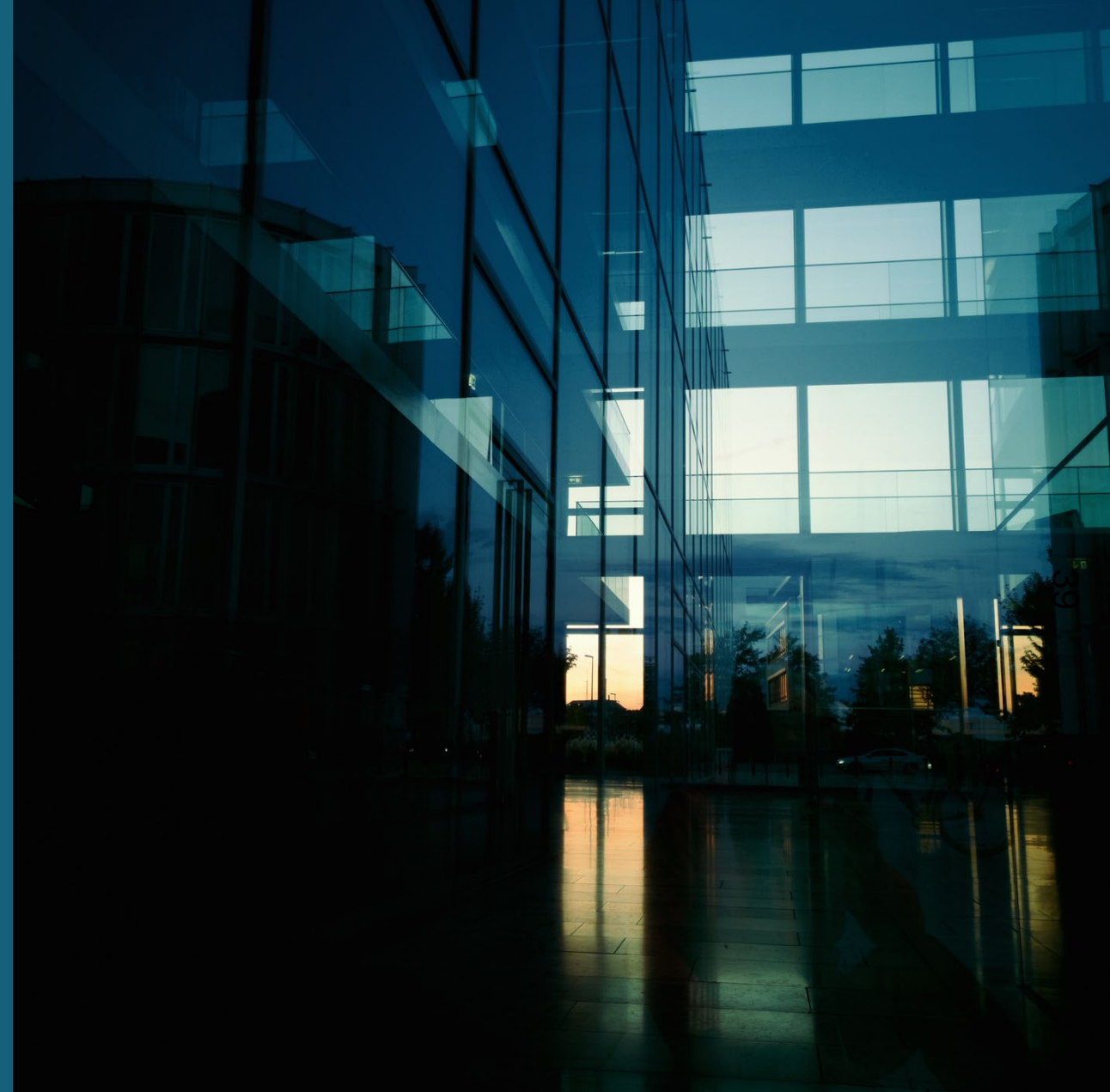
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Audit Completion Report

Leicester, Leicestershire and Rutland
Combined Fire Authority- Year ended 31
March 2022

November 2022



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- 01 Executive summary
- 02 Status of the audit
- 03 Audit approach
- 04 Significant findings
- 05 Internal control recommendations
- 06 Summary of misstatements
- 07 Value for Money

Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

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 the 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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22 November 2022

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. 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. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 0191 383 6321.

Yours faithfully

Gavin Barker

Gavin Barker
Director

Mazars LLP

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 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 on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of land and buildings.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations, Section 6 sets out audit misstatements and Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Our work in all areas has not highlighted any significant concerns to report.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, significant matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

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. This is subject to the work outstanding, identified in section 2 of this report.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

At the time of preparing this report, we have not yet received group instructions from the National Audit Office in respect of our work on the WGA submission. We are unable to commence our work in this area until such instructions have been received. We note that there is a significant delay in WGA work, and the current focus is on 2020/21 work, meaning there is likely to be a substantial delay before we will be able to address WGA for 2021/22.



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. No such correspondence from electors has been received.

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02

Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Valuations of Land and Buildings	 [Amber]	We are working through residual queries and working papers relating to the Authority's assessment of asset valuations.
Net Pension Liability	 [Amber]	We are awaiting a response to our request for assurances from the Pension Fund Auditor dated 10 May 2022. The assurance letter from the auditor will require additional audit procedures and it could lead to uncertainties over the carrying value of the figures in the Authority's financial statements. Until we receive the letter, we are unable to conclude on what, if any action, is required.
Cash and bank	 [Green]	We are awaiting a bank letter to confirm the Authority's cash balances.
Review of residual audit evidence	 [Green]	We have received the audit evidence and response to our queries in a number of areas unrelated to significant audit risks, which we need to review and conclude upon, covering: income cut-off; asset disposals; and minor disclosures notes in the financial statements.
Whole of Government Accounts	 [Green]	We have not yet received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to commence our work in this area until such instructions have been received.
Completion procedures	 [Green]	Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.
Value for Money	 [Green]	Our VFM work is not yet complete and we have not identified any significant weaknesses that require further work or reporting to members. Our assessment remains open until we issue the Annual Auditor's Report.



[Red]
Likely to result in material adjustment or significant change to disclosures within the financial statements.



[Amber]
Potential to result in material adjustment or significant change to disclosures within the financial statements.



[Green]
Not considered likely to result in material adjustment or change to disclosures within the financial statements.

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Executive summary

Status of audit

Audit approach

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money

Appendices

03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Reliance on internal audit

No reliance has been placed on internal audit for the 2021/22 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment at the Authority.

Materiality

Our provisional materiality at the planning stage of the audit was set at £1.52m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors, is £1.51m using the same benchmark.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have identified the following service organisations for the purposes of our audit.

Item of account	Service Organisation	Audit approach
Payroll costs and Senior Officer remunerations	Warwickshire County Council (WCC)	We reviewed the controls operating at the Authority over these transactions and gained an understanding of the services provided by the service organisation.
Pensions	West Yorkshire Pension Fund (WYPF)	We concluded that the Authority has sufficient controls in place over the services provided by WYPF and we were able to audit payroll and pensions based on the records held by the Authority.
Treasury Management	Leicester City Council	We concluded that the Authority has sufficient controls in place over the services provided by the City Council. We wrote to all organisations with which the Authority had invested to obtain direct confirmation of year end investment balances as at 31 March 2022.

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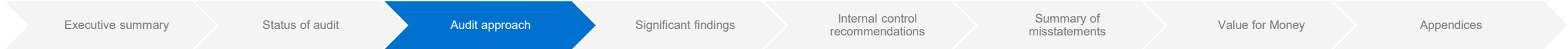


3. Audit approach

Use of experts

Information below was disclosed within our Audit Strategy Memorandum. No changes to our audit approach have been identified.

Item of account	Management's expert	Our expert
Land and Building	External valuer Fisher Hargreaves Proctor (FHP)	None We have used third party evidence provided via the NAO to support our challenge of valuation assumptions.
Pensions	Hymans Robertson LLP Actuary for Leicestershire Pension Fund (LGPS) Government Actuary's Department Actuary for Firefighters Pension Fund (FFPF)	PWC (Consulting actuary appointed by the NAO).
Financial Instrument disclosures	Arlington Close Treasury management advisors	None.



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other 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 16 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;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	Description of the risk
	<p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>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 there is a risk of material misstatement due to fraud on all audits.</p>
	How we addressed this risk
	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting 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 observations
	<p>We did not identify any significant transactions outside the normal course of business. We applied a combination of audit judgement and computer aided audit tools to analyse and perform tests over journal entries.</p>
	Audit conclusion
	<p>No issues have been identified that need to be brought to the attention of members.</p>

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4. Significant findings

Defined benefit liability valuation	Description of the risk
	<p>The defined benefit liability relating to the Local Government pension scheme represents significant balances on the Authority's balance sheet. The Authority uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk of misstatement in this area.</p> <p>Relevant Account Balances (taken from the 2021/22 draft financial statements): LGPS £12.9m and FFPF £502m – Note 38.</p>
	<p>How we addressed this risk</p> <p>We addressed this risk by:</p> <ul style="list-style-type: none">critically assessing the competency, objectivity and independence of the Pension Funds' Actuaries;liaising with the auditors of the Leicestershire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented correctly. This included the processes and controls in place to ensure data provided to the Actuaries by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; andagreeing the data in the IAS 19 valuation report provided by the Fund Actuaries for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.
	<p>Audit Observations</p> <p>The Authority's share of the LGPS pension fund net liability (being a deficit position) of £12.9m has decreased from £20m in the prior year as shown in Note 38 of the financial statements. The main movements being an increase in the value of pension assets from £34m to £40m. The Authority's share of the FF pension fund net liability (being a deficit position) of £502m has increased from £500m in the prior year as shown in Note 38 of the financial statements.</p> <p>We have not received assurance required from the Pension Fund auditor nor confirmation of whether the estimates provided to the Authority on pension fund assets and liabilities have materially moved once actual figures were known over the summer.</p>
	<p>Audit conclusion</p> <p>Our work is ongoing in this area.</p>



4. Significant findings

Valuation of land & buildings

Description of the risk

Land, Building and Investment Property assets are significant balances on the Authority's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.

At the planning stage of the audit, this risk covers (figures have been taken from the draft 2021/22 financial statements):

- Land and Buildings (note 16) £46m

How we addressed this risk

We addressed this risk by:

- critically assessing the Authority's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- considering whether the overall revaluation methodologies used by the Authority's valuers are in line with industry practice, the CIPFA Code of Practice and the Authority's accounting policies;
- assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;
- critically assessing the approach that the Authority adopts to ensure assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority's valuers; and
- testing a sample of individual valuations, back to source records to ensure appropriateness and to gain assurance over whether the correct accounting treatment has been applied.

Audit observations

The Authority has undertaken a remeasurement exercise during the year and we are currently reviewing the output of this exercise and the effect it will have on asset valuations.

Audit conclusion

In line with section 2 of this report, some queries remain outstanding so we are yet to finalise and confirm our findings.



4. Significant findings

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft financial statements were produced in accordance with the statutory timetable, the statements were of good quality and they were well supported by working papers.

Going Concern

The Authority's financial statements are prepared on the assumptions that it is a going concern and will continue its operations for the foreseeable future. International Auditing Standard ISA (UK) 570, requires auditors to 'obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern'.

Following the issue of Supplementary Guidance Note 1 (SGN1) by the National Audit Office, we have adopted a sector-specific approach to our work on going concern, which follows the principles of Practice Note 10 (PN10) and the guidance provided in SGN1. The SGN1 and PN10 make it clear that the auditor's focus for non-trading public sector bodies should be on the extent to which there are any indications that the services provided by an entity will cease or transfer outside of the public sector (termed the Continued Provision of Service approach ('CPoS')).

Significant matters discussed with management

Significant matters discussed with management during our audit, and which had implications for our audit testing and reporting included:

- The on-going impact of Covid-19 on the Authority's business, including any potential impact on risks of material misstatement;
- How the current financial market, has impacted the Authority's budget setting process, and assumptions made within the financial statements, alongside the impact of future funding; and
- Discussions on accounting provisions, contingent liabilities and the capital programme.

Significant difficulties during the audit

We have had positive co-operation from management during the audit and we want to thank, in particular, the Finance Manager and the Deputy Director of Finance for their support in responding to some late audit queries arising from some of our own internal resourcing difficulties.



4. Significant findings

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 2021/22 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. No such objections have been raised.

Possible delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Authority's arrangements for the year ended 31 March 2022 and expect to report our findings in the 2021/22 Annual Auditors Report within 3 months of giving our audit opinion. At the time of preparing this report, we have not identified any significant weaknesses in the Authority's arrangements that require us to make a recommendation.
- Whole of Government Accounts - The NAO has not yet issued its Group Instructions for local authority audits.

We will update the Authority when more information is known but at this stage the draft Auditor's Report at Appendix B assumes that we are not able to issue the Audit Certificate at this stage.

This position is the same as 2020/21.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was 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 in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or 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.

We assign priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

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06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £33k. The first table 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 second table outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	NIL				
Total unadjusted misstatements					

Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	NIL TO DATE				
Total unadjusted misstatements					

Disclosure amendments

Based on our work undertaken, we have identified a small number of disclosure amendments to the accounts, none of which are considered significant or needing to be reported to Members.



07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

We did not identify any risks of significant weaknesses in arrangements as part of our planning procedures or our work to date.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report no later than 3 months after we issue the audit opinion on the financial statements.

Status of our work

We are yet to complete our work in respect of the Authority's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however, we continue to undertake work on the Authority's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Authority's arrangements. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report at a future date.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To: Mazars LLP

Dear Sirs

Leicester, Leicestershire and Rutland Combined Fire Authority - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority (the Authority) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

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 ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us 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 Treasurer 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 that have a material effect on the financial statements have been recorded in the

accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and 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 these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

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

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

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.

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 the Code and applicable law.

Executive summary

Status of audit

Audit approach

Significant findings

Internal control
recommendations

Summary of
misstatements

Value for Money

Appendices

Appendix A: Draft management representation letter

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 Treasurer 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 financial statements 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, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed 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 and intangible assets below their carrying value at the balance sheet date. I have considered the impact of Covid-19 on the Authority's Investment Properties. 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

I am not aware of any 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 and applicable law 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.

Covid-19

We confirm that we have carried out an assessment of the on-going impact of the Covid-19 Virus pandemic on the Authority, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and there is no significant impact on the Authority's operations from restrictions or sanctions in place.



Appendix A: Draft management representation letter

Going concern

To the best of my knowledge there is nothing to indicate that the Authority will not 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.

I have updated our going concern assessment in light of the on-going Covid-19 pandemic. I continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Authority's needs. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Authority's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements (if there are any unadjusted misstatements)

I confirm that the effects of the uncorrected misstatements set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Treasurer



Appendix B: Draft audit report

Independent auditor’s report to the Members of Leicester, Leicestershire and Rutland Combined Fire Authority

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority (‘the Authority’) for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Pension Fund Statement, 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2022 and of the Authority’s 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 2021/22.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The Treasurer 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 audit report

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer 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 2021/22, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Treasurer 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Treasurer’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and those charged with governance the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and those charged with governance on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

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Appendix B: Draft audit report

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and those charged with governance. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

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.

Report on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Authority’s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Authority’s arrangements in our commentary on those arrangements within the Auditor’s Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

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.

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. 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

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.

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Appendix B: Draft audit report

Use of the audit report

This report is made solely to the members of 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 the members of the Authority 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot 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; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

(signature)

Gavin Barker, Key Audit Partner
For and on behalf of Mazars LLP

The Corner,
Bank Chambers
26 Mosley Street
Newcastle Upon Tyne
NE1 1DF

Date: *to be confirmed*



Appendix C: Independence

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.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Treasurer that Leicester, Leicestershire and Rutland Combined Fire Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>
Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and those charged with governance, confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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Gavin Barker, Director
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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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DRAFT ANNUAL ACCOUNTS 2021/22

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 a 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.

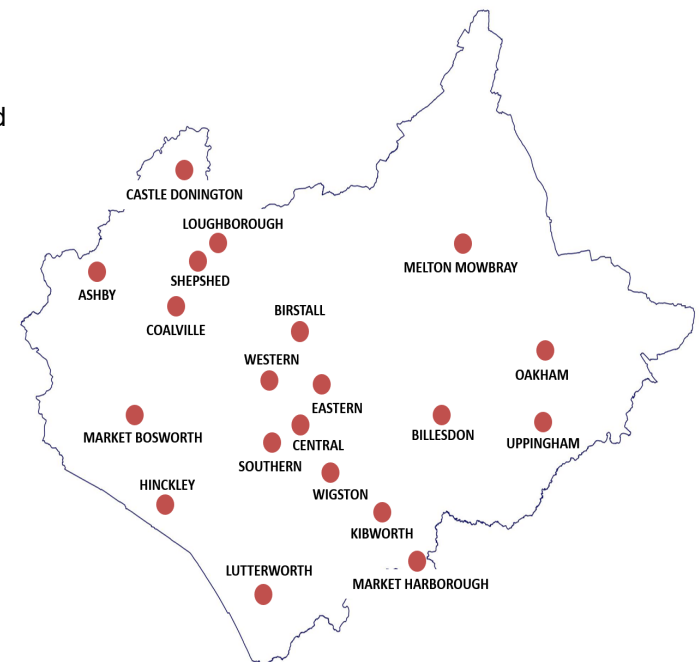
3. The Combined Fire Authority

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 600 staff; 471 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

Performance	2020/21	2021/22		2020/21	2021/22
Incidents			Fire Protection		
Fires	1,958	1,968	Fire safety audits	703	989
Road Traffic Collisions	568	707	Building regulations inspections	681	718
False Alarms	2,759	2,903	Fire safety concerns	420	583
Special Services	2,340	2,681	Specific inspections	155	194
	7,625	8,259	Desk based inspections	125	93
			Licensing consultations	183	290
			Fire safety advice requests	366	310
				2,633	3,177
Prevention			Enforcement		
Home fire safety checks	8,867	12,938	Prohibition notices	8	14
Smoke alarms fitted	1,167	3,546	Enforcement (formal) notices	23	36
	10,034	16,484	Action plans	56	126
			Deficiency notices	128	155
			Alteration notices	7	3
			Interim measures	15	29
				237	363

Incident numbers have started to return to pre-pandemic levels following the lifting of restrictions. Fire incidents remained very similar to last year, although they still remain low when measured against the previous 3 year average. There was a continued increase in 'special service' incidents, particularly assisting other agencies and effecting entry/exit.

Total Average response times:	2020/21	2021/22
Life Threatening Incidents	10 Mins 15 Secs	10 Mins 15 Secs
Non-Life Threatening Incidents	9 Mins 53 Secs	9 Mins 53 Secs

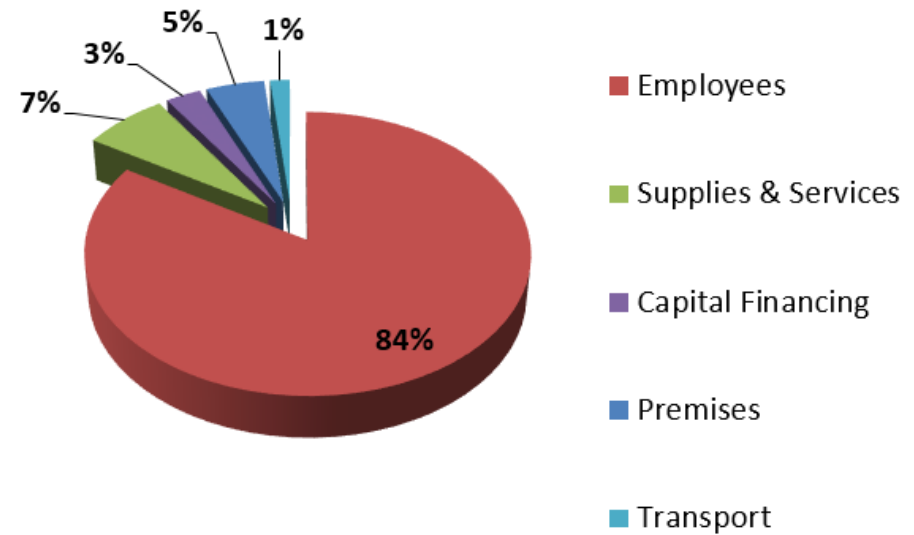
Narrative Statement (continued)

6. Financial Performance

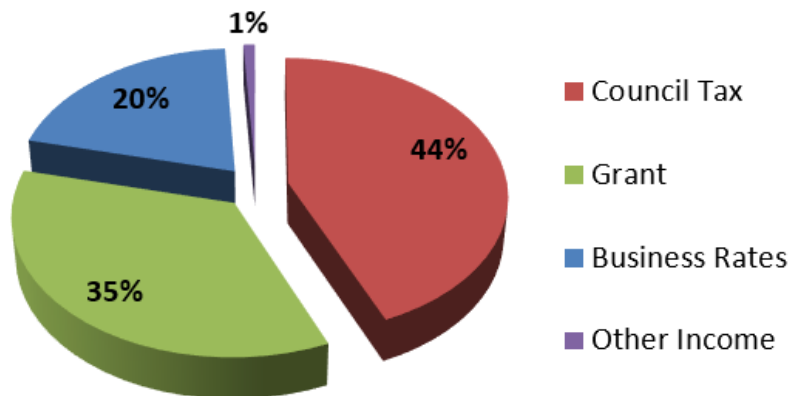
The budget for 2021/22 was set without knowing what level of funding would be available beyond 2021/22, nor the extent to which the COVID-19 pandemic and/or how a consequent of an economic downturn would impact us. Therefore it was positive to note the Fire Authority managed within its resources during 2021/22.

Net expenditure on provision of services was £40,257k in 2021/22 and £38,797k in 2020/21. The chart to the right sets out the spend by subjective description.

2021/22 Spend by Category



2021/22 Sources of Funding



The expenditure above is funded through various resources as demonstrated to the left: The Expenditure and Funding analysis in 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 was reported to the CFA on 27/07/2022.

Narrative Statement (continued)

7. Pension Liabilities

Local Government Pension Scheme (LGPS)

The CFA is a member of the Leicestershire local authority pension scheme. In common with most schemes, the CFA's share of the pension fund shows a significant deficit. This represents the difference between expected investment returns and the cost of providing benefits to scheme members which have been earned to date, whilst also taking account the contributions made by the CFA.



Firefighters Pensions

The CFA also recognises a significant liability in respect of the four statutory unfunded firefighter pension schemes. 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 38.

Narrative Statement (continued)

8. Net Assets

2021/22			2020/21 Restated		
Non-current asset (Property, plant & equipment) £53m Net current assets (debtors, creditors and cash) £19m	Long Term Liabilities pensions (£515m) Long Term Liabilities provisions and borrowing (£12m)	Funded by: Useable reserves £22m Unusable Reserves (£477m)	Non-current asset (Property, plant & equipment) £50m Net current assets (debtors, creditors and cash) £16m	Long Term Liabilities pensions (£521m) Long Term Liabilities provisions (£13m)	Funded by: Useable reserves £22m Unusable Reserves (£490m)
					
Net Liability 31st March 2022 £455m			Net Liability 31st March 2021 £468m		

Narrative Statement (continued)

9. Capital

Capital expenditure of £2.2M was incurred in 2021/22. Details of the spending can be seen in the table.

A number of projects initiated in 2021/22 are expected to continue into the next financial year, these include the purchase of an aerial ladder platform vehicle, purchase of 5 appliances, operational equipment and ICT purchases.

Capital Spend 2021-22		
Category	£000	Spend Includes:
Vehicles	1,678	4 new appliances, plus other operational and support vehicles
Firefighting Equipment	255	Minor equipment items
Property	199	Various works arising from condition surveys
ICT	117	Upgrades to support systems
Fire Control	17	Licensing Costs
Total	2,266	

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. Looking Ahead

The CFA has set a balanced budget for 2022/23. The Revenue and Capital programme for the following 3 years was reported to the CFA on 09/02/2022.

The local government finance settlement for 2022/23 allowed authorities in the lowest quartile to increase Band D taxes by £5 in 2022/23.

When setting the 2022/23 budget the CFA recognised the need to set a sustainable budget. However, it recognised the budget is going to come under increasing pressure due to future costs relating to the removal of the Day Crewing Shift system and potential inflationary impacts.

12. Conclusion

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)

13. 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 2022. 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 2021/22. 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) Statement** - 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 COMBINED FIRE AUTHORITY'S RESPONSIBILITIES

The Combined Fire Authority 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 are not yet approved by the Combined Fire Authority

Clr Nicholas Rushton - CHAIR OF THE COMBINED FIRE AUTHORITY

THE TREASURER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Treasurer 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.



Alison Greenhill

TREASURER OF THE COMBINED FIRE AUTHORITY

Date:

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

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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 surplus in 2021/22 of £12,750k.

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 deficits on the revaluation of pension liabilities and deficits on revaluation of property assets.

Comprehensive Income and Expenditure Statement (continued)

2020/21			2021/22				
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£000	£000	£000	Note	£000	£000	£000	
43,855	(5,058)	38,797	Combined Fire Authority	44,824	(4,567)	40,257	
43,855	(5,058)	38,797	Cost of Services	44,824	(4,567)	40,257	
	(100)	(100)	Other Operating Expenditure		(110)	(110)	
11,198	(18)	11,180	Financing and Investment Income and Expenditure	13	10,939	(31)	10,908
	(45,602)	(45,602)	Taxation and Non-Specific Grant Income and Expenditure	14		(47,714)	(47,714)
55,053	(50,778)	4,275	(Surplus) or Deficit on Provision of Services		55,763	(52,422)	3,341
		181	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	25b			(2,263)
		39,997	Remeasurement of the Net Defined Benefit Liability	25d			(13,828)
		40,178	Other Comprehensive Income & Expenditure				(16,091)
		44,453	Total Comprehensive Income & Expenditure				(12,750)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves which contain items that illustrate the difference between the authority’s financial position under accounting standards (“the accounting basis”) and the amount charged to the taxpayer for the year (“the funding basis”).

2021/22	General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Note	£000	£000	£000	£000	£000
Note	24	11		25	
Balance at 31st March 2021 brought forward	(2,587)	(19,242)	(21,829)	489,756	467,927
Total Comprehensive Expenditure and Income	3,341	-	3,341	(16,091)	(12,750)
Adjustments between accounting basis & Funding basis under regulations	10 (3,666)	-	(3,666)	3,666	-
Transfers to/(from) Earmarked Reserves	11 (75)	75	-	-	-
Increase/(Decrease) in 2021/22	(400)	75	(325)	(12,425)	(12,750)
Balance at 31st March 2022 carried forward	(2,987)	(19,167)	(22,154)	477,331	455,177

Movement in Reserves Statement (continued)

2020/21 Restated		General Fund Balance	Earmarked Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000
Note		24	11		25	
Balance at 31st March 2020 brought forward		(2,147)	(13,142)	(15,289)	438,763	423,474
Total Comprehensive Expenditure and Income		4,275	-	4,275	40,178	44,453
Adjustments between accounting basis & Funding basis under regulations	10	(10,815)	-	(10,815)	10,815	-
Transfers to/(from) Earmarked Reserves	11	6,100	(6,100)	-	-	-
Increase/(Decrease) in 2020/21		(440)	(6,100)	(6,540)	50,993	44,453
Balance at 31st March 2021 carried forward		(2,587)	(19,242)	(21,829)	489,756	467,927

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 23), 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 11, 24 & 25, and the change in the level of reserves is reconciled in the Movement in Reserves Statement, as outlined above.

2019/20	2020/21		2021/22
Restated 31st March 2020	Restated 31st March 2021		31st March 2022
£000	£000	Note	£000
50,771	49,640	Property, Plant & Equipment	16 53,098
107	131	Intangible Assets	17 146
50,878	49,771	Long Term Assets	53,244
390	402	Inventories	19 314
4,486	8,720	Short Term Debtors	20 8,373
13,303	13,177	Cash and Cash Equivalents	21 14,322
18,179	22,299	Current Assets	23,009
(1,369)	(1,431)	Short Term Borrowing	18a (1,229)
(4,872)	(4,944)	Short Term Creditors	22 (3,388)
(417)	(65)	Provisions (<1 year)	23 (26)
(6,658)	(6,440)	Current Liabilities	(4,643)
(429)	(530)	Provisions (>1 year)	23 (439)
(13,916)	(12,484)	Long Term Borrowing	18a (11,255)
(471,528)	(520,543)	Net Pensions Liability	25d (515,093)
(485,873)	(533,557)	Long Term Liabilities	(526,787)
(423,474)	(467,927)	Net Assets	(455,177)
		<u>Represented by:</u>	
(15,290)	(21,829)	Usable Reserves	24 (22,154)
438,764	489,756	Unusable Reserves	25a 477,331
423,474	467,927	Total Reserves	455,177

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.

2020/21		2021/22
£000		£000
	Note	
4,275	Net (surplus) or deficit on the provision of services	3,341
(6,951)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(8,183)
(2,676)	Net cash flows from Operating Activities	(4,842)
1,330	Net cash flows from Investing Activities	2,156
1,472	Net cash flows from Financing Activities	1,541
126	Net (increase) or decrease in cash and cash equivalents	(1,145)
13,303	Cash in hand, (overdraft) and cash equivalents at the beginning of the reporting period	13,177
13,177	Cash in hand, (overdraft) and cash equivalents at the end of the reporting period	14,322

Explanatory Notes To The Core Financial Statements

Note 1 Accounting Policies

Changes in Accounting Policies

Only minor amendments have been made to the 2021/22 accounting policies to provide users with greater clarity.

Accounting Policies for 2021/22

1. General Principles

The Statement of Accounts summarises the CFA's transactions for the 2021/22 financial year and its position at the year-end of the 31st March 2022. 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 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as applicable to Fire Authorities and the Service Reporting Code of Practice 2021/22 (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.

2. Recognition 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.

3. 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)

4. 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.

5. 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 Movement in Reserves Statement (MIRS) for the difference between the two.

6. 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 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)

7. 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 entitlement earned by the employee but not taken before the end of the 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 Services and reversed into the period when the entitlement is taken. To avoid an impact on balances this is reversed in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are 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.

These costs are charged on an accruals basis to the appropriate service when the CFA is committed to the termination, or makes an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, the General Fund Balance is required to be charged, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.

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 2022 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 2.72% for the LGPS and 2.65% for the Firefighter's schemes.

The assets of the LGPS attributable to the CFA are included in the Balance Sheet at their fair value: The change in the pensions asset/liability is analysed into the following six components:

- 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 arising from current year decisions 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
- Net interest on the net defined benefit liability – the net of the expected increase in the present value of liabilities over the year arising from the passage of time and the expected return on scheme assets discounted at the discount rate used for the liabilities. This is part of Financing & Investment Income & Expenditure.
- Gains/ Losses on settlements and curtailments – the results of actions to relieve the CFA of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services as part of Non-Distributed Costs.
- Re-measurements of the net defined benefit obligation – this is the change in the net pensions liability over the year attributable to changes in demographic and financial assumptions.
- Contributions paid to the Leicestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund.

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.

8. Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- 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.

Note 1 Accounting Policies (continued)

9. 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.

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

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

- Amortised Cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

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

10. 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.

11. 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.

12. 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 2021/22 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 29 gives details.

The CFA is one of twelve members of the Fire Rescue Indemnity Company Limited (FRIC). The CFA's risk protection arrangements are provided through the pooled funds of the company. Further details of payments to FRIC are provided in Note 34.

13. 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 1 Accounting Policies (continued)

14. 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, each element is 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.

CFA as Lessor

An agreement remains with East Midlands Ambulance Service (EMAS) for the occupation of an area within Headquarters & Coalville Fire Station.

CFA as Lessee

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).

15. 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 all expenditure that is directly attributable to bringing the asset into working condition for its intended use. 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. 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 2022.

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.

Note 1 Accounting Policies (continued)

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

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.

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

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

16. Provisions, Contingent Liabilities and Contingent Assets

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

economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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.

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.

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

Both contingent assets & liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

17. 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.

Certain unusable 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 25.

Note 2 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the CFA in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22	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	34,348	5,909	40,257
Net Cost of Services	34,348	5,909	40,257
Other Operating Expenditure	-	(110)	(110)
Financing and Investment Income and Expenditure	1,345	9,563	10,908
Taxation and Non-Specific Grant Income	(36,018)	(11,696)	(47,714)
(Surplus) or Deficit on Provision of Services	(325)	3,666	3,341
Movement in Balances	Usable Reserves		
Opening Balance	(21,829)		
Surplus or Deficit in the Year	(325)		
Closing Balance	(22,154)		

Note 2 Expenditure and Funding Analysis (continued)

2020/21	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	31,374	7,423	38,797
Net Cost of Services	31,374	7,423	38,797
Other Operating Expenditure	-	(100)	(100)
Financing and Investment Income and Expenditure	1,615	9,565	11,180
Taxation and Non-Specific Grant Income	(39,529)	(6,073)	(45,602)
(Surplus) or Deficit on Provision of Services	(6,540)	10,815	4,275
Movement in Balances	Usable Reserves		
Opening Balance	(15,289)		
Surplus or Deficit in the Year	(6,540)		
Closing Balance	(21,829)		

Note 3 Accounting Standards Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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:

Annual Improvements to IFRS Standards 2018–2020 notes 3 changed standards. These are:

- **IFRS1 (First-time adoption)** - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- **IAS 37 (Onerous contracts)** - clarifies the intention of the standard.
- **IAS 41 (Agriculture)** - the amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

These changes are not envisaged to have a significant affect on our accounts when implemented from 1st April 2022.

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) Accounts prepared on a going concern basis

These accounts have been prepared on a going concern basis. The concept of a going concern assumes that an organisation, its functions and service will continue in operational existence for the foreseeable future. However, there is a high degree of uncertainty about future funding levels for local government and the future economic outlook. The CFA's management has used its judgement and determined that its financial strategy is robust and that this is not yet sufficient to affect the assumptions underpinning the strategy and the authority will continue as a going concern.

b) Forge Health

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 2021/22. As the interests are not considered material, group accounts are not presented.

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 2022 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
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.	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 increase in the pension liability £51,935K (£5,935K LGPS and £46,000K Firefighters schemes). However, the assumptions interact in complex ways.

Note 6 Prior Period Adjustment

The Authority has been required to make a prior period adjustment in relation to Property, Plant and Equipment.

The adjustment relates to the services mobilising system which went operational in 2016/17 but had not been moved from Assets Under Construction.

The adjustment removes expenditure under Asset's Under Construction and transfers this to Intangible Assets. However, the intangible asset has been fully amortised and therefore the Net Book Value has remained the same after the restatement.

This has no effect on the Authority's financial position and is just an accounting adjustment. The effect on the Balance Sheet is shown in the table to the right.

The following supporting notes have also been restated as a result of the prior period adjustment:

- Note 16 - Property, Plant & Equipment
- Note 17 - Intangible Assets
- Note 25 - Unusable Reserves

	2019/20	2019/20		
		31st March 2020	31st March 2020	
		As Originally Stated	As Restated	Amount of Restatement
		£000	£000	£000
Property, Plant & Equipment		52,268	50,771	(1,497)
Intangible Assets		107	107	
Long Term Assets		52,375	50,878	(1,497)
Inventories		390	390	-
Short Term Debtors		4,486	4,486	-
Cash and Cash Equivalents		13,303	13,303	-
Current Assets		18,179	18,179	-
Short Term Borrowing		(1,369)	(1,369)	-
Short Term Creditors		(4,872)	(4,872)	-
Provisions (<1 year)		(417)	(417)	-
Current Liabilities		(6,658)	(6,658)	-
Provisions (>1 year)		(429)	(429)	-
Long Term Borrowing		(13,916)	(13,916)	-
Net Pensions Liability		(471,528)	(471,528)	-
Long Term Liabilities		(485,873)	(485,873)	-
Net Assets		(421,977)	(423,474)	(1,497)
<u>Represented by:</u>				
Usable Reserves		(15,290)	(15,290)	-
Unusable Reserves		437,267	438,764	1,497
Total Reserves		421,977	423,474	1,497

Note 7 Material Items of Income and Expense

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

Note 8 Events After the Balance Sheet Date

There were no significant events at the time of publishing these accounts.

Note 9 Note to the Expenditure and Funding Analysis

The following tables provide reconciliations between the main adjustments to Net Expenditure Chargeable to the General Fund balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2021/22	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	40,257	1,100	(7,057)	48	(5,909)	34,348
Cost of Services	40,257	1,100	(7,057)	48	(5,909)	34,348
Other Operating Expenditure	(110)	110	-	-	110	-
Financing and Investment Income and Expenditure	10,908	824	(10,387)	-	(9,563)	1,345
Taxation and Non-Specific Grant Income	(47,714)	-	9,066	2,630	11,696	(36,018)
(Surplus) or Deficit on Provision of Services	3,341	2,034	(8,378)	2,678	(3,666)	(325)

Note 9 Note to the Expenditure and Funding Analysis (Continued)

Adjustments Between Accounting & Funding Basis						
2020/21	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	Net Expenditure Charged to the General Fund Balance
	£000	£000	£000	£000	£000	£000
Combined Fire Authority	38,797	(1,059)	(6,339)	(25)	(7,423)	31,374
Cost of Services	38,797	(1,059)	(6,339)	(25)	(7,423)	31,374
Other Operating Expenditure	(100)	100	-	-	100	-
Financing and Investment Income and Expenditure	11,180	1,043	(10,608)	-	(9,565)	1,615
Taxation and Non-Specific Grant Income	(45,602)	32	7,929	(1,888)	6,073	(39,529)
(Surplus) or Deficit on Provision of Services	4,275	116	(9,018)	(1,913)	(10,815)	(6,540)

Note 9 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 10 Adjustments between Accounting Basis and Funding Basis under

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	2021/22	
	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	(2,164)	2,164
Revaluation losses on Property Plant and Equipment	1,108	(1,108)
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	110	(110)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	824	(824)
Capital expenditure charged against the General Fund balance	2,156	(2,156)
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	(110)	110
Use of the Capital Receipts Reserve to finance new capital expenditure	110	(110)

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustment Continued	2021/22	
	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	(22,641)	22,641
Employer's pensions contributions and direct payments to pensioners payable in the year	14,263	(14,263)
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	48	(48)
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	2,630	(2,630)
Total Adjustments	(3,666)	3,666

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment	2020/21	
	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	(2,283)	2,283
Revaluation losses on Property Plant and Equipment	(74)	74
Capital grants and contributions applied	32	(32)
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	(3)	3
Use of the Capital Receipts Reserve to finance new capital expenditure	103	(103)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:		
Statutory provision for the financing of capital investment	1,043	(1,043)
Capital expenditure charged against the General Fund balance	1,298	(1,298)
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	(103)	103
Use of the Capital Receipts Reserve to finance new capital expenditure	103	(103)

Note 10 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2020/21	
	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	(22,146)	22,146
Employer's pensions contributions and direct payments to pensioners payable in the year	13,128	(13,128)
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	(25)	25
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	(1,888)	1,888
Total Adjustments	(10,815)	10,815

Note 11 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. Additional information on the earmarked reserves can be found in the authority's outturn report.

2021/22	Balance at 31st March 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance at 31st March 2022
	£000	£000	£000	£000
Ill Health Retirement Reserve	(153)	-	153	-
Emergency Services Mobile Communications Programme Reserve	(326)	-	326	-
Capital Fund Reserve	(6,481)	(3,296)	2,172	(7,605)
Estates Strategy Reserve	(6,026)	(321)	-	(6,347)
Recruitment Over - Establishment Reserve	(400)	-	-	(400)
Budget Strategy & Covid 19 Reserve	(2,929)	(1,203)	1,400	(2,732)
Grenfell Reserve	(319)	(305)	224	(400)
ESN Infrastructure Reserve	(986)	-	66	(920)
Covid 19 - Deficit Reserve	(1,622)	(573)	1,432	(763)
Total Earmarked Reserves	(19,242)	(5,698)	5,773	(19,167)

*Covid-19 Deficit Reserve contains government grant received in relation to collection fund deficits that will be realised in future years.

Note 11 Movement in Earmarked Reserves (continued)

2020/21	Balance at 31st March 2021	Transfers In 2020/21	Transfers Out 2020/21	Balance at 31st March 2021
	£000	£000	£000	£000
Insurance Reserve	(157)	-	157	-
Occupational Health Reserve	(29)	-	29	-
Ill Health Retirement Reserve	(153)	-	-	(153)
Relocation Reserve	(14)	-	14	-
Emergency Services Mobile Communications Programme Reserve	(326)	-	-	(326)
Management of Change Reserve	(1,219)	-	1,219	-
Capital Fund Reserve	(4,659)	(3,151)	1,329	(6,481)
Estates Strategy Reserve	(6,026)	-	-	(6,026)
Recruitment Over - Establishment Reserve	(400)	-	-	(400)
Budget Strategy & Covid 19 Reserve	(159)	(2,770)	-	(2,929)
Grenfell Reserve	-	(364)	45	(319)
ESN Infrastructure Reserve	-	(986)	-	(986)
Covid 19 - Deficit Reserve	-	(1,622)	-	(1,622)
Total Earmarked Reserves	(13,142)	(8,893)	2,793	(19,242)

Note 12 Other Operating Expenditure

	2020/21	2021/22
	£000	£000
Total (gains)/losses on the disposal of non-current assets	(100)	(110)
Total	(100)	(110)

Note 13 Financing and Investment Income & Expenditure

	2020/21	2021/22
	£000	£000
Interest payable and similar charges	590	552
Net interest on the defined benefit liability	10,608	10,387
Interest receivable	(18)	(31)
Total	11,180	10,908

Note 14 Taxation and Non-Specific Grant Income & Expenditure

	2020/21	2021/22
	£000	£000
Council Tax income	(20,644)	(23,026)
Non domestic rates	(9,351)	(10,353)
Pensions Top Up Grant	(7,929)	(9,066)
Non-ringfenced government grants	(7,646)	(5,269)
Capital grants and contributions	(32)	-
Total	(45,602)	(47,714)

Note 15 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.

	2020/21	2021/22
	£000	£000
Expenditure		
Employee Benefit Expenses	45,089	46,737
Other Services expenses	7,091	6,310
Depreciation, amortisation, impairment	2,283	2,164
Interest Payments	590	552
Total Expenditure	55,053	55,763
Income		
Fees, charges and other service income	(599)	(420)
Interest & Investment Income	(18)	(31)
Income from Council Tax, non domestic rates	(29,995)	(33,379)
Government grants & contributions	(20,066)	(18,482)
Gain on the disposal of assets	(100)	(110)
Total Income	(50,778)	(52,422)
Surplus or Deficit on Provision of Services	4,275	3,341

Note 16 Property, Plant and Equipment - Movement on Balances in 2021/22

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

As at 31st March 2022 a total amount of £1,420k was contracted relating to the purchase of 5 new appliances. These commitments will be paid in 2022/23.

Valuation

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 2022.

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

Movements on Balances in 2021/22	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 2021	43,596	23,303	699	67,598
Additions	199	1,089	952	2,240
Revaluation				
Increases/(Decreases) recognised in the Revaluation Reserve	1,184	-	-	1,184
Revaluation				
Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	1,108	-	-	1,108
De-recognition – disposals	-	(5,449)	-	(5,449)
Transfers (to)/from In Construction	-	644	(644)	-
As at 31st March 2022	46,087	19,587	1,007	66,681

Note 16 Property, Plant and Equipment - Movement on Balances in 2021/22 (continued)

Movements on Balances in 2021/22	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000
Accumulated Depreciation & Impairment				
At 1st April 2021	95	17,863	-	17,958
Depreciation written out to the Revaluation Reserve	(1,079)	-	-	(1,079)
Depreciation Charge	1,016	1,137	-	2,153
De-recognition – disposals	-	(5,449)	-	(5,449)
As at 31st March 2022	32	13,551	-	13,583
Net Book Value as at 31st March 2022	46,055	6,036	1,007	53,098
As at 1st April 2021	43,501	5,440	699	49,640

Note 16 Property, Plant and Equipment - Movement on Balances in 2020/21

2020/21 Restated Comparative Movements	Land & Buildings	Vehicles, Plant, Furniture and Equipment	Restated Assets Under Construction	Restated Total Property, Plant & Equipment
	£000	£000	£000	£000
Cost or Valuation				
At 1st April 2020	44,672	23,325	82	68,079
Additions	90	681	618	1,389
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(1,092)	-	-	(1,092)
Revaluation Increases/(Decreases) recognised in the Surplus/Deficit on the Provision of Services	(74)	-	-	(74)
De-recognition – disposals	-	(704)	-	(704)
Transfers (to)/from In Construction	-	1	(1)	-
As at 31st March 2021	43,596	23,303	699	67,598

Note 16 Property, Plant and Equipment - Movement on Balances in 2020/21 (continued)

2020/21 Restated Comparative Movements	Land & Buildings	Vehicles, Plant, Furniture and Equipment	Restated Assets Under Construction	Restated Total Property, Plant & Equipment
	£000	£000	£000	£000
Accumulated Depreciation & Impairment				
At 1st April 2020	(17)	(17,291)	-	(17,308)
Depreciation written out to the Revaluation Reserve	912	-	-	912
Depreciation Charge	(990)	(1,273)	-	(2,263)
De-recognition – disposals	-	701	-	701
As at 31st March 2021	(95)	(17,863)	-	(17,958)
Net Book Value as at 31st March 2021	43,501	5,440	699	49,640
As at 1st April 2020	44,655	6,034	82	50,771

Note 17 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 and charged to gross expenditure.

As at the 31st March 2022 there are no contractual commitments for the acquisition of intangible assets.

	2020/21 Restated	2021/22
	£000	£000
Balance at 1st April		
Gross Carrying Amounts	1,740	1,784
Accumulated Amortisation	(1,633)	(1,653)
Net carrying amount at start of year	107	131
Additions (Purchases)	44	26
Reclassified from other asset classifications	-	-
Amortisation applied in Year	(20)	(11)
Gross Carrying Amount at 31st March	1,784	1,810
Accumulated Amortisation	(1,653)	(1,664)
Net Carrying Amount at 31st March	131	146

Note 18a 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 2021	31st March 2022	
	£000	£000	
Short Term Borrowing			
Amount in Balance Sheet	1,431	1,229	
Amounts covered in Note 18b:	1,431	1,229	
Long Term Borrowing			
Amount in Balance Sheet	12,484	11,255	
Amounts covered in Note 18b:	12,484	11,255	
Other Long Term Liabilities			
Amount in Balance Sheet	521,073	515,532	
Amounts not covered in Note 18:	530	439	
Liability related to defined benefit pension schemes	520,543	515,093	Note 38 - Defined Benefit Pensions

Note 18b 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 2021	31st March 2022	31st March 2021	31st March 2022
	£000	£000	£000	£000
- Cash (including bank accounts)			13,177	14,322
Total Cash and Cash Equivalents	-	-	13,177	14,322
Loans and receivables:				
- Trade receivables	-	-	155	34
Included in Debtors	-	-	155	34
Total Financial Assets	-	-	13,332	14,356

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

Financial Liabilities	Long Term		Short Term	
	31st March 2021	31st March 2022	31st March 2021	31st March 2022
	£000	£000	£000	£000
Loans at amortised cost:				
- Principal sum borrowed	12,137	11,137	1,091	1,000
Total Borrowing	12,137	11,137	1,091	1,000
Liabilities at amortised cost:				
- Finance leases	347	118	340	229
Total Other Liabilities	347	118	340	229
Total Borrowing & Other Liabilities:	12,484	11,255	1,431	1,229
Liabilities at amortised cost:				
- Trade payables	-	-	21	31
Included in Creditors	-	-	21	31
Total Financial Liabilities	12,484	11,255	1,452	1,260

Note 18c Financial Instruments - Gains and Losses

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

	Financial Liabilities	Financial Assets		
	Amortised Cost	Loans & Receivables	2021/22 Total	2020/21 Total
	£000	£000	£000	£000
Interest expense	552		552	590
Interest payable and similar charges	552	0	552	590
Interest income		(31)	(31)	(18)
Interest and investment income	0	(31)	(31)	(18)
Net (Gain)/Loss for the Year	552	(31)	521	572

Note 18d 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 2022 and the fair value reported in the 2021/22 accounts.

	31st March 2021		31st March 2022	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£000	£000	£000	£000
Assets for which fair value is not disclosed *	15,061	-	15,748	-
Total Financial Assets	15,061	-	15,748	-
Long-term investments				
Short-term debtors	1,884	-	1,426	-
Cash and cash equivalents	13,177	-	14,322	-
Total Financial Assets	15,061	-	15,748	-

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

Note 18d Financial Instruments - Fair Values (continued)

	31st March 2021		31st March 2022	
	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	£000	£000	£000	£000
<i>Financial liabilities held at fair value:</i>				
<i>Financial liabilities held at amortised cost:</i>				
Long-term loans from PWLB	13,228	18,307	12,137	14,310
Lease payables	687	687	347	347
Total	13,915	18,994	12,484	14,657
Liabilities for which fair value is not disclosed*	521,848	-	516,649	-
Total Financial Liabilities	535,763	18,994	529,133	14,657
<i>Recorded on balance sheet as:</i>				
Short-term creditors	1,304	-	1,556	-
Short-term borrowing	1,431	-	1,229	-
Long-term borrowing	12,484	-	11,255	-
Other long-term liabilities	520,544	-	515,093	-
Total Financial Liabilities	535,763	-	529,133	-

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

Note 19 Inventories

The value of inventories as at 31st March:

	Balance at 31st March 2021	Balance at 31st March 2022
	£000	£000
Operational equipment	270	192
Vehicle Parts	61	75
Other	71	47
Total	402	314

Note 20 Debtors

Short-Term Debtors

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

Short-Term Debtors

	Balance at 31st March 2021	Balance at 31st March 2022
	£000	£000
Central Government bodies	5,538	4,398
Other Local Authorities	2,206	3,025
All Other	976	950
Total	8,720	8,373

Note 21 Cash and Cash Equivalents

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

	Balance at 31st March 2021	Balance at 31st March 2022
	£000	£000
Cash held by the CFA	32	13
Bank current accounts	20	20
Short-term investments	13,125	14,289
Total Cash and Cash Equivalents	13,177	14,322

Note 22 Creditors

The value of creditors as at 31st March:

	Balance at 31st March 2021	Balance at 31st March 2022
	£000	£000
Central Government bodies	1,025	505
Other Local Authorities	2,903	1,630
All Other	1,016	1,253
Total	4,944	3,388

Note 23 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.

Pay Award

No pay award provision was required in 2021/22.

Business Rate appeals

A provision is also made for the CFA's share of any defaults on business rates. This is calculated by the Authorities.

	Insurance	Pay Award	Short Term Total	Business Rate Appeals	Long Term Total
	£000	£000	£000	£000	£000
Balance at 1st April 2020	65	352	417	429	429
2020/21 Provisions/(Reductions)	-	(352)	(352)	101	101
Amounts used in 2020/21	-	-	-	-	-
Balance at 1st April 2021	65	-	65	530	530
2021/22 Provisions/(Reductions)	(39)	-	(39)	(91)	(91)
Amounts used in 2021/22	-	-	-	-	-
Balance at 31st March 2022	26	-	26	439	439

Note 24 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	(2,587)	(400)	(2,987)	MIRS
Earmarked Reserves	(19,242)	75	(19,167)	Note 11
Total Usable Reserves	(21,829)	(325)	(22,154)	

Note 25a Unusable Reserves

Unusable reserves contain items that illustrate the difference between the Authority's financial position under accounting standards (the "accounting basis") and the amount charged to the taxpayer for the year (the "funding basis")

	Restated	
	31st March 2021	31st March 2022
	£000	£000
Revaluation Reserve	(11,448)	(13,392)
Capital Adjustment Account	(21,517)	(23,870)
Pensions Reserve	520,543	515,093
Collection Fund Adjustment Account	1,847	(783)
Accumulated Absences Account	331	283
Total Unusable Reserves	489,756	477,331

Note 25b Unusable Reserves (continued)

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.

	2020/21	2021/22
	£000	£000
Balance at 1st April	(11,955)	(11,448)
Upward revaluation of assets	(48)	(2,300)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	229	37
(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	181	(2,263)
Difference between fair value depreciation and historical cost depreciation	326	319
Balance at 31st March	(11,448)	(13,392)

Note 25c 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.

	2020/21 Restated	2021/22
	£000	£000
Balance at 1st April	(21,075)	(21,517)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation & impairment	2,263	2,153
Revaluation losses on Property, Plant and Equipment	74	(1,108)
Amortisation of intangible assets	20	11
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	3	-
	(18,715)	(20,461)
Adjusting amounts written out of the Revaluation Reserve	(326)	(319)
Net written out amount of the cost of non-current assets consumed in the year	(19,041)	(20,780)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(103)	(110)
Capital Grants, Contributions & Donated Assets credited to the Income and Expenditure Statement that have been applied to capital financing	(32)	-
Statutory provision for the financing of capital investment charged against the General Fund	(1,043)	(824)
Capital expenditure charged against the General Fund	(1,298)	(2,156)
Balance at 31st March	(21,517)	(23,870)

Note 25d 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.

	2020/21	2021/22
	£000	£000
Balance at 1st April	471,528	520,543
Remeasurement of the Net Defined Benefit Liability	39,997	(13,828)
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	22,146	22,641
Employer's pensions contributions and direct payments to pensioners payable in the year	(13,128)	(14,263)
Balance at 31st March	520,543	515,093

Note 25e&f 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.

	2020/21	2021/22
	£000	£000
Balance at 1st April	(41)	1,847
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	1,888	(2,630)
Balance at 31st March	1,847	(783)

	2020/21	2021/22
	£000	£000
Balance at 1st April	306	331
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	25	(48)
Balance at 31st March	331	283

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 26 Cash Flow Statement - Operating Activities

	2020/21	2021/22
	£000	£000
Interest received	(18)	(31)
Interest paid	590	552
Net interest	572	521
The surplus on the provision of services has been adjusted for the following non-cash movements:		
	2020/21	2021/22
	£000	£000
Depreciation	(2,263)	(2,153)
Downward revaluations, impairment losses and reversal of prior year impairments	(74)	1,108
Amortisation	(20)	(11)
(Increase) / decrease in creditors	(72)	1,556
Increase / (decrease) in debtors	4,234	(347)
(Increase) / decrease in provisions	251	130
Increase / (decrease) in inventories	11	(88)
Movement in pension liability	(9,018)	(8,378)
Adjustments to net surplus deficit on the provisions of services for non cash movements Items classified elsewhere in the statement	(6,951)	(8,183)

Note 27 Cash Flow Statement Investment Activities

	2020/21	2021/22
	£000	£000
Purchase of property, plant and equipment and intangible assets	1,433	2,266
Proceeds from sale of property, plant and equipment and int assets	(103)	(110)
Net Cash Flows from Investing Activities	1,330	2,156

Note 28 Cash Flow Statement Financing Activities

	2020/21	2021/22
	£000	£000
Repayments of short and long-term borrowing	1,369	1,431
Other payments for financing activities	103	110
Net Cash Flows from Financing Activities	1,472	1,541

Note 29 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 2022.

For the year 2021/22, Forge Health Limited reported turnover of £137k and a post tax loss of £7k (turnover of £79k and post tax loss of £21k in 2020/21). As in 2020/21, no dividends were proposed or paid.

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 not yet available. It is considered that the interests in Forge Health Limited are not material therefore group accounts are not presented.

	2020/21			2021/22		
	Turnover	Expenditure	(Surplus)/ Deficit	Turnover	Expenditure	(Surplus)/ Deficit
	£000	£000	£000	£000	£000	£000
Forge Health	(79)	100	21	(137)	144	7
Total	(79)	100	21	(137)	144	7

Note 30 Members' Allowances

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

	2020/21	2021/22
	£000	£000
Basic Allowance Payments	56	57
Special Responsibility Payments	19	19
General Expense Payments	-	-
Total	75	76

Note 31 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 2021/22, 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 2021/22 with comparative data from 2020/21 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 2021/22, which represents no change from 2020/21.

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 (note 1)	2021/22	138	38	176
	2020/21	80	18	98
Assistant Chief Fire and Rescue Officer - Service Delivery (note 2)	2021/22	110	28	138
	2020/21	63	13	76
Assistant Chief Fire and Rescue Officer - Service Support (note 3)	2021/22	74	16	90
	2020/21	63	13	76
Assistant Chief Fire and Rescue Officer - Service Support (note 4)	2021/22	46	10	56
	2020/21	-	-	-

Notes:

- 1) The CFO started on 5th September 2020
- 2) The Assistant CFO - Service Delivery started on 5th September 2020
- 3) The Assistant CFO - Service Support started on 5th September 2020 and left the role on 30th November 2021
- 4) The New Assistant CFO - Service Support started on 1st November 2021

Note 31 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 to the right. In line with the relevant regulations, the table excludes the senior officers listed in the previous table.

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	
	2020/21	2021/22
50,000-54,999	23	27
55,000-59,999	22	32
60,000-64,999	6	12
65,000-69,999	1	4
70,000-74,999	1	-
75,000-79,999	1	1
80,000-84,999	-	2
Total	54	78

Note 32 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:

	2020/21	2021/22
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	35	35
	35	35

Note 33 Grant Income

The CFA credited the following grants to the CIES:

Revenue grants recognised in the year

	2020/21	2021/22
	£000	£000
Credited to Cost of Services		
Fire Pensions Grant	1,795	1,795
ESN Infrastructure Grant	1,061	-
New Dimensions Grant	850	851
Grenfell Grants	376	305
Firelink Grant	352	310
Other Grants	57	65
Total Credited to Cost of Services	4,491	3,326
Credited to Taxation & Non-Specific Grant Income		
Revenue Support Grant	4,318	4,342
Covid 19 Grant	951	72
Covid 19 Collection Fund Compensation Grants	2,377	854
Total Credited to Taxation & Non-Specific Grant Income	7,646	5,268
Total Recognised in Year	12,137	8,594

Note 34 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 central government departments is shown within Note 33 to the accounts.

Members

Members of the CFA have direct control over the CFA's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in note 30. During 2021/22, 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 2021/22, no works and services were commissioned from companies in which officers declared an interest.

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 2021/22.

Fire and Rescue Indemnity Company Limited

Twelve fire and rescue authorities, including Leicestershire, are members of the Fire and Rescue Indemnity Company Limited (FRIC). The CFA's risk protection arrangements are provided through the pooled funds of the company. Payments amounting to £401k were paid to FRIC in 2021/22 (£394k in 2020/21).

Note 35 Capital Expenditure and Capital Financing

The CFA had an opening capital financing requirement of £16,805k at the 1st April 2021 and a closing capital financing requirement of £15,981k at the 31st March 2022.

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 16 and 17).

	2020/21	2021/22
	£000	£000
Opening Capital Financing Requirement	17,848	16,805
Capital Investment		
Land and Buildings	90	199
Vehicles, Plant and Equipment	681	1,089
Assets In Construction	618	952
Intangibles	44	26
Total Capital Investment	1,433	2,266
Sources of Finance		
Capital Receipts	(103)	(110)
Grants	(32)	-
Sums set aside from revenue:		
Direct Revenue Contributions	(1,298)	(2,156)
MRP	(1,043)	(824)
Total Sources of Finance	(2,476)	(3,090)
Closing Capital Financing Requirement	16,805	15,981
Increase/(Decrease) in Capital Financing Requirement	(1,043)	(824)

Note 36 Leases

CFA as Lessee

Finance Leases

Finance lease rentals paid to lessors relating to 2021/22 totalled £363k (£661k 2020/21) of which £23k was interest and £340k was principal. All finance leases relate to Vehicles, Plant and Equipment and the net book value of these assets at the 31st March 2022 is £574k.

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March	31st March	31st March	31st March
	2021	2022	2021	2022
	£000	£000	£000	£000
Within one year	331	223	340	229
Within 2 to 5 years	319	117	322	118
Later than 5 years	22	-	25	-
Total	672	340	687	347

CFA as Lessor

Operating Leases

Operating lease rentals received relating to 2021/22 totalled £20k (£13k 2020/21). Part of Birstall HQ and Coalville station are leased to EMAS for £7k & £13K per annum respectively. Part of Coalville Station is leased to Leicestershire Police at a Peppercorn rent.

	31st March	31st March
	2021	2022
	£000	£000
Within one year	20	20
Within 2 to 5 years	79	75
Later than 5 years	54	38
Total	153	133

Note 37 Termination Benefits

The CFA did not terminate the contract of any employees in 2021/22. (2 employees costing £53k in 2020/21).

Band	Total number of exit packages by cost band	Total cost of exit 2020/21	Total number of exit packages by cost band	Total cost of exit 2021/22
£000	2020/21	£000	2021/22	£000
Compulsory				
0-20,000	-	-	-	-
20,001 - 40,000	-	-	-	-
Total Compulsory	-	-	-	-
Voluntary				
20,001 - 40,000	2	53	-	-
Total Voluntary	2	53	-	-

Note 38 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 38 Defined Benefit Pension Schemes (continued)

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	2020/21	2021/22
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current service cost	1,347	2,274
Past service cost	11	-
Settlements and curtailments	-	-
Total Service Cost	1,358	2,274
Financing and Investment Income and Expenditure		
Expected return on scheme assets	-	-
Interest cost	278	407
Net Interest Cost	278	407
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	1,636	2,681
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Return on plan assets excluding amounts included in net interest	(5,642)	(4,143)
Actuarial (gains)/losses arising from changes in demographic assumptions	677	(281)
Actuarial (gains)/losses arising from changes in financial assumptions	12,775	(4,347)
Other Experience adjustments	(363)	113
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	7,447	(8,658)
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	9,083	(5,977)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(1,636)	(2,681)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	938	1,063
Total Movement in Reserves	(698)	(1,618)

Note 38 Defined Benefit Pension Schemes (continued)

2021/22	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					
<i>Cost of Services</i>					
Current service cost	420	30	9,300	230	9,980
Total Service Cost	420	30	9,300	230	9,980
Financing and Investment Income and Expenditure					
Interest cost	8,410	580	900	90	9,980
Net Interest cost	8,410	580	900	90	9,980
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	8,830	610	10,200	320	19,960
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	(4,520)	(520)	(950)	(40)	(6,030)
Other Experience adjustments	(760)	(590)	2,430	(220)	860
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	(5,280)	(1,110)	1,480	(260)	(5,170)
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	3,550	(500)	11,680	60	14,790
Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(8,830)	(610)	(10,200)	(320)	(19,960)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	13,880	240	(1,040)	120	13,200
Total Movement in Reserves	5,050	(370)	(11,240)	(200)	(6,760)

Note 38 Defined Benefit Pension Schemes (continued)

2020/21	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	1,150	30	8,770	230	10,180
Total Service Cost	1,150	30	8,770	230	10,180
Financing and Investment Income and Expenditure					
Interest cost	8,870	580	780	100	10,330
Net Interest cost	8,870	580	780	100	10,330
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	10,020	610	9,550	330	20,510
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	37,420	4,200	6,000	280	47,900
Other Experience adjustments	(7,520)	(1,470)	(6,280)	(80)	(15,350)
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	29,900	2,730	(280)	200	32,550
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	39,920	3,340	9,270	530	53,060
Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	(10,020)	(610)	(9,550)	(330)	(20,510)
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	12,520	110	(560)	120	12,190
Total Movement in Reserves	2,500	(500)	(10,110)	(210)	(8,320)

Note 38 Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities Recognised in the Balance Sheet - LGPS

	2020/21	LGPS £000
Present value of the defined benefit obligation		54,674
Fair value of plan assets		(34,661)
Net liability arising from defined benefit obligation		20,013
	2021/22	
Present value of the defined benefit obligation		53,098
Fair value of plan assets		(40,125)
Net liability arising from defined benefit obligation		12,973

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

LGPS	2020/21 £000	2021/22 £000
Opening fair value of scheme assets	27,879	34,661
Interest Income	646	731
Remeasurement (gain)/loss:		
The return on plan assets, excluding the amount included in the net interest expense	5,642	4,143
Contributions from scheme employer	933	1,058
Contributions from employees into the scheme	260	290
Contributions in respect of unfunded benefits	5	5
Unfunded benefits paid	(5)	(5)
Benefits paid	(699)	(758)
Closing fair value of scheme assets	34,661	40,125

Note 38 Defined Benefit Pension Schemes (continued)

Reconciliation of Present Value of the Plan Liabilities - LGPS

	2020/21	2021/22
	£000	£000
Funded Liabilities	39,672	54,589
Unfunded Liabilities	75	85
Opening Balance at 1st April	39,747	54,674
Current service cost	1,347	2,274
Interest cost	924	1,138
Contributions from scheme participants	260	290
Remeasurement gain/(loss):		
Actuarial (gains)/losses arising from changes in demographic assumptions	677	(281)
Actuarial gains/losses arising from changes in financial assumptions	12,775	(4,347)
Other experience	(363)	113
Past service costs	11	-
Benefits paid	(699)	(758)
Unfunded benefits paid	(5)	(5)
Closing balance at the 31st March	54,674	53,098
Represented by:		
Funded Liabilities	54,599	53,013
Unfunded Liabilities	75	85
Closing balance at the 31st March	54,674	53,098

Note 38 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 2020	399,770	25,870	29,830	4,190	459,660
Current service costs (net of employee contributions)	1,150	30	8,770	230	10,180
Past service costs	-	-	-	-	-
Contributions by scheme participants	280	30	1,570	-	1,880
Remeasurement gain:					
Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-	-
Actuarial gains/losses arising from changes in financial assumptions	37,420	4,200	6,000	280	47,900
Other experience	(7,520)	(1,470)	(6,280)	(80)	(15,350)
Finance Interest cost	8,870	580	780	100	10,330
Benefits paid	(12,800)	(140)	(1,010)	(120)	(14,070)
Closing balance at the 31st March 2021	427,170	29,100	39,660	4,600	500,530
Current service costs (net of employee contributions)	420	30	9,300	230	9,980
Contributions by scheme participants	150	20	1,660	-	1,830
Remeasurement gain:					
Actuarial gains/losses arising from changes in financial assumptions	(4,520)	(520)	(950)	(40)	(6,030)
Other experience	(760)	(590)	2,430	(220)	860
Finance Interest cost	8,410	580	900	90	9,980
Benefits paid	(14,030)	(260)	(620)	(120)	(15,030)
Closing balance at the 31st March 2022	416,840	28,360	52,380	4,540	502,120

Note 38 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:

	2020/21		2021/22	
	Bid Values £000	Percentage of Total Assets	Bid Values £000	Percentage of Total Assets
Cash and Cash Equivalents				
All	1,038	3%	2,026	5%
<u>Quoted prices in active markets</u>				
Equity Securities				
Consumer	89	0%	47	0%
Manufacturing	26	0%	6	0%
Energy and Utilities	73	0%	58	0%
Financial Institutions	110	0%	81	0%
Health and Care	25	0%	33	0%
Information Technology	29	0%	17	0%
Other	251	1%	94	0%
Bonds				
UK Government	2,935	8%	2,014	5%
Other	449	1%	75	0%
Investment Fund and Unit Trusts				
Equities	13,921	40%	11,498	29%
Bonds	1,465	4%	-	0%
Hedge Funds	3	0%	-	0%
Other	7,053	20%	3,412	9%
Derivatives				
Foreign Exchange	-	0%	83	0%
<u>Quoted prices not in active markets</u>				
Property				
UK Property	2,591	7%	3,087	8%
Private Equity				
All	1,598	5%	2,683	7%
Investment Fund and Unit Trusts				
Equities	-	0%	6,976	17%
Bonds	-	0%	-	0%
UK Government	-	0%	-	0%
Hedge Funds	-	0%	-	0%
Commodities	1,226	4%	1,007	3%
Other	-	0%	4,830	12%
Infrastructure	1,823	5%	2,098	5%
Foreign Exchange	(44)	0%	-	0%
Total	34,661	100%	40,125	100%

Note 38 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.

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	
	2020/21	2021/22	2020/21	2021/22
Mortality assumptions:				
Longevity at 65 for current pensioners (years):				
Men	21.7	21.5	21.4	21.5
Women	24.2	24.0	21.4	21.5
Longevity at 65 for future pensioners (years):				
Men	22.6	22.4	23.1	23.2
Women	25.9	25.7	23.1	23.2
Benefit entitlement assumptions:				
Rate of increase in salaries	3.3%	3.7%	4.2%	4.8%
Rate of increase in pensions	2.8%	3.2%	2.4%	3.0%
Rate for discounting scheme liabilities	2.1%	2.8%	2.0%	2.7%
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%	3.0%

Note 38 Defined Benefit Pension Schemes (continued)

Impact on the Defined Benefit Obligation in the Plan/Scheme

Opposite provides details on the impacts in relation to any changes in assumptions.

	Change in Assumption	
	LGPS	Pension Schemes
	£000	£000
Longevity (change of 1 year)	2,124	18,000
Rate of increase in salaries (change of 0.5%)	805	8,000
Rate of increase in pensions (change of 0.5%)	5,085	37,000
Rate of discounting scheme liabilities (increase of 0.5%)	5,935	(46,000)

Impact on the CFA's Cash Flows

Local Government Pension Scheme

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The net liability on the Balance Sheet is £12,973k. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be funded by increased contributions over the remaining working life of employees (i.e. Before payments fall due), as assessed by the scheme actuary. Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Firefighters Pension Scheme

The Fire Pension scheme is unfunded schemes and therefore has 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'.

Note 38 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):

LGPS	2020/21	2021/22
	£000	£000
Balance at 1st April	39,747	54,674
Current service cost	1,347	2,274
Past service costs (including curtailments)	11	-
Interest cost	924	1,138
Contributions by scheme participants	260	290
Benefits paid	(704)	(763)
Remeasurements arising from changes in assumptions	13,089	(4,515)
Balance at 31st March	54,674	53,098

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

LGPS	2020/21	2021/22
	£000	£000
Balance at 1st April	27,879	34,661
Interest income	646	731
Contributions by scheme participants	260	290
Employer contributions	933	1,058
Benefits paid	(699)	(758)
Return on plan assets excluding amounts included in net interest	5,642	4,143
Balance at 31st March	34,661	40,125

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 39 Contingent Liabilities

As a result of the McCloud/Sargeant pensions age discrimination ruling, fire services are required to remedy pensions for the period 1 April 2015 to 31 March 2022. This will give firefighters the opportunity to revert to their legacy scheme over this 7 year period.

In addition, certain on-call firefighters employed between 2000 and 2006 will be given an opportunity to buy back their pension from the date they started their on-call role. This is known as the second options exercise, arising from a ruling under the Part-time Workers Regulations (the Matthews/ O'Brien judgement). At the current time there is uncertainty around what funding will be provided to pay for backdated employer pension contributions, tax, interest and potentially legal claims.

Note 40 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, 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 40 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 be 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 2022 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 2021	31st March 2022	Est. Maximum Exposure to Credit Risk	Historical Experience of Default
	£000	£000	£000	£000
Deposits with banks, financial institutions	880	1,834	0	0.00
Deposits with local authorities	12,265	12,475	0	0.00
Trade Debtors				
- not yet due for payment	52	16	0	0.00
- past due date for payment	103	18	0	0.00
Total	13,300	14,343	0	0

Note 40 Nature and Extent of Risks arising from Financial Instruments (continued)

The past due amount is analysed by age as follows:

	1st April 2021	31st March 2022
	£000	£000
Less than 1 month overdue	110	16
1-2 months overdue	11	0
2-6 months overdue	11	1
Over 6 months overdue	23	17
Total	155	34

Maturity Structure of Fixed Interest Rate Borrowing 2021/22

	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%

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:

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

Note 40 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.

	£000
Additional interest receivable on variable rate investments (has a positive impact on the Surplus or Deficit on the Provision of Services)	137
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	1,089

According to this assessment strategy, at the 31st March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effects would be:

An average rate of 0.23% (£31k) was achieved for investments, therefore this is the maximum amount which could be lost

Pension Fund Statement

Firefighters' Pension Fund

Fund Account	2020/21	2021/22
	£000	£000
Income to the fund		
Contributions receivable:		
Fire authority contributions in relation to pensionable pay	(4,255)	(4,127)
Ill health contributions	(41)	(85)
Firefighters' contributions	(1,865)	(1,817)
Transfers in from other schemes	(2)	(66)
Income to the fund	(6,163)	(6,095)
Spending by the fund		
Benefits payable:		
Pensions	11,360	11,750
Commutation and lump-sum retirement benefits	2,594	3,200
Other payments	457	195
Payments To and On Behalf of Leavers	-	-
Transfers out to other schemes	-	-
Spending by the fund	14,411	15,145
Deficit for the year before top up grant receivable from Home Office	8,248	9,050
Top-up grant received	(4,684)	(5,561)
Net Grant Receivable	3,564	3,489
Firefighters' Pension fund net assets statement		
	31st March 2021	31st March 2022
	£000	£000
Net current assets and liabilities:		
Pensions top up grant receivable from Home Office	3,564	3,489
Net grant receivable	3,564	3,489

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 West Yorkshire Pension Fund. 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 Government Actuary's Department and the Home Office respectively. They are both 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 2022. These can be found in note 38 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 26.
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 £502,120k as at the 31st March 2022 (£500,530k as at the 31st March 2021).

Final Statement & Glossary

CFA Annual Governance Statement 2021/22

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 2021/22 (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, supporting members and development
- A staff intranet, which provides guidance and policy documentation
- Senior Management Team, Tactical Management Team, Project Boards and Project Teams led by senior, middle and supervisory managers to implement effective delivery of service priorities
- Support provided by specialist teams e.g Finance, IT, HR, Estates etc

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, it can be concluded that controls are operationally effective and that the authority's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'. This has been supported by the internal audit opinion which stated:

"The HoIAS gives reasonable assurance that overall the control environment was adequate and effective. Whilst there were isolated high risk rated weaknesses identified in some areas, controls to mitigate key risks are generally operating effectively. The HoIAS was on the whole satisfied with management's response to resolving identified issues and welcomed the Committee's support and engagement over them."

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. We cannot eliminate all risk of failure to achieve policies, aims and objectives however the above controls provide reasonable but not absolute assurance of effectiveness.

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 2021/22 (continued)

Follow Up of Issues Identified in 2020/21

Issue Identified	Action taken to date:
<p>Budget Strategy - There are no government spending plans beyond 2021/22. We do not yet know the long term impacts of council tax and NNDR on our funding as a result of the pandemic.</p>	<p>The CFA has a balanced budget for 2022/23. The local government finance settlement for 2022/23 allowed authorities in the lowest quartile to increase Band D taxes by £5 in 2022/23. The CFA approved the increase to lead to a more sustainable financial position for the future, including meeting the future costs expected from the removal of the Day Crewing shift system.</p>
<p>Covid-19 Pandemic - impact on the resources and services delivered.</p>	<p>The CFA monitored covid expenditure closely throughout the year. Covid grants awarded by central government throughout the year were sufficient to cover additional costs incurred as a direct result of the pandemic. Measures were put in place to minimise the impact to service delivery.</p>

CFA Annual Governance Statement 2021/22 (continued)

Issues Identified in 2021/22

Issue Identified	Action taken to date:
<p>Budget Strategy - There are no government spending plans beyond 2022/23.</p>	<p>The CFA will continue to monitor its finances closely during 2022/23. The overall local government finance settlement covers 2022/23 to 2024/25.</p>
<p>Construction cost inflation pressures — It is nationally documented that construction cost is increasing the cost of capital projects. There are several issues affecting construction prices such as:</p> <ul style="list-style-type: none"> • Covid 19, • Brexit effect on imported materials, • Ukraine invasion and economic sanctions against Russia. <p>All of the above are contributing to some extent to altering the construction cost landscape of materials.</p>	<p>The CFA will continue to monitor cost inflation pressures to consider the short & long term impacts to key capital schemes. In addition, increased projections for inflation will be built in future capital projects to reflect the current uncertainty in the market. Some additional funds have already been set aside for the construction of the new Learning & Development site from the 2021/22 revenue budget underspend.</p>

CFA Annual Governance Statement 2021/22 (continued)

Issues Identified in 2021/22 (Continued)

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

Issue Identified	Planned Action:
<p>Inflation & Supply Chain issues – in addition to the cost pressures being seen in relation to construction contracts, the CFA continues to see similar pressures impacting the revenue budgets etc. In particular, in relation to both utility bills and fuel prices. Higher than budgeted pay claims and awards are also a risk, together with any industrial action that may result.</p>	<p>The CFA will monitor these cost pressures closely during 2022/23 and identify ways to mitigate going forward. The CFA set aside additional funds for inflation as part of the 2022/23 budget setting process. In addition, will identify any pressures that need to be considered as part of the 2023/24 budget. The CFA has contingency arrangements for firefighter strike cover, however these could become a cost pressure.</p>
<p>Firefighters pensions remedy – All fire & rescue authorities could potentially see significant one-off cost pressures relating to the two firefighter pension schemes remedies that will allow firefighters to buy back pensions over a number of years.</p> <p>The two pensions remedies are:</p> <ul style="list-style-type: none"> • McCloud/ Sargeant • Matthews/ O'Brien <p>There is uncertainty around how much funding will be provided by central government to cover additional costs in relation to employer pension contributions, tax, interest and legal action.</p>	<p>The CFA will continue to monitor any developments with the Firefighters pensions remedy. Staffing resources have been put in place in order to address the additional workloads around pensions remedy. A regional pensions group has also been formed including Leicestershire, Derbyshire & Nottinghamshire fire & rescue services to monitor developments and actions that need taking. The Local Government Association delivers updates to all fire & rescue authorities on a fortnightly basis. The CFA will consider setting aside additional funds in 2023/24 once there is more clarity around the costs that will be ultimately borne by fire & rescue authorities.</p>

CFA Annual Governance Statement 2021/22 (continued)

The Combined Fire Authority had the following governance arrangements in place during 2021/22.

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:

Oversees the financial reporting process and ensures that an adequate risk management framework and control environment is in place.

Approves the Internal Audit Annual report and opinion.

- Employment Committee will make: recommendations to the CFA on key appointments of senior officers and will hear grievances and disciplinary proceedings against these officers.

- Pension Board ensures:

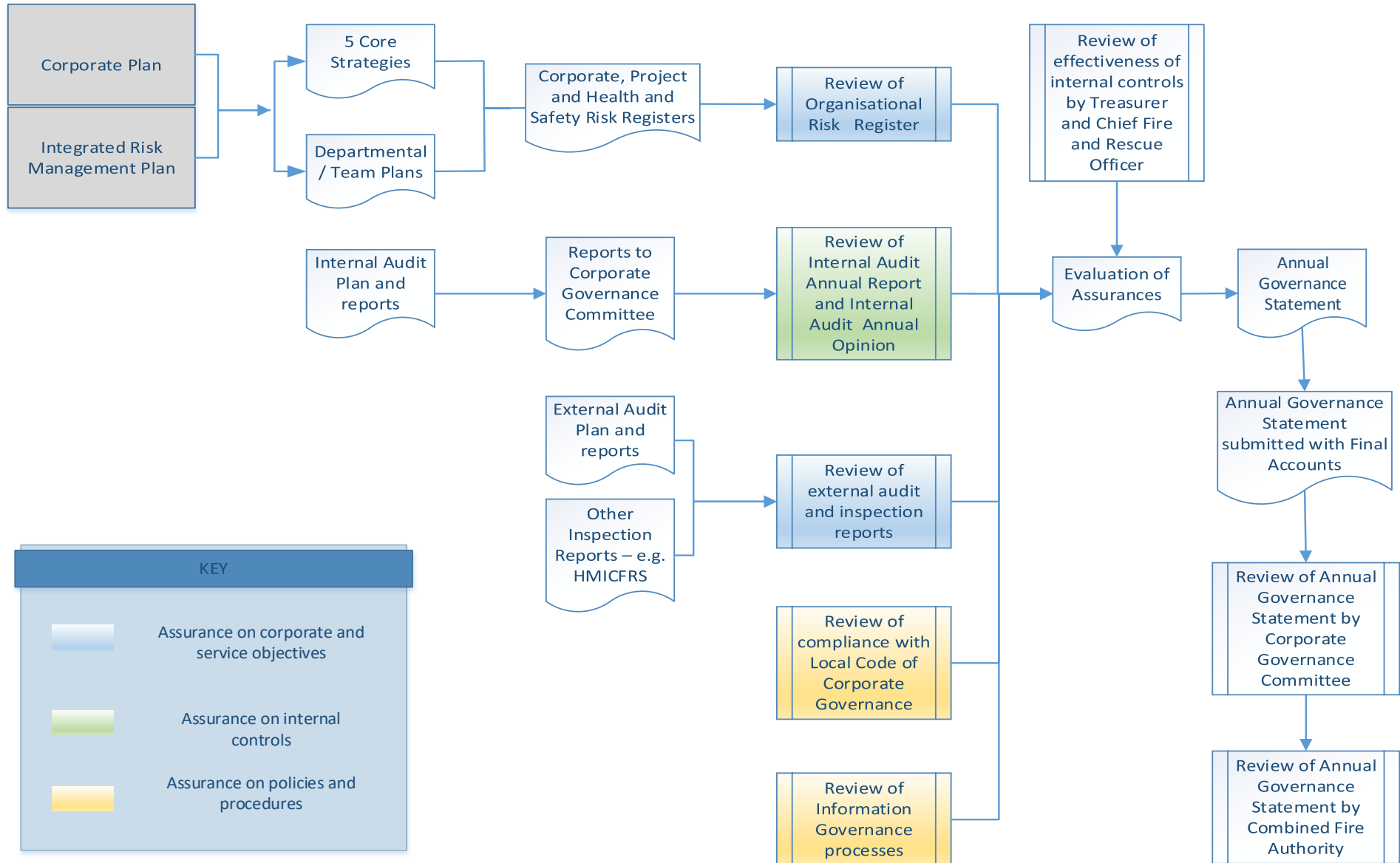
the effective governance and administration of Pension Schemes and compliance with any requirements imposed by the Pensions Regulator.

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 2021/22 (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.

Special Services

Incidents not relating to fires or road traffic collisions including the rescue of people and animals, gaining entry to properties and any other requests for assistance from other emergency services such as Leicestershire Police and The East Midlands Ambulance Service.

Note References

Note 1	Accounting Policies	Note 21	Cash and Cash Equivalents
Note 2	Expenditure and Funding Analysis	Note 22	Creditors
Note 3	Accounting standards issued but not yet adopted	Note 23	Provisions
Note 4	Critical judgments in applying accounting policies	Note 24	Usable Reserves
Note 5	Assumptions Made about the Future and other Major Sources of Estimation Uncertainty	Note 25	Unusable Reserves
Note 6	Prior Period Adjustment	Note 26	Cash Flow Statement - Operating Activities
Note 7	Material Items of Income and Expense	Note 27	Cash Flow Statement - Investing Activities
Note 8	Events After the Balance Sheet Date	Note 28	Cash Flow Statement - Financing Activities
Note 9	Note to the Expenditure and Funding Analysis	Note 29	Trading Operations
Note 10	Adjustments between Accounting Basis and Funding Basis under Regulations	Note 30	Members' Allowances
Note 11	Movements in Earmarked Reserves	Note 31	Officers' Remuneration
Note 12	Other Operating Expenditure	Note 32	External Audit Costs
Note 13	Financing and Investment Income and Expenditure	Note 33	Grant Income
Note 14	Taxation and Non-Specific Grant Income and Expenditure	Note 34	Related Parties
Note 15	Expenditure and Income Analysed by Nature	Note 35	Capital Expenditure and Capital Financing
Note 16	Property, Plant and Equipment	Note 36	Leases
Note 17	Intangible Assets	Note 37	Termination Benefits
Note 18	Financial Instruments	Note 38	Defined Benefit Pension Schemes
Note 19	Inventories	Note 39	Contingent Liabilities
Note 20	Debtors	Note 40	Nature and Extent of Risks Arising from Financial Instruments

Status of Report: Public

Meeting: Combined Fire Authority

Date: 30 November 2022

Subject: Firefighters' Pension Scheme - Category 2 Immediate Detriment

Report by: The Scheme Manager

Author: Colin Sharpe, Scheme Manager

For: Discussion

Purpose

1. The purpose of this report is to draw to the attention of the CFA the current approach to the Firefighters' Pension Scheme - Category 2 Immediate Detriment, as requested by the Local Pension Board at its meeting on 10 November 2022.

Recommendation

2. The CFA is asked to:
 - a) Note this update and make any comments to the Scheme Manager and/or Chief Fire and Rescue Officer.
 - b) Note the potential risks to the CFA of not offering the category 2 immediate detriment remedy for retired members at this present time.

Executive Summary

3. As the CFA may recall, Category 2 members are those individuals who have retired from April 2015 onwards after they had been transferred into the 2015 pension scheme. They therefore did not receive the full benefits of their legacy scheme, usually the 1992 scheme. Following the age discrimination judgement, they are entitled to a financial immediate detriment remedy to enable all of their service from the transfer date to retirement to be counted in their legacy scheme (or to 31 March 2022 if earlier, as from 1 April 2022 all on-going service is in the 2015 scheme).
4. The Local Pension Board at its meeting on 10 November 2022 received a report on the question of whether the immediate detriment remedy should now be offered to these members in advance of the expected national implementation in October 2023. Following discussion, the Board accepted the recommendation of the Scheme Manager and the Chief Fire and Rescue Officer not to make such an offer.
5. This recommendation was made because of the significant tax charges that would without doubt be incurred on any advanced remedy payments, as tax law currently stands ahead of the expected national implementation. There was also a risk of other tax charges being

due. Whilst the majority of the charges would be attributable to the individual retired member, the CFA would be expected to fund them due to the principle that members should not be worse off due to the age discrimination. The Board also noted that members will still receive their full remedy entitlement in due course once enacted at national level, albeit at a later date than they may have hoped /expected - although with the key benefit that no tax risks or penalties should materialise for them or the CFA.

6. Some twelve retired members may be entitled to the remedy. The total costs payable by the CFA, if these members were to take the remedy early, could broadly be in the region of £50,000 to £100,000. It is possible that further members could retire and become eligible.
7. The Board requested however that the CFA notes the risks of not proceeding, principally that the Fire Brigades Union (FBU) could support a legal claim here or elsewhere, on the grounds that the CFA is failing to implement the immediate detriment remedy at this time. Also of course, an individual retired member could institute legal proceedings without such support.
8. The Board also agreed that the recommendations should be revisited if the national position were to change significantly, and that an urgent meeting be convened.

Background

9. The background is provided in the Scheme Manager's report to the Local Pension Board meeting on 10 November 2022, attached at Appendix A to this report. The relevant detailed content can be found at paragraphs 19 to 39.

Report Implications/Impact

10. Legal (including crime and disorder)

This report to the Local Pension Board (attached at Appendix A) was written to inform Members of the latest legal developments relating to the Firefighters' Pension Scheme and how the service is working on resolving the current situation.

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes. The report aimed to fulfil the requirement for Members to assist the Scheme Manager in ensuring that effective administration arrangements are in place.

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

A number of financial risks continue to present themselves around the remedy, including actions taken proving to not be entirely correct or with unresolved and/or unforeseen consequences. The CFA could be subject to legal proceedings, which would incur costs.

There is also a potential financial liability on the Authority and/or retiring members, for example tax costs pending the intended changes to tax regulations. This risk would

become more significant if the immediate detriment remedy is offered to category 2 retired members.

Payments made under the Immediate Detriment Framework will either be a scheme payment and therefore from the pension fund account, or an employer payment which cannot be met from the pension fund account and will fall to the Authority to fund.

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

The CFA continues to face a number of risks associated with the management of pensions and the implementation of the remedy.

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

An equality impact assessment has not been carried out, as the Service is trying to correct inequalities as identified by court proceedings and judgements.

14. Environmental

There are no environmental implications arising from this report.

15. Impact upon “Our Plan” Objectives

There are no specific impacts, although a general impact on all ‘People’ related elements of the plan.

Appendices

Appendix A – Scheme Manager’s report to the Local Pension Board, 10 November 2022

Background Papers

None

Officer to Contact

Colin Sharpe, Deputy Director of Finance, Leicester City Council

colin.sharpe@leicester.gov.uk

0116 454 4081

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Status of Report: Public

Meeting: Local Pension Board

Date: 10 November 2022

Subject: Scheme Manager's Report

Report by: The Scheme Manager

Author: Colin Sharpe, Scheme Manager

For: Discussion

Purpose

1. To provide an update on the management of the Firefighters' Pension Scheme, and to review the approach to the immediate detriment remedy for category 2 retired members.

Recommendation

2. The Local Pension Board is asked to:
 - a) Note this update and make any comments to the Scheme Manager and/or the Combined Fire Authority (CFA).
 - b) Consider the approach to category 2 immediate detriment remedy for retired members and make any observations and/or recommendations to the Chief Fire and Rescue Officer (CFO), Scheme Manager and CFA.

Executive Summary

3. The Board previously received an update on 1 September 2022 and discussed the approach to Category 2 members. A decision/recommendation was deferred pending any updated information to be brought to a future meeting, ahead of the CFA meeting planned for 30 November 2022. This report provides an updated position.
4. Leicestershire Fire and Rescue Service (LFRS) Finance and HR teams continue to process day to day pensions work and the gathering of data relating to immediate detriment (McCloud/Sargeant) and the retained firefighters second options exercise (Matthews).
5. The Scheme Manager (and the Administrator) attended the Local Government Association (LGA) Firefighter Pensions AGM and Annual Conference in London on 25 and 26 October 2022.
6. No breaches have been identified for the period to 31 October 2022.

7. The risk register has been reviewed, with no significant changes proposed. It will be thoroughly reviewed for the next meeting.
8. With regards to immediate detriment, whilst discussions continue at national level, there are no significant national updates since the last meeting of the Board. However, the Board will wish to note that part of the 'injury to feelings' claim has been settled nationally.
9. The Board is invited to review the approach to the category 2 immediate detriment remedy for retired members. The recommendation from the Scheme Manager at this stage is to not offer category 2 members the option of taking their immediate detriment remedy in advance of the October 2023 legislation.
10. Sector updates continue to be a useful source of information; these are also referenced in the West Yorkshire Pension Fund (WYPF) report elsewhere on the agenda.

Background

Local Management and Administration

11. The local management and administration of the scheme continues. The Finance and HR teams continue to process day to day pensions work and the gathering of data relating to immediate detriment (McCloud/Sargeant) and the retained firefighters second options exercise (Matthews). Data regarding the retained scheme was provided to the LGA as part of a national scoping exercise.
12. The information provided nationally was extremely useful to the Home Office in gaining a better understanding of those affected by both Sargeant and Matthews, and to the Government Actuary Department (GAD) in its work on costing assumptions. It became apparent that further data is required, which will help the GAD and the Home Office in their work to introduce the Matthews remedy. Based on the Service's more detailed responses to the prior data exercise, the GAD has recently selected Leicestershire to be asked to provide further data. The staff will be doing their best to provide this.
13. Meetings are held with the Regional Adviser and also with colleagues at Derbyshire and Nottinghamshire. Staff attend the LGA 'coffee mornings', where general updates are provided, together with a focus on a particular topic.
14. Staff also attend meetings with WYPF as the scheme administrator and a tailored monthly client report is received, which enables any specific issues to be picked up and addressed.
15. The Scheme Manager (and the Administrator) attended the LGA Firefighter Pensions AGM and Annual Conference in London on 25 and 26 October 2022. Topics included Local Pension Boards and the 2015 remedy, cyber-risk and security, The Pension Regulator, a view from the Home Office, recent case law, compensation schemes and discretions, an actuarial update, a members' perspective from the Fire Brigades Union (FBU) and pensions dashboards. This was all very useful and provided plenty of food for thought.

16. Fire schemes (along with all other public sector schemes) are required to connect to the new national Pensions Dashboard by 30 September 2024, with a further requirement to be able to provide information about benefits (value data) by 1 April 2025 at the latest. The Dashboard will show a user their pensions information online, securely and all in one place - although it will not be a substitute for the detailed information made available by each scheme. More details can be found at <https://www.pensionsdashboardsprogramme.org.uk/>
17. The Scheme Advisory Board has recently written to Scheme Managers regarding the work required for the Dashboard, which is largely expected to be delegated to the Administrator (WYPF, for the CFA). It is proposed that a more detailed report be brought to a future meeting.

Breaches

18. The Pensions Act 2004 requires that The Pension Regulator must be informed of breaches of the law where that breach is likely to be of material significance. No breaches have been identified for the period to 31 October 2022.

Age discrimination remedy / immediate detriment – proceedings to date

19. The Board will recall from previous reports that following an employment tribunal and subsequent appeals, the transitional protections related to the 2015 Firefighters' Pension Scheme were found to be age discriminatory. These reports have provided a detailed background.
20. The LGA and FBU negotiated a Memorandum of Understanding (MoU) and a Framework agreement for handling Immediate Detriment cases. This was made available in early October 2021 and the CFA was to be asked to sign up at its December 2021 meeting. However, just days beforehand, the Home Office guidance underpinning the MoU was withdrawn following intervention by Her Majesty's Treasury, due to apparently fresh concerns about the level of risk and uncertainties relating to tax and associated matters. This unexpected development added to the complexities facing Fire and Rescue Authorities (FRAs). In the light of this, the CFA on 2 December 2021 agreed to pause action to address the immediate detriment and to receive a further report once matters became clearer.
21. Acting on the advice of the Chief Fire Officer and Scheme Manager, the CFA on 9 February 2022 agreed that a remedy should once again be offered to personnel approaching retirement (category 1), but that action regards those who have already retired should remain paused (category 2).
22. The CFO and the Scheme Manager regularly review the approach in the light of national developments and communications, attempting to steer a reasonable and balanced course that takes account of the benefits and risks of different courses of action. Their view has been that the current approach remains the most appropriate, although of course the Treasury position/advice is acknowledged that services should not implement any immediate detriment remedy prior to legislation being in place. This was noted by the CFA at its meeting on 15 June 2022.

23. The Board will however be aware that Fire Authorities are taking differing approaches; some continuing to offer an immediate detriment remedy to upcoming retirements and those who have already retired; others the former, but not the latter; and others neither. Anecdotally, the most common approach is to offer a remedy to personnel approaching retirement as in Leicestershire, although it is understood that more FRAs are considering offering category 2 retired members the opportunity to take their remedy earlier.
24. The Public Service Pensions and Judicial Offices Act 2022 took effect on 1 April 2022, as expected. The remaining protected members still in their legacy scheme moved into the 2015 scheme on 1 April 2022, so all active members are now in the 2015 scheme.
25. Retrospective remedy for members who had already retired (category 2) will not be implemented nationally until further legislation is enacted, which is still expected from October 2023. The PSPJO Act states that with effect from 1 October 2023 all in scope members must be rolled back into their relevant legacy scheme; and reformed service, for the remedy period, should be kept as an underpin (known as the deferred choice underpin).
26. Section 23 of the Act allows (but does not require) a scheme manager to pay compensation in respect of compensatable losses incurred by members, subject to certain conditions.

Review of remedy process for Category 2 members

27. It is timely for the Board to reconsider whether the remedy should now be offered to category 2 members in advance of the national implementation in October 2023, and to make any recommendations or observations to officers and the CFA. A decision to offer the remedy would not require category 2 members to take it in advance of the national roll out from October 2023, but would give them the option.
28. The Board will recall discussing this question at its meeting on 1 September 2022. A decision/recommendation was deferred pending any updated information to be brought to a future meeting, ahead of the CFA meeting planned for 30 November 2022. This report provides an updated position.
29. In summary, there is a clear tax cost risk to individuals and (in particular) the CFA in moving ahead of the national timetable. The following tax costs would be incurred:
- a) An unauthorised payment charge (UPC) of 40% of the remedy payment and a possible surcharge of a further 15%, making 55% in total. Under current legislation, additional pension benefits made to Category 2 pensioners more than twelve months after the original payment (i.e. retirement) are subject to this charge. This can amount to a significant cost and is an absolute legal obligation on the member (or the CFA, if the CFA were to pay it). There has been comment that the expected legislation may have retrospective effect to April 2022, however this has not been clarified by Government and should certainly not be assumed. This is the principal element which differentiates the risks of delivering immediate detriment to category

1 cases as they retire (which is already underway here), compared to category 2 pensioners.

- b) The CFA could also be liable to a scheme sanction charge of up to 40%.
- c) The potential clawback of tax relief already received on the contributions into the 2015 scheme, made between the date of transition (so after 1 April 2015) and the retirement date (or 31 March 2022 if earlier, as all active members are in the 2015 scheme from 1 April 2022). Generally, this tax relief would have been at the rate of 20%, unless the individual was on a higher tax band. It should also be noted that the retrospective payments of 1992 contributions to convert to remedy benefits may not be subject to tax relief. This area of tax law is not necessarily clear cut, however there is evidently a risk that this situation will prove to be the case and that the member and/or the CFA would incur a tax cost.

30. The Government's present position is that any taxation due to be paid by FRAs delivering remedy before the October 2023 facilitating legislation is payable under the current tax system, and will not be funded by the Government.

31. It is also understood that the LGA has advised that whilst the UPC must be paid, FRAs in fact do not have the discretion to deduct it from the member if they choose to allow category 2 payments before the secondary legislation. By choosing to pay remedy before October 2023, FRAs are effectively accepting the current UPC obligation. This would not be reimbursed by the Government, as things stand. The rationale for the FRA paying is of course in essence that the member should not be worse off by virtue of having suffered discrimination.

32. It should also be noted that the CFA could at a later date find itself required to reimburse the member any tax costs if the Pensions Ombudsman or the court were to hold that the CFA should not have facilitated the member to proceed (the legal background to this risk is reflected in the 'Cherry case' in 2015).

33. There is also a risk that the CFA paying the member's tax liabilities could in itself give rise to a taxable benefit, leading to a further round of tax payments/reimbursements by the CFA. It has not been possible to obtain a conclusive view on this.

34. The Board may recall some debate at its previous meeting about the scale of the financial risk. WYPF reports that, based on 35 Category 2 recalculations across its client base, the average UPC is £3,912.

35. Information from WYPF shows that for the CFA, twelve retired members may be entitled to the immediate detriment remedy. To calculate an actual cost would be a very time-consuming exercise. However, broadly, most costs are likely to be at the lower end of the potential scale. The total UPC payable by the CFA, if all eligible members were to take the remedy early (and staff resources could be found to process all the claims sooner rather than later), could therefore be in the region of £50,000 to £100,000.

36. The Board will recall an option appraisal attached to the 1 September 2022 report. This is not repeated here, because it does now seem quite clear that the CFA would have to meet the UPC and any surcharge attributable to the member, along with any scheme sanction charge. The CFA would also likely be required to pay any tax losses from switching 2015 scheme contributions back into the legacy scheme.
37. The Scheme Manager's recommendation to the Board is therefore, at this stage, to not offer category 2 members the option of taking their immediate detriment remedy in advance of the October 2023 legislation.
38. There is of course a risk that the FBU could support a legal claim here or elsewhere; and the position will be kept under on-going review as matters develop. For example, additional secondary legislation expected in the 'new year' may provide some leeway regards the UPC being payable at all; and if it is, then how it is funded.
39. It should also be noted that members will still receive their full entitlement, albeit at a later date than they may have hoped /expected - although with the benefit that no tax risks or penalties should materialise.

Age discrimination remedy / immediate detriment – administration and other matters

40. As previously reported, a lot of work continues to be required of the Finance and HR teams and the scheme administrator to prepare for the expected impact of the October 2023 legislation. Work continues to be required in respect of the second options exercise for retained firefighters employed between 2000 and 2006, who may have been disadvantaged by being treated differently to wholetime firefighters. This is referred to as the Matthews case. The LGA is coordinating a national scoping exercise, which as noted above has expanded in reach as discussions have continued.
41. The Board will recall that an employee of LFRS was selected as one of a number of potential test claimants for the purposes of an injury to feelings award. This is essentially a claim for compensation for the upset, distress or anxiety that firefighters might have suffered as a result of the discrimination. For example, the impact of being unsure about retirement age, benefits, and the options that might be available.
42. A national settlement has recently been reached for firefighters who completed the original FBU survey in 2015, with nearly 9,000 firefighters nationally set to receive £3,750 (increased to £7,250 for claimants with additional reasons for being aggrieved). The announcement by the FBU can be found at <https://www.fbu.org.uk/news/2022/10/20/9000-firefighters-receive-least-nearly-ps4000-compensation-pensions-win>. It should be noted, however, that the FBU states there remains a lot to be done in relation to the other claimants and potential claimants not included in this settlement.

43. Payments will be funded nationally and will take some time to come through due to the complexities and processes.
44. The FBU also notes that claims for out-of-pocket financial loss are still to be dealt with. The losses in question are, in the main, for financial advisers' fees, changed mortgage arrangements, continuing contributions after completing 30 years' service having joined at age 18-20, and opting out altogether.

Risk Register

45. Good governance requires that an appropriate Risk Register is in place and is regularly reviewed. It is also a requirement of The Pensions Regulator's code of practice on the governance and administration of public service pension schemes.
46. The Register presented to the Board on 1 September 2022 has been reviewed, and no significant updates are required. In the interests of brevity, the Register is not attached to this report. It will be thoroughly reviewed for the next meeting.
47. The implementation of the national age discrimination remedy judgements of course remains the key risk in practice.

General Sector Update

48. The LGA monthly Firefighters' pensions update bulletins focus on the administration of the scheme, immediate detriment, the retained firefighters second options exercise and wider national pensions updates. Some key points are reflected earlier in this report. The bulletins can be found at <https://www.fpsregs.org/>.
49. Further sector updates can be found in the Administrator's report.

Report Implications/Impact

50. Legal (including crime and disorder)

This report has been written to inform Members of the latest legal developments relating to the Firefighters' Pension Scheme and how the service is working on resolving the current situation.

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public service pension schemes. This report aims to fulfil the requirement for Members to assist the Scheme Manager in ensuring that effective administration arrangements are in place.

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

A number of financial risks continue to present themselves, including actions taken proving to not be entirely correct or with unresolved and/or unforeseen consequences. If no action

had been taken, or continues to be taken, the CFA could be subject to legal proceedings, which would incur costs.

There is also a potential financial liability on the Authority and/or retiring members, for example tax costs pending the intended changes to tax regulations. This risk would become more significant if the immediate detriment remedy is offered to category 2 retired members.

Payments made under the Immediate Detriment Framework will either be a scheme payment and therefore from the pension fund account, or an employer payment which cannot be met from the pension fund account and will fall to the Authority to fund.

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

The CFA continues to face a number of risks associated with the management of pensions and the implementation of the remedy.

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

An equality impact assessment has not been carried out, as the Service is trying to correct inequalities as identified by court proceedings and judgements.

54. Environmental

There are no environmental implications arising from this report.

55. Impact upon "Our Plan" Objectives

There are no specific impacts, although a general impact on all 'People' related elements of the plan.

Appendices

None.

Background Papers

Previous Local Pension Board agendas.

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