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To: Members of the Governance, Audit and Scrutiny Committee

Enquiries to:	Samm Campbell
Email:	committeemanager@humbersidefire.gov.uk
Date:	5 June 2020

Dear Member

I hereby give you notice that in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, a **REMOTE MEETING** of **GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE** will be held on **MONDAY, 15 JUNE 2020 at 10.00AM**.

To access this remote meeting please visit <<https://zoom.us/join>> and then enter:

Meeting ID: 993 7233 2062

Password: 451848

Or telephone 0203 481 5240 and use the above Meeting ID and Password

The business to be transacted is set out below.

Yours sincerely



Mathew Buckley
Monitoring Officer & Secretary to Fire Authority

Enc.

A G E N D A

Business	Page Number	Lead	Primary Action Requested
<u>Procedural</u>			
1. Apologies for absence	-	Monitoring Officer/ Secretary	To record
2. Declarations of Interest (Members and Officers)	-	Monitoring Officer/ Secretary	To declare and withdraw if pecuniary
3. Minutes of the meeting of 21 February 2020	(pages 1 - 6)	Chairperson	To approve
4. Matters arising from the Minutes, other than on the Agenda	-	Chairperson	To raise

Business	Page Number	Lead	Primary Action Requested
<u>Governance</u>			
5. Update: Matters Arising/ Feedback from Fire Authority	Verbal	Chairperson and Monitoring Officer/ Secretary	To consider and make any recommendations to the HFA
<u>Audit</u>			
6. External Audit:			
6.1 Audit Report	(pages 7 - 19)	External Audit (Mazars)	To consider and make any recommendations to the HFA
7. Annual Statement of Accounts 2019/20 - Unaudited	(pages 20 -119)	Head of Finance	To consider and make any recommendations to the HFA
8. Treasury Management Annual Report 2019/20	(pages 120 - 126)	Head of Finance	To consider and make any recommendations to the HFA
9. Draft Anti-Fraud and Corruption Statement for 2019/20	(pages 127 - 131)	Director of Service Improvement and Head of Finance	To consider and make any recommendations to the HFA
<u>Performance, Risk and Programme Management</u>			
10. HMICFRS Inspection Update	Verbal	Head of Corporate Assurance	To consider and make any recommendations to the HFA
11. Inspection of Member Registers	-	All Members	To review
12. Inspection of Officer Registers	-	All Members	To review
<u>Scrutiny Programme</u>			
13. Committee Workstreams/Scrutiny Programme 2020/21	Verbal	Monitoring Officer/Secretary	To consider
14. Any Other Business	-	All Members	To raise

HUMBERSIDE FIRE AUTHORITY
GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

21 FEBRUARY 2020

PRESENT: Independent Co-opted Members Mr D Chapman (Chairperson), Mr M Allingham Mrs P Jackson, Mr A Smith, Mrs M Thomlinson and Mr C Vertigans

Councillor Briggs, Councillor Green, and Phil Shillito - Deputy Chief Fire Officer/Executive Director Service Delivery attended as observers.

Miriam Heppell - Director of People and Development, Paul McCourt - Director of Service Delivery, Niall McKiniry - Director of Service Improvement, Steve Topham - Director of Service Delivery Support, Simon Rhodes - Head of Corporate Assurance, Martyn Ransom - Head of Finance, Steve Duffield - Public Safety (Central Support), Mathew Buckley - Monitoring Officer/Secretary, Samm Campbell - Committee Manager, David Robinson - Internal Audit (TIAA), Gavin Barker - External Audit (Mazars) and Ross Woodley - External Audit (Mazars) were also present.

The meeting was held at the Humberside Fire and Rescue Service Headquarters, Kingston upon Hull. Meeting commenced at 10.00 a.m.

PROCEDURAL

18/20 APOLOGIES FOR ABSENCE - Apologies for absence were received from Mr J Doyle.

19/20 DECLARATIONS OF INTEREST - There were no declarations of interest.

20/20 MINUTES - *Resolved* - That the minutes of the meeting of the Committee held on 24 January 2020 be confirmed as a correct record.

21/20 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA - There were no matters arising from the minutes.

GOVERNANCE

22/20 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY - The Monitoring Officer/Secretary provided a verbal update summarising the consideration given by the Authority at its meeting on 10 February 2020 to the draft minutes of the meeting of the Committee held on 24 January 2020 and also provided feedback on other items considered by the Fire Authority at its meeting of 10 February 2020.

Resolved - That the update be received.

PERFORMANCE, RISK AND PROGRAMME MANAGEMENT

23/20 PERFORMANCE AND RISK REPORT (THIRD QUARTER 2019/20) - The Director of Service Improvement submitted a report summarising the Service's performance and risk for the third quarter of 2019/20.

Service Delivery Performance	
Accidental Dwelling Fires	5.6% below three-year average.
Other Accidental Fires (exc. Vehicles)	16.1% above three-year average.
Deliberate Primary Fires	0.6% below three-year average.

Deliberate Secondary Fires	3.0% below three-year average.
Automatic Fire Alarms	11.0% below three-year average.
Fatalities	1 fatality (aspirational target 0)
Injuries	18 injuries (aspirational target 0)
Response Performance	
First engine response	6.86% better than target
Second engine response	9.12% better than target

The Service had been performing well in comparison to the three-year rolling-average data. While the 'other accidental fires (excluding vehicles)' category was worse than the three-year average, the 16.1 percent rise represented only 13 incidents across Humberside. The number of primary and secondary deliberate fires had reduced, as had unwanted (automatic) fire alarms. There had been one fire-related fatality during the reporting period, which had been preceded by 500 days with no fatalities and was subject to an ongoing and complex investigation.

The East Coast and Hertfordshire Control Room (ECHCR) had commenced operations in Humberside, Norfolk and Lincolnshire in January 2020. This was the culmination of a £7.2m Government investment and months of work; it was one of the most advanced control room systems in the country. Since the ECHCR had become active, it had successfully coordinated responses to two storms affecting its whole area of service, while other control rooms had struggled. The new technology associated with ECHCR had been used to successfully identify risks and to distribute resources in a coordinated way across the whole region.

The Ark Flood Preparation and Response Centre project (ARK) remained a priority for the Fire Authority. While the project's main local advocate had lost their Parliamentary seat during December 2020's General Election, a former member of the Fire Authority had been elected to that Parliamentary seat. The Government was due to publish its first budget in March 2020 and it the necessary funding would be allocated.

The Rota and Availability System had been implemented, allowing operational staff to manage their own availability and the Service to aggregate this information to populate rotas. This system replaced a labour-intensive process involving the manual maintenance of spreadsheets. The implementation of this system was in line with recommendations in Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) first annual State of Fire and Rescue report.

Resolved - That the report be received.

24/20 ABSENCE MANAGEMENT REPORT (THIRD QUARTER 2019/20) - The Director of People and Development presented a report summarising absence management data for the third quarter of 2019/20.

	3 rd Quarter	3 rd Quarter	3 rd Quarter	Target attendance
	2017/18	2018/19	2019/20	
Full Time	95.72%	96.06%	95.46%	95%
Control Room	90.19%	95.86%	89.42%	95%
Fire Staff	92.73%	96.52%	94.79%	95%

There had been a significant increase in the rate of absence among control room staff. However, this relatively small team had continued to be affected by a small number of long-term absences. Mental ill health had continued to be the most frequently cited reason for absence and the number of musculoskeletal issues had increased. The recently appointed Head of Occupational Health had been developing physiotherapy and psychotherapy provision for staff. Reasons for absence were summarised as follows:

CLG Category	Long Term days lost	Short Term days lost	Grand Total – days lost
Cancer	111.68	0.00	111.68
Cardiovascular Other	412.34	11.66	424.00
Dermatological	0.00	31.44	31.44
Endocrine	112.00	7.00	119.00
Gastro Intestinal	18.00	279.86	297.86
Mental Health Anxiety/Depression	1356.76	102.59	1459.35
Mental Health Other	15.54	12.42	27.96
Musculo Skeletal Back	513.75	149.95	663.70
Musculo Skeletal Knee	556.24	114.00	670.24
Musculo Skeletal Lower Limb	761.45	106.18	867.63
Musculo Skeletal Neck	0.00	10.99	10.99
Musculo Skeletal Other	25.27	28.97	54.24
Musculo Skeletal Shoulders	177.64	4.00	181.64
Musculo Skeletal Upper Limb	263.23	50.30	313.53
Neurological	168.00	54.91	222.91
Other	50.68	124.99	175.67
Reproductive	0.00	8.82	8.82
Respiratory Other	0.00	274.30	274.30
Senses Hearing	18.00	9.68	27.68
Senses Vision	0.00	6.8	6.8
Grand Total	4560.58	1406.86	5967.44

The Case Review Board (Minute 6090 refers) continued to provide an effective tool to manage absence through a fair and consistent process. The Board would continue to operate until the number of days lost to ill-health absence stabilised. However, the Service faced a number of challenges with regard to absence management.

Resolved - That the report be received.

25/20 TREASURY MANAGEMENT AND CAPITAL EXPENDITURE STRATEGY 2020/21 -

The Head of Finance presented a report summarising the Treasury Management and Capital Expenditure Strategy 2020/21.

The report set out the prudential indicators for treasury management and capital expenditure for the 2020/21 financial year. In accordance with its constitution, the Fire Authority would consider the associated Policy Statement for approval at the meeting due to be held on 13 March 2020. The Service intended to maintain its low-risk approach to investment and to stabilise and reduce its debts. However, the proportion of debt in relation to the Service's budget was average for a public sector organisation. The Service's reserves were healthy and, in the light of the withdrawal of Government capital funding for fire and rescue services, meant that the Service was not forced to borrow.

Resolved - That the report be received.

26/20 PAY POLICY STATEMENT 2019/20 - The Director of People and Development presented the draft Pay Policy Statement for 2019/20.

In accordance with Section 40 of the Localism ACT 2011, the draft Pay Policy Statement set out the pay arrangements for the Strategic Management Team (SLT), along with the minimum and median salaries for the whole Service.

A Member queried the section of the Statement relating to redundancy and reemployment. The Director of People and Development explained that the Service had to follow the provisions agreed in each individual's pension scheme and that redundancy related to posts within the organisational structure, and not individual people. In response to another query, the Director of People and Development informed the Committee that, while members of SLT was provided a motor vehicle for the performance of their duties, they were not for private use and, if any employee was using an emergency services vehicle, they would need to register with the Control Room as being available on-call.

Resolved - That the draft Pay Policy Statement be received.

27/20 HMICFRS INSPECTION UPDATE - The Director of Service Improvement provided the Committee with a verbal update in relation to Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service's (HMICFRS).

The dates for the Service's next inspection had been set (Minute 13/20 refers) and the Service continued to speak monthly with the HMICFRS' new liaison officer, Davinder Johal.

Resolved - That the update be received.

SCRUTINY PROGRAMME

28/20 BUSINESS SAFETY RISK-BASED INSPECTION PROGRAMME - The Director of Service Delivery Support and the Public Safety (Central Support) manager presented a report in response to the Committee's Scrutiny Programme 2019/20 in relation to the item, Business Safety Risk-Based Inspection Programme.

The item had been selected by the Committee for scrutiny following the publication of the report of HMICFRS' first inspection of the Service in 2019. On a national level, business safety had also been a significant focus in HMICFRS' first annual State of Fire and Rescue report, which urged a level of national standardisation. Fire and rescue services were expecting a new Fire Safety Act to replace the existing one (2005).

The Business Safety Risk-Based Inspection Programme (RBIP) was part of the Public Safety Service Redesign Programme (SRP), an implementation review of which was due to be reported in April 2020. During the SRP process, public safety, and business safety in particular, had been influenced by two significant events: the tragic Grenfell Tower fire and the introduction of an inspection regime. While the SRP would formally conclude at the end of March 2020, the RBIP would continue to develop as the its impact on business safety became clear.

Previously, under broad, national guidance, the RBIP had not adequately accounted for relevant details when it was used to classify premises in relation to emergency cover. The four Fire Service Emergency Cover (FSEC) categories grouped premises as follows:

- A. Sleeping unfamiliar (places where people do not typically reside).

- B. Sleeping Familiar (e.g. residential homes).
- C. Public unfamiliar (e.g. shops).
- D. Workplace familiar (e.g. factories and offices).

Under this system of categorisation, relevant details and risk factors were not adequately accounted for. For example, a hotel would be a category 'A' premises, regardless of whether the hotel was newly constructed, converted from an existing premises or under new management. The new approach to the RBIP used only two categories:

- B. More complex in nature, typically including sleeping risks associated with categories 'A' and 'B' according to FSEC. The 'B' in this new RBIP classification system indicates that they require the attention of a business safety inspector because the premises require a level of competence commensurate with the potential complexities and associated risk to life in the event of a fire.
- C. Less Complex and, often, smaller premises. The 'C' indicates that standard crews possess the necessary level of expertise to conduct targeted engagement visits, following which any issues identified would be referred to business safety inspectors for further consideration.

Firefighters would not become trained business safety inspectors, but they were able to engage with business owners and determine whether fire safety was a sufficiently significant feature of their planning and risk assessment. Further to the new system of categorisation, the Service's new RBIP was intelligence-led. The Service had begun to take account of an abundance of supporting information when it assessed risk. For example, the Care Quality Commission (CQC) reports represented a useful source of information as they commented extensively on many aspects of all health and social care facilities including quality of management. For other types of business premises, there were other useful reports including food hygiene inspection reports and Ofsted reports. The new RBIP also accounted for hybrid premises, including flats above business premises.

The National Fire Chiefs Council (NFCC) had begun to explore whether it would be appropriate to develop a national RBIP, which could be used by fire and rescue services, at least as a basis. HFRS had presented to the NFCC in relation to this.

Unwanted fire signals had decreased following the Service's consultation in relation to non-attendance and associated charges in the event of an unwanted fire signal. An Unwanted Fire Signals Position Statement was approved by the Fire Authority on 15 March 2019. The consultation itself seemed to have had a significant, positive effect on businesses, as the number of unwanted fire signals had been on a sustained downward trend since summer 2019 despite the fact that the typical peak for unwanted fire signals had, historically, been between September and December. These changes had not led to any significant risk. The working hours recovered by adopting a policy of non-attendance at unwanted fire signals had been used to train firefighters to be able to spend time working proactively to improve fire safety in business and domestic premises.

In the scope for the Business Safety Risk-Based Inspection Programme item, the Committee asked how the Service would ensure it possessed the capacity and skills necessary to make the Programme a success. Nationally, business safety had been an area of service targeted for savings as budgets had reduced. While the Service had retained more business safety inspectors than other services, it had lost six in 2018/19. This represented a significant proportion of a team comprising only 10 inspectors and three managers. Since then, the Service had designed an internal competency framework which increased the level of competence and qualification among inspectors. The Service had also developed out-of-hours capacity for business safety inspections and had trained firefighters to undertake business safety visits.

One aspect of the new RBIP that was yet to be resolved was the process of allocating priority scores to different premises. A question to be answered, for example, was how a premises with a CQC rating could be compared to one without.

There were a number of ways to help business premises which had been categorised as 'Committee' according to the Service's new RBIP and it was important that crews' level of competence was maintained. The Grenfell Tower Inquiry Phase 1 report criticised a lack of knowledge concerning construction materials and the Service had been training staff to give them the skills and knowledge to make the best use of the time and resources available. The Committee queried whether this training was accredited. The training was not yet accredited due to the cost and the lack of flexibility while the Service trained a workforce which worked in shifts.

Resolved - (a) That the Service's work to improve its Business Safety Risk Based Inspection Programme and its presentation to the National Fire Chief's Council be commended;

(b) that Members take assurance from the Service's proactive response and subsequent improvements to the delivery of Business Safety, the Risk Based Inspection Programme and unwanted fire signals, and

(c) that Members note the continuing work in delivering change across public safety and the post-implementation review of the Public Safety Service Redesign Programme.

29/20 GAS COMMITTEE SCRUTINY PROGRAMME 2019/20 - The Committee Manager submitted a report summarising the Committee's Scrutiny Programme for 2019/20.

Resolved - that a work programming session be held in June 2020 to determine the topics for the Scrutiny Programme for 2020/21.

Meeting closed at 11.30 am.

Audit Progress Report

Agenda Item No. **6**

Humberside Fire Authority

Report to the Governance, Audit and
Scrutiny Committee

June 2020





CONTENTS

1. Audit progress
2. National publications
3. Contact details

This document is to be regarded as confidential to Humberside Fire Authority. It has been prepared for the sole use of Humberside Fire Authority and the Governance, Audit and Scrutiny Committee as 'those charged with governance'. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

This report provides the Governance, Audit and Scrutiny Committee with an update on progress in delivering our responsibilities as your external auditor and also summarising key national publications that may be of interest to Members.

Changes in accounts and audit timetable

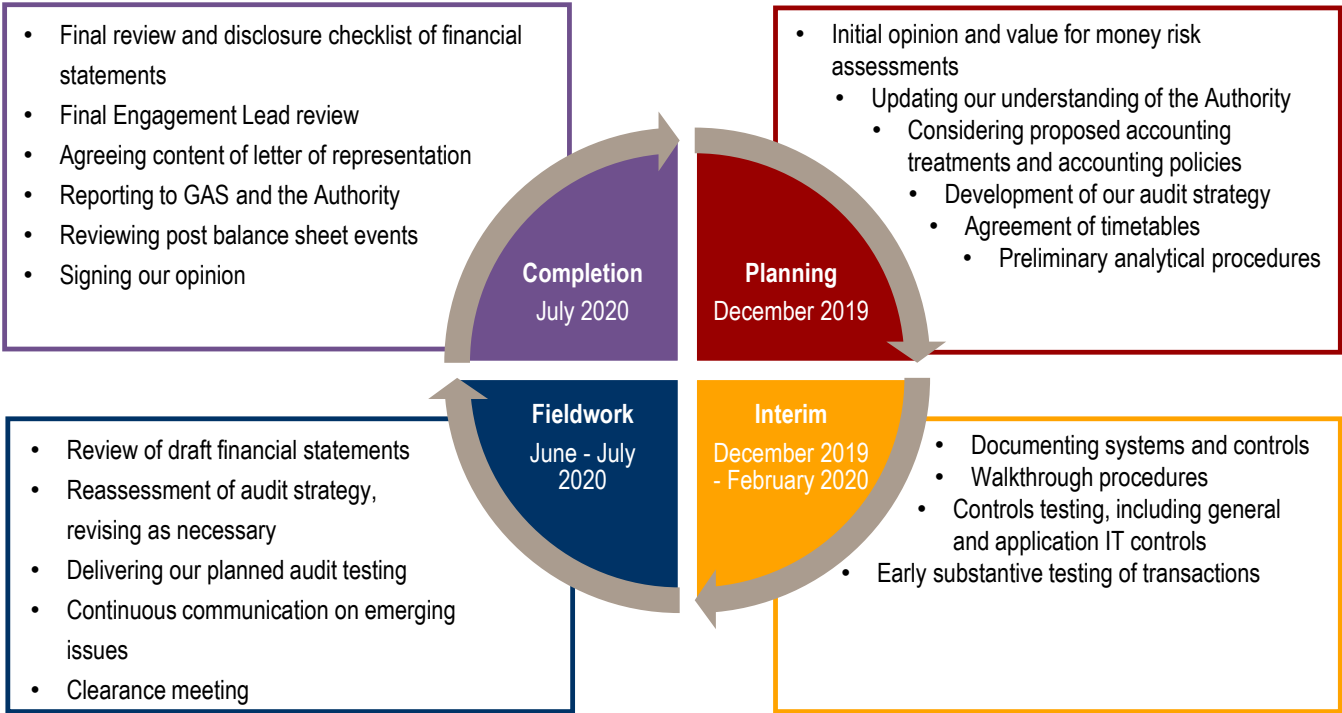
In April 2020 The Ministry of Housing, Communities and Local Government (MHLCG) confirmed that a statutory instrument (SI) amending the Accounts and Audit Regulations had been laid and came into force on 30 April 2020. The new effects of the amendments to the regulations are to change the dates that local authorities, and police and fire bodies, are required to publish draft and final accounts, and to remove the ‘common’ period during which local electors can inspect and object to local authority accounts.

The key changes for publication of draft and final accounts are as follows:

- The deadline for authorities to publish draft financial statements moves from 31 May to **31 August 2020**.
- The deadline for publication of final (audited) financial statements moves from 31 July to **30 November 2020**.

The requirement for a ‘common’ inspection period has been removed. The requirement to hold a 30-working-day inspection period remains, but for 2019-20 authorities can commence the inspection period at any time, except it must commence **no later than 1 September 2020**. This will allow authorities to produce their draft accounts and commence their inspection periods as soon as they are able.

It is hoped that the impact on the timetable at Humberside Fire Authority will be limited. Our current plans are that the financial statements audit will be complete by the end of July 2020. We plan to present an early version of our Audit Completion Report to the Governance, Audit and Scrutiny Committee on 13 July 2020, and an updated version to Full Authority on 24 July 2020, and the audit opinion, VFM conclusion and certificate will be issued as soon as possible thereafter.



1. AUDIT PROGRESS

Mazars response to the COVID-19 pandemic

During the ongoing coronavirus situation, Mazars has implemented clear and decisive measures to ensure the welfare of our people and clients while ensuring that we continue to deliver for those who rely on us.

Ensuring resilience and maintaining the level and quality of client service

- Beyond protecting the welfare of our clients and people, Mazars' first priority is to continue to deliver on our business commitments. As part of our existing contingency planning, we have implemented systems and procedures to ensure continuity and to minimise any disruption.
- Our teams have full access to remote working technology with secure access to their applications, tools and data, wherever they are, and agile working processes are well-established across the firm.
- In a shifting environment, we will continue to adapt our approach to best navigate the uncertain situation while keeping our people and our clients front of mind.
- All partners and staff are working remotely, and our teams are making full use of virtual meetings and agile working technology to stay connected with each other and our clients, deliver on our commitments, and provide continuity and support at the time it's most needed.

Mazars' external website contains further details of its response to the emerging situation, along with regular economic briefings.

<https://www.mazars.co.uk/>

Responding to changes – working with Humberside Fire Authority

All Mazars' staff moved to remote working from the 16th March 2020. We are committed to supporting the Fire Authority as best we can, recognising first and foremost, the need to be flexible as the current environment changes and also potential pressures on the accountancy and finance teams of the Authority. We have maintained open communication throughout this period and will continue to do so.

We are able to carry out the audit remotely and will put in place arrangements to allow this; for example, regular video conference calls, a shared site for secure transfer of data and keeping a queries log. The key difference is we will not, subject to any changes, have a physical on-site presence. We will maintain communication via e-mail, and regular telephone and video conferencing calls.

2. SUMMARY OF NATIONAL PUBLICATIONS

This section of our report contains national publications which may be of interest to Members, including recent publications in respect of Covid-19.

There have been many different briefings across different sectors, in respect of the emerging crisis and more are being published on an on-going basis. This summary does not intend to provide an exhaustive list of all recent publications, but to provide an overview of key areas.

Within Mazars, we liaise with the regulators for your sector on a regular basis and this will continue during the coming periods, so that we ensure we are up-to-date with emerging issues; we feed back any messages as part of on-going two-way communications.

	Publication/update	Key points
Financial Reporting Council and other regulators		
1.	Statement in respect of current situation	Highlights the impact for auditors and organisations and also the likelihood of an increase in modified opinions.
Chartered Institute of Public Finance and Accountancy (CIPFA)		
2.	CIPFA BULLETIN 05: Closure of the 2019/20 Financial Statements, 30 April 2020	This is technical guidance for those preparing financial statements.
National Audit Office (NAO)		
3.	Overview of the UK government's response to the COVID-19 pandemic, 21 May 2020	NAO's first publication considering the Government response to COVID-19.
4.	Code of Audit Practice	New Code governing work of auditors, applying from 1 April 2020 for 2020/21 audit year and beyond.
Public Sector Audit Appointments (PSAA)		
5.	PSAA Publishes Findings of Audit Survey, 7 May 2020	PSAA client survey. We are delighted that these results show that Mazars has performed very well in its own right, and also in comparison to the other firms in the sector.
6.	Independent analysis of the outcomes of electors' objections, 15 April 2020	Analysis of objections.
7.	News release: Q&As, 9 April 2020	PSAA seeks to answer questions raised in the 2020/21 scale fee process.
8.	2020/21 audit fee scale, 31 March 2020	Scale fees set for 2020/21 at same level as 2019/20, but PSAA indicates likely upward pressure on audit fees for both years.
9.	Independent review of the sustainability of the local government audit market, 4 March 2020	PSAA publishes an independent review.
Local Government Association (LGA)		
10.	Key questions and issues for finance portfolio holders during the COVID-19 pandemic, 14 May 2020	Although this paper is directed at local authorities, the considerations around the financial impact of COVID-19 are equally relevant to fire authorities.

2. SUMMARY OF NATIONAL PUBLICATIONS

	Publication/update	Key points
Home Office		
11.	Government urges public to make a Government relaunches Fire Kills campaign, 3 February 2020	New Fire Kills campaign launched.
12.	Fire Safety Bill, 19 March 2020	The Home Office is introducing a new bill to improve fire safety in buildings in England and Wales.
13.	Letter to the National Fire Chiefs Council and the Fire Services Management Committee, 23 April 2020	Government recognition of the work being undertaken by fire and rescue services.
14.	Fire and rescue incident statistics: England, year ending December 2019, 14 May 2020	Latest fire and rescue statistics to end of December 2019.
Ministry for Housing, Communities and Local Government (MHCLG)		
15.	Emergency funding, 30 March 2020 and 28 April 2020	Two tranches of emergency funding to support local authorities, including fire authorities.
16.	Councils given new powers to hold public meetings remotely, 3 April 2020	Temporary powers to hold remote meetings.
17.	Coronavirus (COVID-19): letter to councils about extending the statutory audit deadlines for 2019 to 2020, 22 April 2020	Extension of accounts and audit timetable.
Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)		
18.	HMICFRS suspends inspections of police and fire and rescue services, 18 March 2020	Inspections suspended due to COVID-19 pandemic.

2. NATIONAL PUBLICATIONS

1. Statement on Covid-19, *Financial Reporting Council and other Regulators*, March 2020

A joint statement was issued by the Financial Reporting Council, the Financial Conduct Authority and Prudential Regulation Authority in response to the current situation.

The statement sets out that:

“Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity. Equity and debt capital markets play a vital role providing finance to these businesses and will aid the recovery. Governments and regulators around the world remain focused on keeping capital markets open and orderly.

Capital markets rely on timely, accurate information. Investors and other stakeholders rely on financial reporting – backed by high-quality auditing. However, companies and their auditors currently face unprecedented challenges in preparing and auditing financial information”

This statement highlights:

- highlights likelihood of more modified opinions (where difficulties in obtaining evidence or other issues);
- going concern assumption considerations and uncertainties; and
- guidance for companies and auditors.

<https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra>

2. CIPFA BULLETIN 05: Closure of the 2019/20 Financial Statements, *Chartered Institute of Public Finance and Accountancy*, 30 April 2020

This is technical guidance for those preparing financial statements. It covers emerging or urgent accounting issues. The bulletin for the 2019/20 financial statements includes guidance on accounting for issues relating to the COVID-19 pandemic.

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-05-closure-of-the-201920-financial-statements>

3. Overview of the UK government’s response to the COVID-19 pandemic, *National Audit Office*, 21 May 2020

Significant outbreaks of disease are among the greatest risks faced by any society, threatening lives and causing significant disruption to public services and the economy. The scale and nature of the current COVID-19 pandemic and government’s response is unprecedented in recent history.

This report is the first of a programme of work to be undertaken by the National Audit Office (NAO) to support Parliament in its scrutiny of the UK government’s response to COVID-19.

<https://www.nao.org.uk/report/summary-of-uk-governments-response-to-the-covid-19-pandemic/>

2. NATIONAL PUBLICATIONS

4. Code of Audit Practice, *National Audit Office*, March 2020

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies. Schedule 6 of the Act extends this requirement to include NHS Foundation Trusts.

Local auditors must comply with the Code of Audit Practice. The Code must be reviewed at least every five years, so the Code that applies will depend on the financial year being audited.

The final draft of the latest Code has now been approved by Parliament and will come into force on 1 April 2020. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards. The NAO is now developing the detailed statutory Auditor Guidance Notes (AGNs) that will support the new Code. The most significant changes will be made to the guidance on auditor's work on arrangements to secure value for money (AGN 03) and auditor reporting (AGN 07). NAO plan to engage with stakeholders to develop this guidance over the coming months and will consult publicly in the summer/autumn of 2020.

We will brief the Committee on changes as more guidance emerges over the year. Key messages from the new Code are summarised below:

Audit of the financial statements

Auditors must still comply with underlying auditing standards.

Value for money arrangements

- Removal of 'except for' and 'adverse' conclusions.
- Work based around 3 reporting criteria:
 - Financial sustainability
 - Governance
 - Improving the 3Es – economy, efficiency and effectiveness
- Auditors must report when they are not satisfied that arrangements are in place. Where weaknesses are identified, recommendations are expected at any time of the audit.

Auditor reporting

- Auditor's Annual Report introduced:
 - Replaces Annual Audit Letter
 - Includes enhanced commentary against each of the specified VFM reporting criteria
 - To be issued in line with the audit report on the financial statements

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>

2. NATIONAL PUBLICATIONS

5. PSAA Publishes Findings of Audit Survey, *Public Sector Audit Appointments*, 7 May 2020

PSAA has published the findings of a survey of audited bodies' feedback on their audits of 2018/19 accounts.

In the past, surveys have been undertaken by the audit firms themselves and have sought the responses of client Chief Finance Officers (CFOs) to a relatively small number of high level questions.

This year, coinciding with the first audits under Appointing Person arrangements, PSAA has introduced a new approach which incorporates a number of important changes.

To assure independence and confidentiality, it has commissioned the LGA's Research & Information team to administer the survey centrally. The views of both CFOs and Audit Committee Chairs have been sought recognising the importance of the auditor's relationships with both Management and Those Charged With Governance. A longer list of survey questions has also been developed to probe more deeply into respondents' experience of different aspects of the audit and the auditor's performance.

PSAA hopes that audited bodies will find the survey results interesting and helpful in terms of stimulating discussion about their audit, identifying areas in which it went well or might have been improved. PSAA is encouraged by the volume of data which its new survey has generated and the opportunity it provides to identify good practice and/or discuss specific areas for improvement with individual audit firms.

We are delighted that these results show that Mazars has performed very well in its own right, and also in comparison to the other firms in the sector.

<https://www.psaa.co.uk/2020/05/psaa-publishes-findings-of-audit-survey/>

6. Independent analysis of the outcomes of electors' objections, *Public Sector Audit Appointments*, 15 April 2020

A unique element of the local government accountability framework is the long-held rights of local electors to inspect accounts and related documents, and to object to auditors about issues of concern. In recent times electors have been able to access far more data and information than when the right to object was originally enacted, because of developments such as transparency reporting and the Freedom of Information Act.

Publicly available information about objections and their outcomes is limited. The work on them is often mainly confidential correspondence between the auditor, the objector and the local body with the outcome reported to the local body. Although the auditor's decision and detailed statement of reasons is sometimes reported in the public domain, this is not always the case. To help address that gap PSAA has commissioned an independent analysis of the outcomes of objections.

<https://www.psaa.co.uk/2020/04/news-item-independent-analysis-of-the-outcomes-of-electors-objections/>

7. News release: Q&As, *Public Sector Audit Appointments*, 9 April 2020

PSAA consulted on the 2020/21 scale fees earlier this year and published the 2020/21 scale fees on 31 March 2020. Not surprisingly in these turbulent times for audit the consultation responses contained many questions. Today PSAA have published a 'Q&A', setting out our answers to them.

<https://www.psaa.co.uk/2020/04/news-release-qas/>

2. NATIONAL PUBLICATIONS

8. 2020/21 audit fee scale, *Public Sector Audit Appointments*, 31 March 2020

The consultation set out the proposed scale of fees for the work to be undertaken by appointed auditors in respect of the 2020/21 financial statements at bodies that have opted into PSAA's national auditor appointment scheme. Setting the fee scale for audits of 2020/21 financial statements is challenging. It requires consideration and assessment of the impact of a range of factors, many of which are difficult to quantify at this stage. They include:

- issues which have given rise to additional audit work in relation to the 2018/19 accounts, or are expected to arise and have implications for 2019/20 accounts' audits, and which may or may not have ongoing implications for subsequent years;
- new auditing standards and regulatory requirements, including any decisions taken by Government in response to the reviews being undertaken and referred to in this progress report (see item 7 above); and
- the introduction of the new NAO Code of Audit Practice and related AGNs, the implementation of which may have one-off and/or ongoing implications for the extent of auditors' work.

In PSAA's view, discussions about the impact of the factors outlined needs to take place at local body level between the appointed auditor and an authorised representative of the audited body, such as the chief finance officer. This is the level at which each factor or variable can be considered in the distinctive context of the particular body, having regard to any implications for audit risk and the extent of any additional audit work which may be required to enable an appropriate level of assurance.

The expectation is that such discussions should take place as soon as possible as part of planning discussions for 2019/20 audits, with a specific aim also to look ahead to identify any implications for 2020/21. In some cases it may not be possible to quantify the implications for audit work at this stage or perhaps even until the work is done. Nevertheless early discussions will help to align expectations and mitigate the risk of audited bodies being unaware of the prospect of charges for additional work until very late in the audit process.

Link to the PSAA consultation is set out below:

<https://www.psaa.co.uk/audit-fees/consultation-on-2020-21-audit-fee-scale/>

PSAA published its scale fees for 2020/21 on 31 March 2021, and concluded that:

"In current circumstances we do not have sufficient reliable information that would enable us to adjust the scale of fees for 2020/21, and so have maintained the scale fee at the level set for 2019/20 before audit work had started. In practice we recognise that in the event, with so much turbulence and change in the environment, additional fees variations are likely to arise for many bodies."

<https://www.psaa.co.uk/audit-fees/2020-21-audit-fee-scale/>

9. Independent review of the sustainability of the local government audit market, *Public Sector Audit Appointments*, 4 March 2020

PSAA has recently commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard (TR).

The TR report draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31st July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams.

<https://www.psaa.co.uk/2020/03/news-item-independent-review-of-the-sustainability-of-the-local-government-audit-market/>

2. NATIONAL PUBLICATIONS

10. Key questions and issues for finance portfolio holders during the COVID-19 pandemic, *Local Government Association*, 14 May 2020

The ongoing COVID-19 pandemic has already had a significant impact on local council finances, the effects of which will continue through the current period of lockdown and beyond. This paper seeks to outline and discuss key strategic issues that elected members, particularly those in finance and wider leadership positions, should consider.

Although this paper is directed at local authorities, the financial considerations are just as relevant to fire authorities.

<https://www.local.gov.uk/key-questions-and-issues-finance-portfolio-holders-during-covid-19-pandemic>

11. Government relaunches Fire Kills campaign, *Home Office*, 3 February 2020

Adverts launched from today will highlight everyday fire hazards and urge the public to install smoke alarms on every floor.

<https://www.gov.uk/government/news/government-relaunches-fire-kills-campaign>

12. Fire Safety Bill, *Home Office*, 19 March 2020

The Home Office is introducing a new bill to improve fire safety in buildings in England and Wales.

The proposed Fire Safety Bill builds on action already taken to ensure that people feel safe in their homes, and a tragedy like the Grenfell Tower fire never happens again.

The bill will amend the Fire Safety Order 2005 to clarify that the responsible person or duty-holder for multi-occupied, residential buildings must manage and reduce the risk of fire for:

- the structure and external walls of the building, including cladding, balconies and windows
- entrance doors to individual flats that open into common parts

This clarification will empower fire and rescue services to take enforcement action and hold building owners to account if they are not compliant.

<https://www.gov.uk/government/news/fire-safety-bill>

13. Letter to the National Fire Chiefs Council and the Fire Services Management Committee, *Home Office*, 23 April 2020

A letter from James Brokenshire to the National Fire Chiefs Council and the Fire Services Management Committee on reducing burdens and supporting the fire sector. This letter supports the work that is being done nationally to deal with coronavirus (COVID-19).

<https://www.gov.uk/government/publications/response-to-the-national-fire-chiefs-council-and-the-fire-services-management-committee>

14. Fire and rescue incident statistics: England, year ending December 2019, *Home Office*, 14 May 2020

This publication focuses on incidents and fires attended by fire and rescue services and fire-related fatalities and casualties from those fires.

<https://www.gov.uk/government/statistics/fire-and-rescue-incident-statistics-england-year-ending-december-2019>

2. NATIONAL PUBLICATIONS

15. Emergency funding, *Ministry for Housing, Communities and Local Government*, 30 March 2020 and 28 April 2020

On 19 March 2020, the [government announced](#) £1.6 billion of additional funding for local government to help them respond to coronavirus (COVID-19) pressures across all the services they deliver.

A further £1.6 billion in additional funding was [announced](#) on 18 April 2020. This extra £1.6 billion takes the total given to councils to help their communities through this crisis to over £3.2 billion.

This document sets out the allocations for local authorities, including fire authorities. Humberside Fire Authority received a total of £919k from the two tranches.

<https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

16. Councils given new powers to hold public meetings remotely, *Ministry for Housing, Communities and Local Government*, 3 April 2020

The government has temporarily removed the legal requirement for local authorities (including fire authorities) to hold public meetings in person during the coronavirus pandemic. This will enable authorities to make effective and transparent decisions on the delivery of services for residents and ensure that local democracy continues to thrive.

<https://www.gov.uk/government/news/councils-given-new-powers-to-hold-public-meetings-remotely>

17. Coronavirus (COVID-19): letter to councils about extending the statutory audit deadlines for 2019 to 2020, *Ministry for Housing, Communities and Local Government*, 22 April 2020

Letter from the Ministry of Housing, Communities and Local Government informing local authority chief executives that:

- the publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local authority bodies
- to give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020.

The same timetable applies to fire authorities.

<https://www.gov.uk/government/publications/coronavirus-covid-19-letter-to-councils-about-extending-the-statutory-audit-deadlines-for-2019-to-2020>

18. HMICFRS suspends inspections of police and fire and rescue services, *Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services*, 18 March 2020

Public health emergencies, such as the Coronavirus epidemic, put additional strain on the UK's emergency services. As a result, until further notice, HMICFRS has suspended all inspection work requiring contributions from police forces and fire and rescue services, to enable them to focus on their vital work at this time. This includes the joint-agency inspections, which we carry out with other inspectorates.

A letter has been sent to all policing and fire leaders, including chief constables, chief fire officers and the relevant elected bodies.

HMICFRS will keep this suspension under review and continue working with the Home Office and police and fire sector partners throughout.

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/hmicfrs-suspends-inspections-of-police-and-frs/>

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ANNUAL STATEMENT OF ACCOUNTS 2019/20 - UNAUDITED

SUMMARY

1. This report contains the Authority's full unaudited Statement of Accounts for 2019/20 (see Appendix 1) and also highlights below the key aspects of revenue and capital outturn for the year.
2. The Accounts covered by this report in Appendix 1 are subject to audit by Mazars in their role as the Authority's external auditor. The draft signed unaudited Statement of Accounts for 2019/20 will be published on the Authority's website on 12 June 2020 which is an excellent achievement given the current circumstances of the COVID-19 pandemic. The intention is that the audited Statement of Accounts will be approved by the Fire Authority by 31 July 2020.

RECOMMENDATIONS

3. That Members:
 - (a) take assurance from the Accounts presented; and
 - (b) note the Capital Programme Rephasing at paragraph 9 of this report.

2019/20 ANNUAL STATEMENT OF ACCOUNTS

4. The production of the Annual Accounts is a key task for the Finance Team.
5. Shaun Edwards within our Finance Team has undertaken a significant amount of the work required to deliver our Annual Accounts and he has done an excellent job against very tight timescales delivering them in a timely manner.
6. Mazars (the Authority's External Auditors) have been very supportive throughout the process and have participated in regular meetings during the period.

2019/20 FINANCIAL YEAR

8. Revenue Budget

The revenue budget contains all of the Authority's day-to-day expenditure for the financial year.

The outturn position for the revenue budget for 2019/20 is a £19k overspend. This compares well to the period 11 end of February 2020 projection (£13k overspend) in the Management Accounts.

The full schedule of variances are set out in more detail in Appendix 2 of the attached Statement of Accounts on pages 77 and 78.

9. Capital Programme

The outturn for the Capital Programme shows a spend of £2.260m. The table in Appendix 3 on page 80 of the Annual Accounts sets this out in detail. Across the categories of the capital programme the picture is broadly as follows:-

- (A) Estates: dignity works (£471k) and Clough Road training (£196k);
- (B) Vehicles: fleet replacement (£500k);
- (C) Plant and Equipment: core IT replacement programme (£706k).

The schemes that have not completed in 2019/20 are shown below and therefore it is proposed that the following allocations be rephased into the 2020/21 Capital Programme as follows:-

Project	2019/20		
	Allocation	Actual	Proposed Rephasing into 20/21
	£'000	£'000	£'000
Buildings			
Goole	400	13	387
Scunthorpe	500	36	464
Clough Road Training	853	196	657
Bridlington	450	34	416
BA Training Refurbishment	23	5	18
HQ Phase 2	28	28	-
HQ OTC	82	48	34
HQ Minor Capital Works	45	50	-
Capital Furniture and Fixtures	117	30	87
Dignity Works	639	471	168
Co-Location	100	3	97
Cleethorpes	85	49	36
Howden	200	5	195
Invest to Save	142	-	142
ARK	-	8	-
Vehicles			
Operational	500	198	302
Support	389	302	87
Plant and Equipment			
IT Equipment	926	706	220
PPE	1,000	-	1,000
Equipment	129	78	51
	6,608	2,260	4,361

RESERVES

10. Table 1 below shows the overall position on Reserves at 31 March 2020 and then 1 April 2020.

Table 1
Summary of Reserves 31 March 2020 and 1 April 2020
(excluding ESFM (Humber-side) Ltd Reserve)

	£m 31 March 2020	£m Proposed Movements	£m 1 April 2020	Notes
General Reserve	5.619	0	5.619	To maintain the Prudent Minimum level of reserves based on assessment annually.
Earmarked Reserves				
Insurance	0.500	0	0.500	To meet potential uninsured losses.
Capital Programme Funding	3.000	0	3.000	Funding for the Capital Programme to replace capital grant funding from the Home Office which has now ceased.
The Ark – National Flood Resilience Centre	1.000	0	1.000	To meet HFA possible contribution to the Ark project.
Resilience Reserve	0.300	0	0.300	To meet any expenditure required in relation to maintaining the Service's resilience.
ESMCP	0.373	0	0.373	To meet the costs of the ESMCP roll-out.
Total Revenue Reserves	10.792	0	10.792	

11. Table 1 shows overall revenue reserves of £10.792m at 31 March 2020. The Authority has worked hard in recent years to deliver a sound level of reserves. This is particularly important against the uncertain financial backdrop for 2021/22 onwards.

KEY FINANCIAL INDICATORS

12. Against the backdrop of significant austerity (the Authority's external financing from Government has been reduced by £11.5m over 2011/12 to 2019/20 as well as a 5 year freeze in the precept/council tax between 2011/12 and 2015/16) it is worth reflecting on some of the Authority's key financial indicators as set out in the table below:-

Key Indicator	2012/13 actual	2013/14 actual	2014/15 actual	2015/16 actual	2016/17 actual	2017/18 actual	2018/19 actual	2019/20 actual unaudited
Capital Financing Requirement (CFR) (excluding leases)	£17.7m	£16.6m	£15.6m	£16.1m	£14.5m	£14.7m	£15.8m	£16.9m
Long-term Borrowing (PWLB) (excluding leases)	£18.6m	£17.7m	£16.6m	£15.3m	£14.5m	£14.7m	£14.9m	£13.5m
Revenue Outturn	£2.1m underspend	£1.5m underspend	£1.3m underspend	£1.2m underspend	£1.1m underspend	£0.011m underspend	£0.162m underspend	£0.019m overspend
Total Revenue Reserves	£18.6m	£17.3m	£16.1m	£15.1m	£10.5m	£9.9m	£10.2m	£10.8m

13. Fundamentally the Authority's underlying position is sound. The Capital Financing Requirement (CFR) (the Authority's underlying need to borrow for a capital purpose) has remained stable over the period since 2012/13 which is an important achievement given the financial pressures that the Service has faced over those years. This shows the CFR stabilising over the period 2012/13 to 2019/20. The revenue outturn overspend is modest which reflects the tight financial environment that the Service now operates in.
14. The Authority's budget is balanced for 2020/21. The Service is monitoring carefully the financial impact of responding to COVID-19. 2021/22 onwards will require careful monitoring given that the Government's austerity programme is likely to continue beyond 2020.

DIRECTORS' DECLARATIONS

15. International Auditing Standards require auditors to ask management and those charged with governance about arrangements that the body has put in place:
- to prevent and detect fraud; and
 - to comply with applicable law and regulations.
16. This requirement applies each year as part of the audit of the Authority's Annual Accounts. The Authority's written response to the questions posed is included as Appendix 2 to this report. The Chair of the Authority, the Section 151 Officer and the Monitoring Officer will sign the letter after the conclusion of the HFA meeting on 26 June 2020.

UPDATE ON THE AUDIT

17. Mazars will commence their audit work on 15 June 2020. Due to COVID-19 the Government has increased the timescales for Annual Account sign-off by the S151 Officer to 31 August (previously 31 May) and also the completion of the audit to 30 November (previously 31 July). It has always been the Service's intention if at all possible to finalise the process including the audit by 31 July 2020 with the assistance of colleagues from Mazars.

CONCLUSION

18. This report captures the financial impact of the Authority's activities during the 2019/20 financial year. The picture is one of robust finances despite the austerity that has been in place over the period 2011/12 to 2019/20.
19. Judicious use of reserves has ensured that key investment projects have been undertaken.
20. The financial challenges will continue over the period 2020/21 onwards and the Authority is well placed to meet these challenges.

STRATEGIC PLAN COMPATIBILITY

21. Good financial management is a key enabler for the achievement of the Authority's Strategic Objectives.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

22. Timely and accurate financial statements are key to the Authority's financial health and financial planning.

LEGAL IMPLICATIONS

23. The Fire Authority must approve the final audited accounts by 30 November for 2019/20 Annual Accounts.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

24. An Equality Analysis will be undertaken on any relevant aspects as required.

CORPORATE RISK MANAGEMENT IMPLICATIONS

25. No direct issues arising but the Authority continues to actively mitigate risks by earmarking reserves where possible. This is a prudent approach and an essential element of sound financial management.

HEALTH AND SAFETY IMPLICATIONS

26. No direct issues arising.

COMMUNICATION ACTIONS ARISING

27. No direct issues arising.

DETAILS OF CONSULTATION AND/OR COLLABORATION

28. The Authority's Finance Officers have worked closely with Mazars since January 2020 to ensure that robust arrangements were in place to produce the 2019/20 Statement of Accounts. The statutory notice to 'call the audit' was placed on the Service's website on 28 May 2020.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

29. 2019/20 Annual Accounts working papers.
2019/20 Period 11 February 2020 Management Accounts.


RECOMMENDATIONS RESTATED

30. That Members:

- (a) take assurance from the Accounts presented; and
- (b) note the Capital Programme Rephasing at paragraph 9 of this report.

M RANSOM

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Humberside Fire & Rescue Service
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KW/JP
June 2020

2019/20



HUMBERSIDE
Fire & Rescue Service

Humberside Fire Authority Annual Accounts 2019/20

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Narrative Report by the Executive Director of Corporate Services/Section 151 Officer

Introduction

The Statement of Accounts summarises the financial performance of the Authority for year ended 31 March 2020. These accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The purpose of the narrative report is to offer interested parties a fair, balanced and easily understandable guide to the most significant matters reported in the accounts. The inevitable use of technical language has been kept to a minimum. A 'Glossary of Terms' (to help explain some of the technical terms) can be found in the appendices.

Organisational Overview

About Humberside Fire and Rescue Service

Humberside Fire and Rescue Service (HFRS) serves the communities within the areas of East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council and North Lincolnshire Council. Governance of Humberside Fire and Rescue Service is provided via the Humberside Fire Authority (HFA) made up of Elected Members nominated by each local authority. HFA is responsible for providing, training and equipping a Fire and Rescue Service capable of undertaking the following functions:

1. Fire prevention
2. Fire safety
3. Firefighting and rescue
4. Road traffic collision extrication and rescue
5. Other emergency rescue activities including responding to flooding and terrorist attack
6. Special discretionary services (these are subject to charging)

HFRS serves a population of almost one million people, across a geographically and demographically diverse area of 1,358 square miles. Each of the Unitary Authority areas present us with different challenges, consisting of urban, rural and coastal communities with some affluent areas and some areas suffering from significant deprivation.

Our service area also includes a broad range of industrial and heavy commercial risks; we have the second highest number of high hazard industrial sites in the UK. These include major petrochemical sites, natural gas storage, pharmaceutical industries and large port complexes. Almost a quarter of the UK's sea borne trade passes through the Humber ports of Hull, Immingham, Grimsby and Goole including 25 per cent of the country's petroleum.

A detailed assessment of risk is completed each year in the form of an Integrated Risk Management Plan (IRMP), this includes a wide ranging assessment of both risk and the mitigation measures we have in place. The IRMP is published on our website at: http://www.humbersidefire.gov.uk/uploads/files/IRMP_2018-21.pdf

Key Statistics:

Number of fire stations: 31

Number of fire engines: 46 frontline and 10 reserve

Number of specialist emergency response vehicles: 25

Number of Co-Responding and Falls vehicles: 18

Number of staff: 1,030

- **What we do**

We have a legal duty to provide a fire and rescue service that meets the needs of the local communities. We are prepared to deal with a wide-range of emergencies, from house fires and road traffic collisions, to floods and chemical spills. We are also responsible for the enforcement of fire prevention, petroleum, and explosives legislation. We work with our communities to help keep people and property safe, providing a fire and rescue service for the people that live, work and visit the Humberside area.

We have recently introduced intervention schemes aimed at assisting the health service. Our emergency medical response teams are trained to respond immediately to life threatening calls received by the ambulance service, providing first responder intervention and increasing the chances of survival. In partnership with other agencies in the Hull area we have formed a Falls Intervention Response Safety Team, to deal with non-immediate life threatening incidents, predominantly following a fall, aiming to prevent the medical impact of such incidents increasing and to reduce the impact of less urgent calls on frontline services for both the health service and HFRS.

We believe the most effective way to save lives, reduce injuries and thus reduce the broader community impact from emergencies is to reduce the number of incidents that occur. To help us do this, we work closely with partner organisations and communities to develop and deliver initiatives aimed at preventing emergency incidents, including:

- ✓ Dedicated teams employed to work within the community as Safety Advocates to access and engage with those people most vulnerable to fire, providing information, education and where necessary, additional protection measures.
- ✓ We have legal responsibilities to enforce fire safety legislation and we do this by providing free advice to businesses to support compliance with legislative requirements. If it is necessary, to keep the public and our firefighters safe, we will prohibit or restrict the use of premises and prosecute persons responsible for breaches of legislation.
- ✓ We support and signpost people who are vulnerable from issues not directly related to the fire service such as older people who may be at risk from severe weather, or household security.
- ✓ We actively engage with other organisations to improve the safety of the community, including providing wide ranging education programmes from school visits to The Prince's Trust programmes.

- **When Emergency Incidents Do Occur**

When we do have to attend emergency incidents our response performance is measured against locally determined response standards. As with many other public services we are facing challenging economic times, which can impact upon our resources. Despite this we routinely get fire engines to incidents quicker than our target time and we will continue to strive to make our communities safer from the risk of fire.

Our Incident Response Standards:

We will send two fire engines to every fire in a home and to road traffic collisions. On at least 90% of occasions, the first fire engine will be there in the following times:

High Risk Area: 8 Minutes

Medium Risk Area: 12 Minutes

Low Risk Area: 20 Minutes

Road Traffic Collision: 15 Minutes

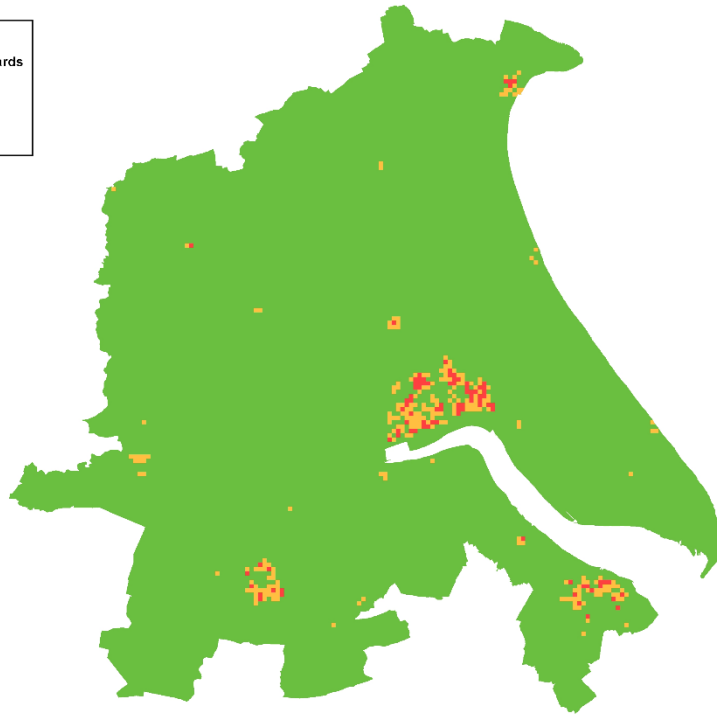
Secondly, on at least 80% of occasions we will get a second fire engine to the incident within five minutes of the first one arriving.

Optimum Crewing Model – Our optimum crewing availability model is informed and managed against Service intervention standards which are: 100% Full-Time, 95% On-Call (First Engine) & 80% On-Call (Second Fire Engine).

The following table provides an overview of emergency incident response and our performance, additional information regarding our performance and other details relating to audit and assurance are available at: <http://www.humbersidefire.gov.uk/about-us/our-vision/our-performance>

Strategic Objective	Service Performance Indicator Number	Service Target 2019-20	Actual Performance 2019-20
Preventing loss of life, injuries and the community impact from emergency incidents.	SPI 1: Total Fatalities	Aspirational Zero	2
	SPI.1: Total Casualties	Aspirational Zero	31
Responding quickly and effectively to emergencies when requested.	SPI 2: 1 st Fire Engine Intervention	On 90% of occasions	96.96%
	SPI 2.1: 2nd Fire Engine Intervention	On 80% of occasions	89.12%
	SPI 2.2: Total Deliberate Primary Fires	549	498
	SPI 2.3: Total Accidental Fires	395	429
	SPI 2.4: Total Deliberate Secondary Fires	1,986	2,029
	SPI 2.5: Total Automated Fire Alarms in non-domestic property	1,402	1,236

Risk Map:



Fire Station Locations:

- Fire Station
- Fire Station and District HQ



Key Statistics:

The last year has seen a decrease in the number of fire related incidents we attended, we continue to work with partners to identify and address the underlying causes. There has been a positive decrease in the number of Automated Fire Alarms in non-domestic properties we attend. Intervention and availability standards have been exceeded in this year.

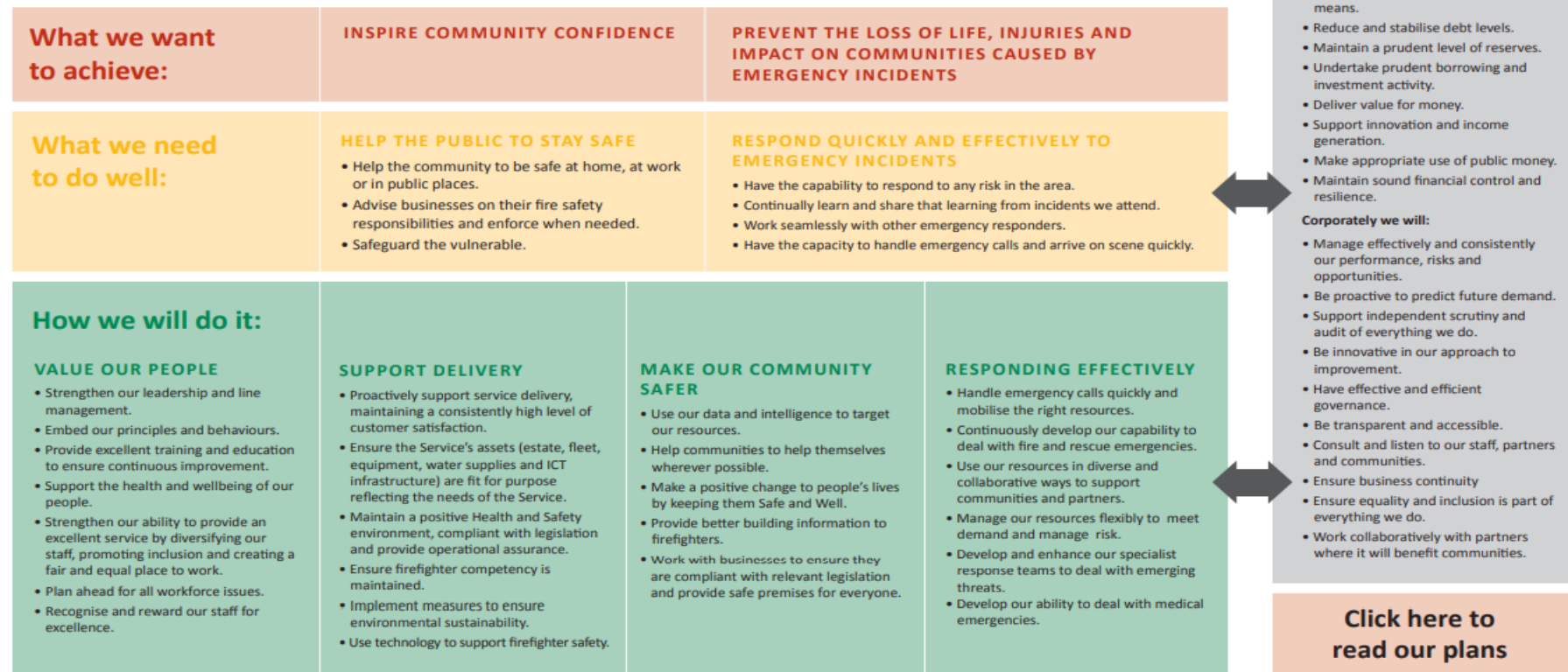
Our Strategic Plan

We have introduced our Strategic Plan on a page from 2018. A copy of this can be found over the page.



Strategic Plan: 2018–2021

Keeping communities in the Humber area safe, keeping our firefighters safe, and contributing to the firefighting and rescue capabilities of the United Kingdom.



The Authority's Accounts for the year 2019/20 are set out on pages 1-69 and in addition to this narrative report they consist of:

The Statement of Responsibilities details the responsibilities of the Authority and the Executive Director of Corporate Services/S.151 Officer for the Accounts. This statement is signed and dated by the Executive Director of Corporate Services/S.151 Officer under a statement that the Accounts give a True and Fair View of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March.

The Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes within the Authority. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Movement in Reserves Statement shows the movement in the year on the different Reserves held by the Authority. This statement is split into usable and unusable Reserves; the usable Reserves are those that can be used by the Authority to fund expenditure; and the unusable Reserves are those Reserves that are required to mitigate the effect of some transactions on council tax and those Reserves that are created to mitigate unrealised gains and losses.

The Comprehensive Income and Expenditure Statement shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Authority raises taxation in accordance with regulations which are different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (the movement on usable reserves).

The Balance Sheet which shows the value of the Assets and Liabilities recognised by the Authority at the Balance Sheet date.

The Cash Flow Statement which shows the changes in cash and cash equivalents during the year. This statement shows how the Authority generates and uses its cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The Pension Fund Account which shows the movements relating to the Firefighters' Pension Fund.

2019/20 Financial Year

Since 2011/12 the Authority has suffered a circa 40% reduction in external funding which equates to approximately £11.5m.

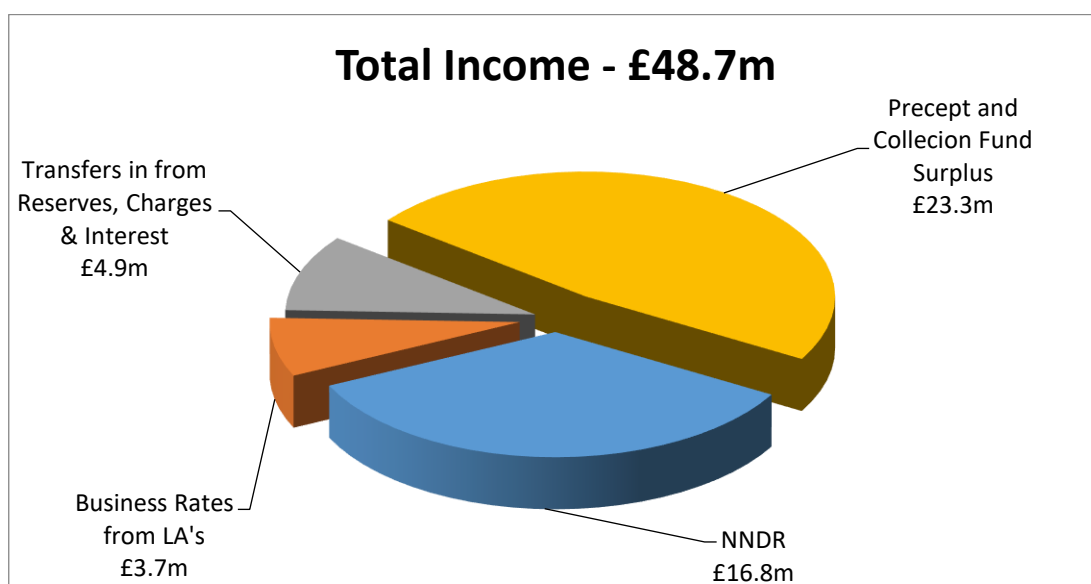
Despite these significant challenges the Authority continues to take a very prudent approach to its finances. To this end, £11.5m of efficiencies have been implemented over the years 2011 to 2019.

Historically, the Authority has lived within its means and delivered a modest underspend in recent years. The 2019/20 financial year has seen the Authority deliver a small overspend which signifies a tightening of available financial resources coupled with an increase in cost pressures, e.g. the costs associated with the recruitment and training of firefighters and also pressure from annual pay awards for staff.

The Authority's position over the medium-term is sound, but careful attention will need to be paid to any cost pressures arising and also any changes to the funding mechanism that is used by Government for Fire and Rescue Services.

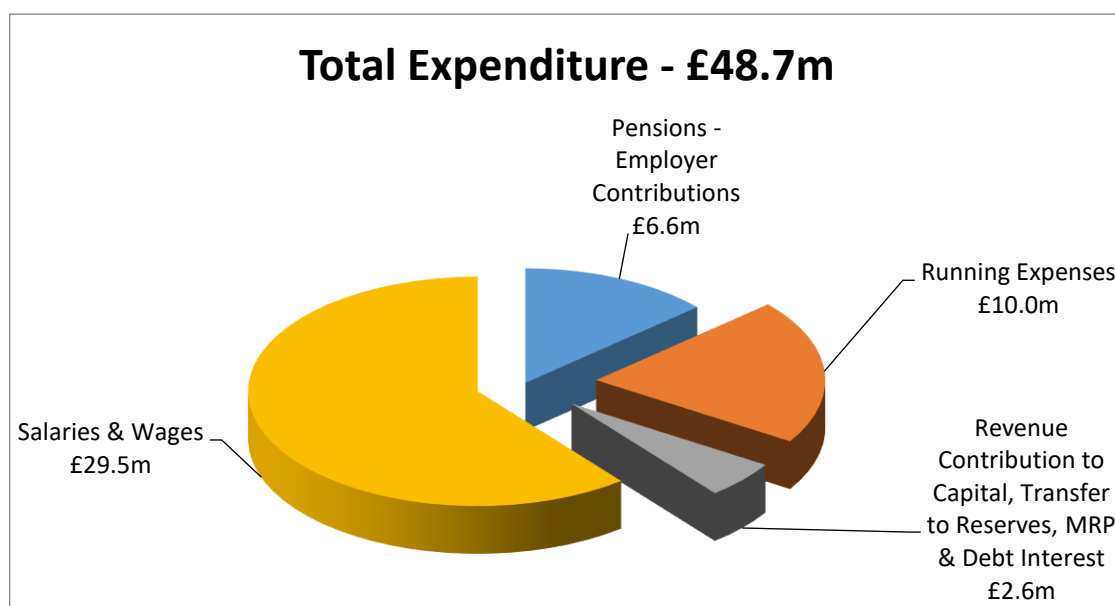
The medium-term position will be kept under continuous review particularly in the context of the Service's response to the current COVID-19 pandemic. Limited costs were incurred in the 2019/20 financial year but the expenditure is more significant in the current 2020/21 financial year. Government has allocated funding to Local Authorities and Fire and Rescue Services to help meet these costs (£919K allocated to Humberside Fire Authority). The impacts beyond the immediate future may also be on the Authority's precept/council tax income if collection rates are adversely impacted by the COVID-19 pandemic. This will be monitored carefully during 2020/21.

Income



In 2019/20, the Authority received Revenue Support Grant and an allocation of pooled National Non-Domestic Rates directly from Central Government. It also sets a Precept (council tax) throughout the Humberside area for the balance of its expenditure requirements. The Precept set for 2019/20 was £23.99m (2018/19 was £21.97m) which equated to a Council Tax Band D Equivalent of £84.94 (2018/19 was £82.51).

Expenditure



Budget Outturn Position

Income of £48.677m was received by the Authority of which £48.696m was incurred on expenditure during 2019/20 leaving a deficit of £19k.

Analysis of the Major Revenue Variances (a comprehensive table is presented in Appendix 2)

Pay Variances

During 2019/20, the overall pay variance on full-time firefighter, on-call firefighter and support staff pay was an under-spend of £236k. This was due to a combination of having a number of support posts vacant as well as lower pension contributions as staff tapered into the 2015 Firefighters Pension Scheme.

Non Pay Variances

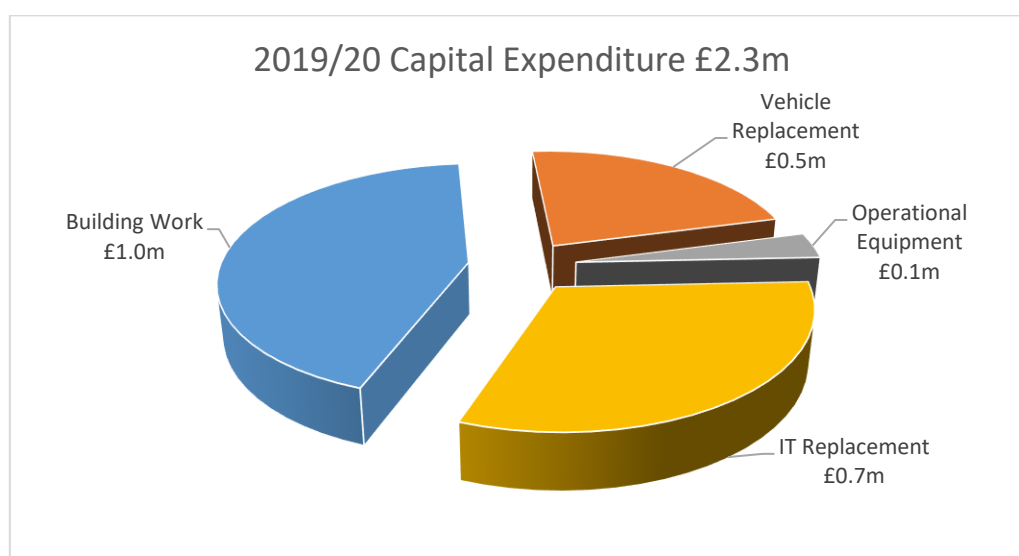
During 2019/20, the overall variance across all non-pay budgets was an over-spend of £667k. This was primarily due to additional repairs and maintenance of firefighter kit due to the age, purchase of additional IT equipment and software.

Income

During 2019/20 the Authority received £453k additional income relating mainly to staff secondments, the Hull Falls Intervention Response Safety Team, the Road Safety team, delivery of BTEC courses and rental of PPE and plant to HFR Solutions.

Capital Expenditure

During 2019/20 £2.3m was invested in capital projects. These projects include various building works across the estate, replacement programmes for vehicles, operational equipment and IT replacement. (A more detailed breakdown is provided in Appendix 3).



Financing of Capital Expenditure

The Authority has a rolling capital programme that is reviewed throughout the year. The programme is financed by external borrowing, capital receipts and revenue contributions.

Humberside Fire Authority Reserves

Balances at 1 April 2019 stood at £10.190m. £634k was transferred to Earmarked Reserves during 2019/20. £12k was transferred from the General Reserve and by deducting £19k, the deficit for the year, balances at 31st March 2020 now stand at £10.793m (exclusive of the ESFM (Humberside) Ltd Reserve).

Future Spending Plans

The Authority has published a Medium-Term Financial Plan for 2020/21 – 2023/24 which sets out the overall shape of the Authority's budget. It establishes how available resources will best deliver corporate objectives and mitigate corporate risks identified in the Strategic Plan. The current level of borrowing, including long-term leases held by the Authority, is £14.584m. The operational boundary is £25.1m and the authorised limit is £31.1m (these are part of the Authority's prudential indicators that have been previously agreed in the Authority's Treasury Management report; Fire Authority March 2020).

International Accounting Standard 19 (IAS 19)

IAS 19 requires employers to report the full cost of pension benefits as they are earned, regardless of whether they have been paid for. The total liability is £622.414m (2018/19 was £658.379m); this is split between the Local Government Pension Scheme £5.804m (2018/19 was £10.489m) and the Firefighters' Pension Scheme

£616.610m (2018/19 was £647.890m). The Authority's liability includes the Firefighters' Pension Scheme 1992, the Firefighters' Pension Scheme 2006, Firefighters' Pension Scheme 2015 and the Modified Firefighters' Pension Scheme. It should be noted that IAS 19 does not impact upon the level of balances held by the Authority. (Under IAS19 injury awards are now recognised in the accounts of the Authority).

Humberside Fire Authority Pension Fund Account

The Financial Statements include a separate section for the Humberside Fire Authority Pension Fund Account. Under the pension funding arrangements each Authority in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the fund are specified by regulation.

Change in Statutory Function

There have been no changes to the Authority's statutory functions during 2019/20.

Significant Change in Accounting Policies

There have been no significant changes to the accounting policies used by the Authority.

Material Events after 31 March

There are no material events after 31 March to disclose.

Going Concern

The savings proposals previously agreed have resulted in a balanced budget for 2020/21 and over the life of the Medium-Term Financial Plan. The Authority will remain a Going Concern.

Further Information

The Statement of Accounts is intended to give electors, Members, employees and other interested parties clear information about the Authority's finances. I would welcome any comments, which would help to improve the information. To this end a questionnaire has been devised and included in the Accounts.

Further information about the accounts is available from the Finance Section, Service Headquarters, Summergroves Way, Hull, HU4 7BB. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press throughout the Humberside area and on the Authority's website www.humbersidefire.gov.uk.

Acknowledgment

I would like to express my appreciation to Martyn Ransom, Shaun Edwards and colleagues within the Finance team for their assistance in compiling the financial statements.

Kevin J Wilson BSc Econ (Hons), FCPFA

Executive Director of Corporate Services/Section 151 Officer – June 2020

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Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Executive Director of Corporate Services and Section 151 Officer;
- To manage its affairs to ensure economic, efficient and effective use of resources and to safeguard its assets;
- To approve the Statement of Accounts.

I confirm that these accounts were approved at the Fire Authority meeting held on 24 July 2020.

Signed	Date

Executive Director of Corporate Services and Section 151 Officer Responsibilities

The Executive Director of Corporate Services and Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts which, in accordance with the *Code of Practice on Local Authority Accounting in Great Britain* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Authority at the accounting date, and its income and expenditure for year ended 31 March 2020.

In preparing this Statement of Accounts, the Executive Director of Corporate Services/Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Executive Director of Corporate Services and Section 151 Officer has also:

- Kept proper accounting records which are up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with regulation 9(1) of the Accounts and Audit Regulations 2015, I certify that the attached Statement of Accounts presents a True and Fair View of the financial position of the Authority as at 31 March 2020 and its income and expenditure for the year

Signed	Date

STATEMENT OF ACCOUNTS
MOVEMENTS IN RESERVES STATEMENT

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

2019/20	Earmarked Reserves	General Fund Balance	Usable Capital Receipts Reserve	Total Usable Reserves	Pensions Reserve	Capital Adjustment Account	Revaluation Reserve	Collection Fund Adjustment Account	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Note(s)	6	10			4	6	6		
Balance at 31 March 2019	5,448	5,251	-	10,701	(658,389)	24,764	5,349	524	(617,052)
Surplus or (Deficit) on Provision of Services (accounting basis)		(31,825)		(31,825)					(31,825)
Other Comprehensive Income and Expenditure				-	66,022		(245)		65,777
Total Comprehensive Income and Expenditure	-	(31,825)	-	(31,825)	66,022	-	(245)	-	33,952
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 10)		32,427	-	32,427	(30,047)	(2,195)	(63)	(122)	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	602	-	602	35,975	(2,195)	(308)	(122)	33,953
Transfers to / (from) Earmarked Reserves	235	(235)		-					-
Increase / (Decrease) in Year	235	368	-	603	35,975	(2,195)	(308)	(122)	33,953
Balance at 31 March 2020	5,683	5,619	-	11,304	(622,414)	22,569	5,040	402	(583,099)

The accompanying notes form part of these Financial Statements.

MOVEMENT IN RESERVES STATEMENT

2018/19

Note(s)	Earmarked Reserves £'000	General Fund Balance £'000	Usable Capital Receipts Reserve £'000	Total Usable Reserves £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Collection Fund Adjustment Account £'000	Total Authority Reserves £'000
6	10				4	6	6		
Balance at 31 March 2018	5,045	5,282	-	10,327	(606,110)	26,221	5,578	186	(563,797)
Surplus or (Deficit) on Provision of Services (accounting basis)		(48,324)		(48,324)					(48,324)
Other Comprehensive Income and Expenditure				-	(4,766)		(163)		(4,929)
Total Comprehensive Income and Expenditure	-	(48,324)	-	(48,324)	(4,766)	-	(163)	-	(53,253)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 10)		48,696	-	48,696	(47,513)	(1,457)	(64)	338	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	372	-	372	(52,279)	(1,457)	(228)	338	(53,253)
Transfers to / (from) Earmarked Reserves	403	(403)		-					-
Increase / (Decrease) in Year	403	(31)	-	372	(52,279)	(1,457)	(228)	338	(53,253)
Balance at 31 March 2019	5,448	5,251	-	10,701	(658,389)	24,764	5,349	524	(617,052)

The accompanying notes form part of these Financial Statements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year for providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Year ended 31 March 2019				Year ended 31 March 2020			
£'000	£'000	£'000			£'000	£'000	£'000
Gross Expenditure	Gross Income	Net Expenditure		Note(s)	Gross Expenditure	Gross Income	Net Expenditure
3,693	(330)	3,363	Community Fire Safety		3,950	(391)	3,559
32,291	(1,040)	31,251	Fire Fighting & Rescue Operations *		39,205	(988)	38,217
16,437	(895)	15,542	Management and Support		16,991	(871)	16,120
134		134	Corporate and Democratic Core		133		133
45		45	Corporate Management		33		33
6		6	Non Distributed Cost/(Income)		2,818		2,818
24,920		24,920	Exceptional Item	15			-
77,526	(2,265)	75,261	Cost of Services		63,131	(2,250)	60,879
564	(64)	500	Other Operating Expenditure	11	388	(9)	379
16,067	(56)	16,011	Financing and Investment Income and Expenditure	11	16,858	(69)	16,789
	(43,448)	(43,448)	Taxation and Non-Specific Grant Income	11		(46,222)	(46,222)
		48,324	(Surplus) or Deficit on Provision of Services				31,825
		163	(Surplus) or Deficit on Revaluation of Non Current Assets	5			245
		4,766	Remeasurement of the net defined liability / (asset)	4			(66,022)
		4,929	Other Comprehensive Income and Expenditure (Surplus)/Deficit				(65,777)
		53,253	Total Comprehensive Income and Expenditure (Surplus)/Deficit				(33,952)

* included within Fire Fighting & Rescue Operations are the costs of Safety work carried out by Firefighters who provide response duties.

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date, of the Assets and Liabilities recognised by the Authority. The net Assets of the Authority (Assets less Liabilities) are matched by the Reserves held by the Authority. Reserves are reported in two categories; the first category of Reserves are usable Reserves, i.e. those Reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of Reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt); the second category of reserves includes amounts that would only become available to provide services if the assets were sold; and Reserves that hold a timing difference as shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

31 March 2019		31 March 2020
£'000	Note(s)	£'000
48,064 Property, Plant & Equipment	5	46,716
245 Intangible Assets	5	132
48,309 Long-Term Assets		46,848
402 Inventories		469
4,501 Short-Term Investments	7	5,004
8,284 Short-Term Debtors	8	8,791
202 Cash and Cash Equivalents	16	114
13,389 Current Assets		14,378
Cash and Cash Equivalents		
- (Overdraft)	16	-
(4,390) Short-Term Creditors	8	(7,328)
- Short-Term Provisions		-
(1,498) Short-Term Borrowing	7	(736)
(5,888) Current Liabilities		(8,064)
(13,530) Long-Term Borrowing	7	(12,896)
(659,332) Other Long-Term Liabilities	4/7	(623,366)
(672,862) Long-Term Liabilities		(636,262)
<u>(617,052) Net Assets/(Liabilities)</u>		<u>(583,099)</u>
10,701 Usable Reserves	6/10	11,304
(627,753) Unusable Reserves	4/6	(594,403)
<u>(617,052) Total Reserves</u>		<u>(583,099)</u>

The accompanying notes form part of these Financial Statements.

CASH FLOW STATEMENT

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

31 March 2019		31 March 2020
£'000	Note(s)	£'000
(48,324) Net Surplus or (Deficit) on the Provision of Services		(31,825)
Adjust Net Surplus or Deficit on the Provision of Services for Non		
53,925 Cash Movements	16	35,111
Adjust for items included in the Net Surplus or Deficit on the		
(64) Provision of Services that are Investing and Financing Activities	16	(9)
<u>5,537</u> Net Cash Flows from Operating Activities		<u>3,277</u>
(4,742) Investing Activities	16	(1,978)
269 Financing Activities	16	(1,387)
<u>1,064</u> Net Increase or (Decrease) in Cash and Cash Equivalents		<u>(88)</u>
Cash and Cash Equivalents at the Beginning of the		
(862) Reporting Period	16	202
Cash and Cash Equivalents at the End of the Reporting		
202 Period	16	114
<u>1,064</u> Total Movement		<u>(88)</u>

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting Policies

The Financial Statements must meet the accounting requirements of the CIPFA Code of Practice on Local Authority Accounting which has been agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2019/20. The accounting policies contained in the CIPFA Code of Practice follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Local Authority Accounts, as determined by HM Treasury, who are advised by the Financial Reporting Advisory Board. Where the CIPFA Code of Practice on Local Authority Accounting permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Authority for the purpose of presenting fairly the position of the Authority is selected. The particular policies adopted by the Authority are described below and they have been applied consistently in dealing with items considered material in relation to the Accounts.

Accounting Convention

These Accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. Where appropriate, financial assets and liabilities have been impaired or discounted to bring them to fair value.

Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another. The Authority has not acquired or discontinued any operations during the reporting period.

Going Concern

After making enquiries, the Authority has formed a judgement, at the time of approving the Financial Statements that there is a reasonable expectation that the Authority has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Authority continues to adopt the Going Concern basis in preparing the accounts.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Authority's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised and if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

In applying the accounting policies of the Authority, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement is required for the accounts, the judgement is made using the knowledge and experience of relevant officers.

The Authority has to decide whether the leases it enters into should be treated as operating or finance leases and whether contractual arrangements it enters into have the substance of a lease. These judgements are made on the professional opinion of the Authority's valuers, accountants and procurement officer.

The Authority has to decide whether land and buildings owned by the Authority are investment properties. The Authority's valuers and accountants make judgements in accordance with IAS 40

Investment Property. It has been determined that the Authority does not have any investment property as it does not hold land and/or buildings solely for rental income or capital appreciation.

The Authority has to decide whether there is a group relationship between the Authority and other entities. The accountants assess each relationship that exists between the Authority and other entities that may result in a group accounts relationship.

The Authority has to decide whether the Authority's exposure to possible losses is to be accounted for as a Provision or a Contingent Liability. These decisions are taken by a combination of the Authority's accountants, solicitor and other relevant officers.

Judgement is required to determine whether the Authority can be reasonably assured that the conditions of grant and contribution monies received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this happens. Equally, where conditions specify that a grant or contribution must be repaid in the event of non-expenditure, the income is not recognised until expenditure is incurred.

Key Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March for which there is a significant risk of material adjustment in the following financial year are as follows:

Pensions Liability and Reserve

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected return on Pension Fund assets. Hymans Robertson (Actuaries) are contracted to provide an estimate of the net liability relating to the Local Government Pension Scheme. The Government Actuaries Department are contracted to provide an estimate of the net liability relating to the Firefighters' Pension Schemes.

Valuation and Depreciation Charges

Professional opinions of the values of land and buildings are made by Carter Jonas LLP, who are contracted to provide valuation advice to the Authority. Estimates of the useful lives of property, plant and equipment are made by the relevant officers who have knowledge of such issues based on their professional judgement.

Revenue

Revenue in respect of services provided is recognised when the performance occurs, and is measured at the Fair Value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year the income is deferred.

Goods are sold on an incidental basis. Income is recognised at the point the sale transaction occurs.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in accordance with section 2.7 of IFRS15. In particular:

- Revenue from the provision of services is recognised when the Authority can measure reliably the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.

- Interest payable on borrowings and receivable on investments is accounted for as expenditure or income respectively on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not yet been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Overheads and Support Services

Management and Support Services form part of the overall net cost of service and are reflected as they are reported to management and the Fire Authority with the exceptions of the two heading below which are separately disclosed within net cost of services.

- Corporate and Democratic Core – costs relating to the democratic processes of the Authority and other corporate costs.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of Cost of Services.

Agency Income

Precept income is collected on behalf of the Authority by the four unitary authorities (East Riding of Yorkshire Council, Kingston upon Hull City Council, North East Lincolnshire Council and North Lincolnshire Council). This income is collected under an agency arrangement with the Authority including an appropriate share of taxpayer transactions within the financial statements.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. The CIPFA Code of Practice on Local Authority Accounting requires the Authority to recognise the amount of untaken annual leave at the 31st March as a liability which is reflected on the Balance Sheet. To ensure consistency, annual leave costs have been reflected in the year in which the annual leave is taken and the value of the Liability has not been reflected in the financial statements if it is below £300,000. The annual leave Liability that has not been taken during 2019/20 was less than £300,000.

Termination Benefits

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

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

Retirement Benefits

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

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

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

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

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

Service cost comprising:

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

Remeasurements comprising:

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

actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

Other Expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the Fair Value of the consideration payable.

Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administration purposes;
- it is probable that service potential will be provided to the Authority;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has a cost of at least £6,000.

Donated Assets are recognised at their value and are defined in the CIPFA Code of Practice on Local Government Accounting as those Assets that are transferred at nil value or acquired at less than Fair Value. Donated Assets that are from other public bodies are accounted for as a government grant (as required by IAS 20).

Valuation

All property, plant and equipment are measured initially at cost, representing the cost attributable to acquiring or constructing the Asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All Assets are measured subsequently at Fair Value.

Land and buildings used by the Authority are stated in the Balance Sheet at their re-valued amounts, being the Fair Value at the date of valuation. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the Reporting Period. Fair Values are determined as follows:

- Operational Buildings – Depreciated Replacement cost.
- Land and non-specialised buildings – market value for existing use.
- Vehicles, plant and equipment – historic cost less accumulated depreciation (as a proxy for current replacement cost).

Properties in the course of construction are carried at cost, less any impairment loss. Costs include professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at Fair Value. Assets are re-valued and Depreciation commences when they are brought into use.

An increase arising on revaluation is taken to the Revaluation Reserve except when it reverses an impairment previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is recognised as an Impairment charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the Asset, and, thereafter, to expenditure. Gains and losses recognised in the Revaluation

Reserve are reported as other comprehensive income in the Comprehensive Income and Expenditure Statement.

Subsequent Expenditure

Where subsequent expenditure enhances an Asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the Asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-off and charged to the Comprehensive Income and Expenditure Statement.

Disposals

Capital receipts from the sale of non-current assets are held in the Capital Receipts Unapplied Account until such time as they are used to finance other Capital Expenditure or to repay debt. Gains and losses on the disposal of non-current assets are recognised in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Recognition

Intangible assets are non-monetary Assets without physical substance, which are capable of sale separately from the rest of the Authority's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits or service potential will be provided to the Authority; where the cost of the Asset can be measured reliably, and where the cost is at least £6,000.

Intangible Assets recognised by the Authority are purchased IT software systems and are Amortised over 5 years.

Intangible Assets acquired separately are initially recognised at Fair Value. Software that is integral to the operating of hardware, for example an operating system is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an Intangible Asset.

Measurement

The amount initially recognised for internally-generated Intangible Assets is the sum of the expenditure incurred from the date when the criteria are initially met. Where no internally-generated Intangible Assets can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, Intangible Assets are carried at Fair Value by reference to an active market, or where no active market exists, at Amortised replacement cost (modern equivalent assets basis). Internally-developed software is held at historic cost to reflect the opposing effects of increases and development costs and technological advances.

Depreciation, Amortisation and Impairments

Assets under construction are not Depreciated. Otherwise, Depreciation and Amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their Useful Economic Lives, on a reducing balance basis (with the exception of assets acquired under finance leases). The Useful Economic Life of an Asset is the period over which the Authority expects to obtain economic benefits or service potential from the Asset. This is specific to the Authority and may be shorter than the physical life of the Asset itself. The Useful Economic Life and Residual Values are reviewed each year end, with the effect of any changes recognised on a prospective basis. The approximate average useful lives (depreciation periods) are categorised below:

- | | |
|---|----------|
| • Buildings | 40 years |
| • Vehicles – Fire Appliances | 15 years |
| • Vehicles – Lorries and Vans | 7 years |
| • Vehicles – Non FDS Cars and Light Vans | 7 years |
| • Vehicles – FDS Cars | 5 years |
| • Equipment | 5 years |
| • Specialised Equipment (e.g Breathing Apparatus) | 10 Years |

Assets acquired under Finance Leases are Depreciated over the term of the lease (or the life of the asset if this is lower than the term of the lease) on a straight line basis.

At each reporting period end, the Authority checks whether there is any indication that any of its tangible or intangible non-current Assets have suffered an impairment loss. If there is indication of an Impairment loss, the recoverable amount of the Asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible Assets not yet available for use are tested for Impairment annually.

If there has been an Impairment loss, the Asset is written down to its recoverable amount, with the loss charged to the Revaluation Reserve to the extent that there is a balance on the Reserve for the Asset and, thereafter, to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the Asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the Revaluation Reserve.

The Authority is not required to raise council tax to cover Depreciation, Impairment or Amortisation, however it is required to make an Annual Provision from its revenue budget to contribute towards the reduction in its overall borrowing requirement, the Minimum Revenue Provision (MRP). This is equal to 4% of the adjusted capital financing requirement at 31 March and subsequent supported borrowing, together with an amount equal to any Capital Expenditure funded from unsupported borrowing, apportioned over the Useful Economic Life of the Asset.

Government Grants

Government grants are grants from Government bodies. Revenue grants are matched against the expenditure to which they relate. Capital grants are credited to income once any conditions of the grant have been satisfied. Assets purchased from government grants are valued, Depreciated and Impaired as described for purchased Assets.

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the Asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current Assets held for sale are measured at the lower of their previous carrying amount and Fair Value less costs to sell. Fair Value is open market value including alternative uses.

The profit or loss arising on the disposal of an Asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement. On disposal, the balance for the Asset on the Revaluation Reserve is transferred to the Capital Adjustment Account.

Property, Plant and Equipment that is to be scrapped or demolished does not qualify for recognition as Held for Sale. Instead, it is retained as an operational Asset and its Useful Economic Life is adjusted. The asset is de-recognised when it is scrapped or demolished.

Leases

Leases are classified as Finance Leases when substantially all of the risks and rewards of ownership are transferred to the lessee. All other leases are classified as Operating Leases.

The Authority As A Lessee

The Authority has a single Asset held under a Finance Lease. The outstanding Liability relating to Finance Leases is reflected in the Authority's Balance Sheet, with the Assets acquired under Finance Leases added to the Authority's Asset register and the value reflected in the Property, Plant and Equipment total on the Balance Sheet. Interest costs relating to Finance Leases are reflected in the Comprehensive Income and Expenditure Statement. Payments for Finance Leases are made in equal amounts over the term of the lease. Operating Lease payments are recognised as an

expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a Liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an Operating Lease. Leased buildings are assessed as to whether they are Operating Leases or Finance Leases.

Inventories

Inventories are valued at the lower of cost and Net Realisable Value using the average cost method. This is considered to be a reasonable approximation to Fair Value.

Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. The balances on the current account and the business reserve account are cash. The balance in the liquidity manager account is a cash equivalent (as this is held for investment purposes until a sufficient balance is achieved and a short-term investment entered into).

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

Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

Contingencies

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. A Contingent Liability is disclosed unless the possibility of payment is remote.

A Contingent Asset is a possible Asset that arises from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A Contingent Asset is disclosed where an inflow of economic benefits is virtually certain.

Where the time value of money is material, contingencies are disclosed at their present value.

Reserves

The Authority sets aside specific reserves for future policy purposes. The Authority has a number of revenue reserves:

- General Reserve
- Capital Funding Reserve
- Ark Reserve
- Resilience Reserve
- Emergency Services Fleet Management (Humberside) Ltd Reserve
- Insurance Reserve
- ESMCP Reserve

The Authority has three capital reserves:

- Capital Adjustment Account
- Revaluation Reserve
- Capital Receipts Reserve

Other reserves held by the Authority, are held to meet accounting requirements:

- Pensions Reserve
- Collection Fund Adjustment Account

Financial Assets

Financial assets are recognised when the Authority becomes party to the Financial Instrument contract or in the case of trade receivables, when goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the Asset has been transferred. Financial Assets are initially recognised at Fair Value.

Financial Assets are classified into the following categories: Financial Assets at Fair Value through profit and loss; held to maturity investments; available for sale Financial Assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Loans and receivables are non-derivative Financial Assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at Amortised cost using the Effective Interest Method, less any Impairment. Interest is recognised using the Effective Interest Rate Method.

Fair Value is determined by reference to quoted market prices where possible, or failing that by reference to similar arms-length transactions between knowledgeable and willing parties.

The Effective Interest Rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

At the end of the reporting period the Authority assesses whether any Financial Assets, other than those held at 'Fair Value through profit and loss' are impaired. Financial assets are impaired and Impairment losses recognised if there is objective evidence of impairment, as a result of one or more events which occurred after the initial recognition of the Asset and which has an impact on the estimated future cash flows of the Asset.

For Financial Assets carried at amortised cost, the amount of the Impairment loss is measured as the difference between the Assets carrying amount and the present value of the revised future cash flows discounted at the Asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the Asset reduced directly.

If, in a subsequent period, the amount of the Impairment loss decreases and the decrease can be related objectively to an event occurring after the Impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the Impairment is reversed does not exceed what the amortised cost would have been had the Impairment not been recognised.

Financial Liabilities

Financial Liabilities are recognised in the Balance Sheet when the Authority becomes party to the contractual provisions of the Financial Instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the Liability has been paid or expired. Financial Liabilities are recognised at Fair Value.

Foreign Currencies

The Authority's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of transactions. At the end of the Reporting Period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses from either of these are recognised in the Authority's surplus/deficit in the period in which they arise.

Joint Operations

Joint operations are activities undertaken by the Authority in conjunction with one or more other parties but which are not performed through a separate entity.

Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

- IFRS 16 Leases

The above accounting standards that have been issued but have not yet been adopted are not expected to have a material impact on future financial statements.

Accounting Standards Issued That Have Been Adopted Early

There are no accounting standards issued that have been adopted early.

Exceptional Items

Exceptional items shall be included in the costs of the service to which they relate and noted accordingly.

Prior Period Adjustments

Unless otherwise sanctioned by the Code of Practice on Local Authority Accounting, material prior period adjustments shall result in restatement of prior year figures and disclosure of the effect.

Events After The Reporting Period

Material events after the Balance Sheet date shall be disclosed as a note to the Accounts and amended in the Accounts as required. Other events after the Balance Sheet date will be disclosed in a note with an estimate of the likely effect.

Group Accounts

Each reporting period the Authority will review its interests and influence on all types of entities including, but not limited to, other authorities and similar statutory bodies, common good trust funds, charities, companies, joint committees and other joint arrangements. If appropriate, then Group Accounts will be prepared in accordance with the Code of Practice on Local Authority Accounting.

VAT

Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of Non-Current Assets.

2. Expenditure and Funding Analysis

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

Year ended 31 March 2019

£'000	£'000	£'000	
Net Expenditure Chargeable to the General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
2,766	(597)	3,363	Community Fire Safety
23,703	(7,548)	31,251	Fire Fighting & Rescue Operations
13,734	(1,808)	15,542	Management and Support
134		134	Corporate and Democratic Core
45		45	Corporate Management
	(24,926)	24,926	Non Distributed Cost
40,382	(34,879)	75,261	Net Cost of Services
(40,351)	(13,414)	(26,937)	Other Income and Expenditure
31	(48,293)	48,324	(Surplus) or Deficit
5,282			Opening General Fund Balance
31			Less/Plus (Surplus) or Deficit on the General Fund in the Year
5,251			Closing General Fund Balance at 31 March

Year ended 31 March 2020

	£'000	£'000	£'000
Note	Net Expenditure Chargeable to the General Fund	Adjustments between the funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
10	2,725	(834)	3,559
10	27,047	(11,170)	38,217
10	13,937	(2,183)	16,120
10	133	0	133
10	33	0	33
10		(2,818)	2,818
	43,874	(17,005)	60,879
10	(44,242)	(15,188)	(29,054)
	(368)	(32,193)	31,825
	5,251		
	(368)		
	5,619		

3. Material Risk and Uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability (Firefighters' Pension Scheme)	The estimation of the net Liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement and mortality ages. The Authority receives advice from two separate actuaries, one for the Firefighters' Pension Schemes and one for the Local Government Pension Scheme.	The opening balance on the Firefighters' pension Liabilities at 1 April 2019 was £647.910m. The effects on the net pension Liabilities of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate would result in an increase in the pension liabilities of £57m. However, the assumptions interact in complex ways so changes in individual assumptions should be treated with caution.
Pensions Liability (Local Government Pension Scheme)	The estimation of the net Liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement and mortality ages and expected returns on investment funds. The Authority receives advice from two separate actuaries, one for the Firefighters' Pension Scheme and one for the Local Government Pension Scheme.	The opening balance on the Local Government pension Liabilities at 1 April 2019 was £51.544m (The opening balance on scheme Assets was £41.055m). The effects on the net pension Liabilities of changes in individual assumptions can be measured. For instance a 0.5% decrease in the real discount rate would result in an increase in the pension Liabilities of £5.032m. However, the assumptions interact in complex ways so changes in individual assumptions should be treated with caution.
Property, Plant and Equipment	Assets are regularly re-valued by an external valuer to ensure values are a true reflection of the market at the 31 March. Asset values could be under or overstated. Depreciation is calculated based on the estimated useful life of the asset.	For each 1% of under/over statement the value of Property would need to be adjusted by £323k. The carrying value of Property, Plant and Equipment is £46.511m. If the estimated useful life is under or overestimated by one year then the depreciation charge to the Comprehensive Income and Expenditure would be increased or reduced by £193k. The Depreciation charge is £2.045m.

4. Pensions

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make the payments and these should be disclosed at the time that employees earn their future entitlement.

The Authority participates in five pension schemes:

- The Firefighters' Pension Schemes 1992, 2006, 2015 and Modified (1992) Pension Scheme for uniformed staff. All of the Firefighters' Pension Schemes are unfunded Defined Benefit Pension Schemes, which means they provide pensions and other retirement benefits for employees based upon final salary or career average, but own no assets. As a result, the annual cost of the benefits paid is met using employer's and employees' contributions with the balance of the payments being met by the Government through a top-up grant.
- The Local Government Pension Scheme for non-uniformed employees, administered by the East Riding of Yorkshire Council, is a funded scheme which means that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance pension liabilities with investment assets.

The table below shows the key features of the four Firefighters' Pension Schemes and details of the Local Government Pension Scheme.

Key Features	1992 Firefighters' Scheme	2006 Firefighters' Scheme	Modified (1992) Pension Scheme	2015 Firefighters' Scheme	Local Government Pension Scheme
Status	Closed	Closed	Closed	Open	Open
Contribution Rate <ul style="list-style-type: none"> • employee • employer • ill health 	11% to 17% 21.7% 5.2%	8.5% to 12.5% 11.9% 3.2%	11% to 17% 21.7%	11% to 14.5% 14.3%	5.5% to 12.5% 18.6%
Benefits <ul style="list-style-type: none"> • maximum pension • minimum lump sum 	2/3 final salary	½ final salary		CARE Scheme	Varies Nil or 3/80ths
Maximum pensionable service	30 years	None	30 years	None	None
Normal retirement age	55 years	60 years	55 Years	60 years	68 years
Accrual rate	1/60 th for 20 years 2/60 th for 20+ years up to a maximum of 30 years	1/60 th	1/45 th	1/59.7 th	1/49 th

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Authority is required to make against the levies raised is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the revenue account after Net Operating Expenditure.

The following transactions have been made in the Comprehensive Income and Expenditure Account during the year.

		Firefighters' 1992 Pension Scheme		Firefighters' 2006 Pension Scheme		Firefighters' 2015 Pension Scheme		Local Government Pension Scheme	
		2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<i>Net Cost of Service</i>									
	Current Service Cost	(1,990)	(2,790)	(360)	(370)	(12,780)	(5,950)	(2,513)	(2,083)
	Unfunded Benefits								
	Past Service Costs	(2,500)	(22,070)	-	(2,850)	-	-	(318)	(6)
<i>Net Operating Expenditure</i>									
	Interest Cost	(14,010)	(13,750)	(960)	(880)	(880)	(570)	(1,264)	(1,213)
	Expected Return on Assets in the Scheme							993	1,029
Retirement costs included in the Comprehensive Income and Expenditure Statement		(18,500)	(38,610)	(1,320)	(4,100)	(13,660)	(6,520)	(3,102)	(2,273)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Account (shown in the table above), actuarial gains of £66.022m were included in the Statement of Comprehensive Income and Expenditure, losses of £4.069m were included for 2018/19.

The estimated contributions payable to the Authority's pension schemes for 2020/21 is £7.024m. (£6.565m for 2019/20).

Actuarial gains and losses comprise:

- Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and
- The effect of changes in actuarial assumptions.

Actuarial gains and losses are recognised in the Comprehensive Income and Expenditure Statement.

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme Asset/Liabilities and Net Obligation of the Firefighters' Pension Schemes:

Period ended 31 March	Firefighters' 1992 Pension Scheme Assets		Firefighters' 1992 Pension Scheme Obligation		Firefighters' 1992 Pension Scheme Net Obligation		Firefighters' Injury Awards Assets		Firefighters' Injury Awards Obligation		Firefighters' Injury Awards Net Obligation	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Fair value of employer assets					-	-					-	-
Present value of funded liabilities					-	-					-	-
Present value of unfunded liabilities			(566,870)	(534,450)	(566,870)	(534,450)			(13,160)	(12,530)	(13,160)	(12,530)
Opening Position as at 31 March	-	-	(566,870)	(534,450)	(566,870)	(534,450)	-	-	(13,160)	(12,530)	(13,160)	(12,530)
Service Cost												
Current Service Cost			(1,730)	(2,650)	(1,730)	(2,650)			(260)	(140)	(260)	(140)
Past Service Cost (inc curtailments)			(2,500)	(22,070)	(2,500)	(22,070)					-	-
Effect of Settlements					-	-					-	-
Total Service Cost	-	-	(4,230)	(24,720)	(4,230)	(24,720)	-	-	(260)	(140)	(260)	(140)
Net Interest												
Interest income on plan assets					-	-					-	-
Interest cost on defined benefit obligation			(13,690)	(13,430)	(13,690)	(13,430)			(320)	(320)	(320)	(320)
Impact of asset ceiling on net interest					-	-					-	-
Total net interest	-	-	(13,690)	(13,430)	(13,690)	(13,430)	-	-	(320)	(320)	(320)	(320)
Total defined benefit cost recognised in Income and Expenditure	-	-	(17,920)	(38,150)	(17,920)	(38,150)	-	-	(580)	(460)	(580)	(460)
Cashflows												
Plan participants' contributions	380	600	(380)	(600)	-	-					-	-
Employer Contributions	941	886			941	886					-	-
Contributions in respect of unfunded benefits					-	-					-	-
Benefits paid	(20,690)	(18,850)	20,690	18,850	-	-	(480)	(480)	480	480	-	-
Unfunded benefits paid					-	-					-	-
Expected closing position	(19,369)	(17,364)	(564,490)	(554,350)	(583,859)	(571,714)	(480)	(480)	(13,260)	(12,510)	(13,740)	(12,990)
Remeasurements												
Changes in demographic assumptions					-	-					-	-
Changes in financial assumptions	19,369	17,364	36,770	(13,920)	56,139	3,444	480	480	270	(260)	750	220
Other experience			4,320	1,400	4,320	1,400			520	(390)	520	(390)
Return on assets excluding amounts included in net interest					-	-					-	-
Changes in assumptions underlying the present value of the retained settlement					-	-					-	-
Changes in asset ceiling					-	-					-	-
Total remeasurements recognised in Other Comprehensive Income	19,369	17,364	41,090	(12,520)	60,459	4,844	480	480	790	(650)	1,270	(170)
Exchange differences												
Effect of business combinations and disposals												
Fair Value of employer assets												
Present value of funded liabilities												
Present value of unfunded liabilities	-	-	(523,400)	(566,870)	(523,400)	(566,870)	-	-	(12,470)	(13,160)	(12,470)	(13,160)
Closing position as at 31 March	-	-	(523,400)	(566,870)	(523,400)	(566,870)	-	-	(12,470)	(13,160)	(12,470)	(13,160)

Period ended 31 March

Fair value of employer assets

Present value of funded liabilities

Present value of unfunded liabilities

Opening Position as at 31 March

Service Cost

Current Service Cost

Past Service Cost (inc curtailments)

Effect of Settlements

Total Service Cost

Net Interest

Interest income on plan assets

Interest cost on defined benefit obligation

Impact of asset ceiling on net interest

Total net interest**Total defined benefit cost recognised in Income and Expenditure**

Cashflows

Plan participants' contributions

Employer Contributions

Contributions in respect of unfunded benefits

Benefits paid

Unfunded benefits paid

Expected closing position

Remeasurements

Changes in demographic assumptions

Changes in financial assumptions

Other experience

Return on assets excluding amounts included in net interest

Changes in assumptions underlying the present value of the retained settlement

Changes in asset ceiling

Total remeasurements recognised in Other Comprehensive Income

Exchange differences

Effect of business combinations and disposals

Fair Value of employer assets

Present value of funded liabilities

Present value of unfunded liabilities

Closing position as at 31 March

Firefighters' 2006 Pension Scheme Assets		Firefighters' 2006 Pension Scheme Obligation		Firefighters' 2006 Pension Scheme Net Obligation		Firefighters' 2015 Pension Scheme Assets		Firefighters' 2015 Pension Scheme Obligation		Firefighters' 2015 Pension Scheme Net Obligation	
2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
				-	-					-	-
				-	-					-	-
-	-	(39,120)	(34,330)	(39,120)	(34,330)	-	-	(28,740)	(18,530)	(28,740)	(18,530)
-	-	(39,120)	(34,330)	(39,120)	(34,330)	-	-	(28,740)	(18,530)	(28,740)	(18,530)
Service Cost											
Current Service Cost		(360)	(370)	(360)	(370)			(12,780)	(5,940)	(12,780)	(5,940)
Past Service Cost (inc curtailments)			(2,850)	-	(2,850)					-	-
Effect of Settlements				-	-					-	-
-	-	(360)	(3,220)	(360)	(3,220)	-	-	(12,780)	(5,940)	(12,780)	(5,940)
Net Interest											
Interest income on plan assets				-	-					-	-
Interest cost on defined benefit obligation		(960)	(880)	(960)	(880)			(880)	(570)	(880)	(570)
Impact of asset ceiling on net interest				-	-					-	-
-	-	(960)	(880)	(960)	(880)	-	-	(880)	(570)	(880)	(570)
-	-	(1,320)	(4,100)	(1,320)	(4,100)	-	-	(13,660)	(6,510)	(13,660)	(6,510)
Cashflows											
200	280	(200)	(280)	-	-	2,190	1,810	(2,190)	(1,810)	-	-
255	164			255	164	4,418	1,946			4,418	1,946
				-	-					-	-
(280)	(300)	280	300	-	-	(160)	(100)	160	100	-	-
				-	-					-	-
175	144	(40,360)	(38,410)	(40,185)	(38,266)	6,448	3,656	(44,440)	(26,750)	(37,992)	(23,094)
Remeasurements											
Changes in demographic assumptions				-	-					-	-
(175)	(144)	2,290	(1,510)		(1,654)	(6,448)	(3,656)	1,620	(1,430)	(4,828)	(5,086)
		(470)	800	(470)	800			620	(560)	620	(560)
Return on assets excluding amounts included in net interest				-	-					-	-
Changes in assumptions underlying the present value of the retained settlement				-	-					-	-
Changes in asset ceiling				-	-					-	-
(175)	(144)	1,820	(710)	1,645	(854)	(6,448)	(3,656)	2,240	(1,990)	(4,208)	(5,646)
Exchange differences											
Effect of business combinations and disposals											
Fair Value of employer assets											
Present value of funded liabilities											
-	-	(38,540)	(39,120)	(38,540)	(39,120)	-	-	(42,200)	(28,740)	(42,200)	(28,740)
-	-	(38,540)	(39,120)	(38,540)	(39,120)	-	-	(42,200)	(28,740)	(42,200)	(28,740)

Reconciliation of present value of the scheme Assets/Liabilities and Net Obligation of Local Government Pension Scheme:

Period ended 31 March	Local Government Pension Scheme Assets		Local Government Pension Scheme Liability		Local Government Pension Scheme Net Obligation	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Fair value of employer assets	41,055	37,831			41,055	37,831
Present value of funded liabilities			(51,471)	(44,026)	(51,471)	(44,026)
Present value of unfunded liabilities			(73)	(75)	(73)	(75)
Opening Position as at 31 March	41,055	37,831	(51,544)	(44,101)	(10,489)	(6,270)
Service Cost						
Current Service Cost			(2,513)	(2,083)	(2,513)	(2,083)
Past Service Cost (inc curtailments)			(318)	(6)	(318)	(6)
Effect of Settlements					-	-
Total Service Cost	-	-	(2,831)	(2,089)	(2,831)	(2,089)
Net Interest						
Interest income on plan assets	993	1,029			993	1,029
Interest cost on defined benefit obligation			(1,264)	(1,213)	(1,264)	(1,213)
Impact of asset ceiling on net interest					-	-
Total net interest	993	1,029	(1,264)	(1,213)	(271)	(184)
Total defined benefit cost recognised in Income and Expenditure	993	1,029	(4,095)	(3,302)	(3,102)	(2,273)
Cashflows						
Plan participants' contributions	357	338	(357)	(338)	-	-
Employer Contributions	924	987			924	987
Contributions in respect of unfunded benefits	7	7			7	7
Benefits paid	(818)	(705)	818	705	-	-
Unfunded benefits paid	(7)	(7)	7	7	-	-
Expected closing position	42,511	39,480	(55,171)	(47,029)	(12,660)	(7,549)
Remeasurements						
Changes in demographic assumptions			2,178	-	2,178	-
Changes in financial assumptions			4,932	(4,512)	4,932	(4,512)
Other experience			3,927	(3)	3,927	(3)
Return on assets excluding amounts included in net interest	(4,181)	1,575			(4,181)	1,575
Changes in asset ceiling					-	-
income	(4,181)	1,575	11,037	(4,515)	6,856	(2,940)
Exchange differences						
Effect of business combinations and disposals						
Fair Value of employer assets	38,330	41,055			38,330	41,055
Present value of funded liabilities			(44,134)	(51,471)	(44,134)	(51,471)
Present value of unfunded liabilities			(73)	(75)	-	(73)
Closing position as at 31 March	38,330	41,055	(44,134)	(51,544)	(5,804)	(10,489)

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.

Reconciliation of opening and closing surplus/(deficit):

Scheme History

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Present Value of Liabilities					
Local Government Pension Scheme	(35,411)	(42,410)	(44,101)	(51,544)	(44,134)
Firefighters' 1992 Pension Scheme	(480,260)	(573,080)	(534,450)	(566,870)	(523,400)
Firefighters' Injury Awards	(10,650)	(11,750)	(12,530)	(13,160)	(12,470)
Firefighters' 2006 Pension Scheme	(13,410)	(20,150)	(34,330)	(39,120)	(38,540)
Firefighters' 2015 Pension Scheme	(3,860)	(11,330)	(18,530)	(28,740)	(42,200)
Fair Value of Assets					
Local Government Pension Scheme	27,334	35,917	37,831	41,055	38,330
Firefighters' 1992 Pension Scheme	-	-	-	-	-
Firefighters' Injury Awards	-	-	-	-	-
Firefighters' 2006 Pension Scheme	-	-	-	-	-
Firefighters' 2015 Pension Scheme	-	-	-	-	-
Surplus/(Deficit) in the Scheme					
Local Government Pension Scheme	(8,077)	(6,493)	(6,270)	(10,489)	(5,804)
Firefighters' 1992 Pension Scheme	(480,260)	(573,080)	(534,450)	(566,870)	(523,400)
Firefighters' Injury Awards	(10,650)	(11,750)	(12,530)	(13,160)	(12,470)
Firefighters' 2006 Pension Scheme	(13,410)	(20,150)	(34,330)	(39,120)	(38,540)
Firefighters' 2015 Pension Scheme	(3,860)	(11,330)	(18,530)	(28,740)	(42,200)
	<u>(516,257)</u>	<u>(622,803)</u>	<u>(606,110)</u>	<u>(658,379)</u>	<u>(622,414)</u>

The Fair Value of Assets in the above table have been restated as permitted by IAS 19.

The Liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total net Liability of £622.414m (£658.379m in 2018/19) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £583.099m (£617.052m in 2018/19). However, there are statutory provisions (most recently, S13 of the Local Government Act 2003) for funding any Local Authority deficit. In addition, the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

Finance is only required to be raised to cover firefighters' pensions when pensions are actually paid, i.e. as they actually retire.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the Projected Unit Method by Hymans Robertson, an independent firm of actuaries for the Local Government Pension Scheme and by the Government Actuaries Department (GAD) in relation to the Firefighters' Pension Schemes. Estimates for the Local Government Pension Scheme administered by the East Riding of Yorkshire Council have been based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuaries have been:

	Local Government Pension Scheme		Firefighters' Pension Schemes	
	2019/20	2018/19	2019/20	2018/19
Long-term expected rate of return on assets in the scheme :				
Equity Investments	4.6%	8.7%		
Bonds	4.6%	8.7%		
Property	4.6%	8.7%		
Other	4.6%	8.7%		
Longevity at 65 for current pensioners:				
Men	20.9	21.7	21.3	21.9
Women	23.3	24.2	21.3	21.9
Longevity at 65 for future pensioners: (45 for Firefighters' Pension Scheme)				
Men	21.8	23.7	23.0	23.9
Women	24.8	26.4	23.0	23.9
Rate of Inflation	1.8%	2.5%	2.0%	2.4%
Rate of increase in salaries	2.7%	2.7%	4.0%	4.4%
Rate of increase in pensions	1.8%	2.5%	4.0%	4.4%
Rate for discounting scheme liabilities	2.3%	2.4%	2.3%	2.5%
Take-up of option to convert annual pension into retirement lump sum	60.0%	60.0%	25.0%	25.0%

Mortality rates are projected to 2008 using the standard '92-series' mortality improvements and rated down one year. Future mortality improvements from 2008 are in line with the 2008-based UK national population projections.

Firefighters' Pension Schemes have no Assets to cover their Liabilities. Assets in the Local Government Pension Scheme administered by the East Riding of Yorkshire Council are valued at bid value and consist of the following categories, of the total Assets held by the East Riding Pension Fund:

Asset Category	Period Ended 31 March 2020				Period Ended 31 March 2019			
	Quoted prices in active markets £(000)	Quoted prices not in active markets £(000)	Total £(000)	Percentage of Total Assets	Quoted prices in active markets £(000)	Quoted prices not in active markets £(000)	Total £(000)	Percentage of Total Assets
Equity Securities:								
Consumer			0.0	0%	910.7		910.7	2%
Manufacturing			0.0	0%	884.6		884.6	2%
Energy and Utilities			0.0	0%	189.8		189.8	0%
Financial Institutions			0.0	0%	613.2		613.2	1%
Health and Care			0.0	0%	372.7		372.7	1%
Information Technology			0.0	0%	405.3		405.3	1%
Other	3,331.6		3,331.6	9%	20.6		20.6	0%
Debt Securities:								
Corporate Bonds (investment grade)			0.0	0%	543.0		543.0	1%
Corporate Bonds (non-investment grade)	401.1	2,230.0	2,631.1	7%	614.0	1,944.1	2,558.1	6%
UK Government	1,702.1		1,702.1	4%	1,800.8		1,800.8	4%
Other	725.9		725.9	2%	1,111.2		1,111.2	3%
Private Equity:								
All	534.8	1,500.1	2,034.9	5%	850.9	1,233.1	2,084.0	5%
Real Estate:								
UK Property	1,481.9	3,618.9	5,100.8	13%	1,430.7	3,413.3	4,844.0	12%
Overseas Property			0.0	0%			0.0	0%
Investment Funds and Unit Trusts:								
Equities	16,351.5		16,351.5	43%	19,238.6		19,238.6	47%
Bonds	884.4		884.4	2%			0.0	0%
Hedge Funds			0.0	0%			0.0	0%
Commodities			0.0	0%			0.0	0%
Infrastructure	547.5	1,722.5	2,270.0	6%	439.4	1,550.4	1,989.8	5%
Other	285.6	1,198.9	1,484.5	4%	688.8	1,176.7	1,865.5	5%
Derivatives:								
Inflation			0.0	0%			0.0	0%
Interest Rate			0.0	0%			0.0	0%
Foreign Exchange			0.0	0%			0.0	0%
Other			0.0	0%			0.0	0%
Cash and Cash Equivalents:								
All	1,813.2		1,813.2	5%	1,623.2		1,623.2	4%
Totals	28,060	10,270	38,330	100.00%	31,738	9,318	41,055	100.00%

The Actuarial Gains identified as movements on the Pensions Reserve in 2019/20 can be analysed into the following categories, measured as a percentage of Assets or Liabilities at the 31 March 2020:

	2015/16 %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
Local Government Pension Scheme					
Difference between the expected and actual return on assets	1.80	25.17	0.47	4.16	(10.18)
Experience gains and (losses) on liabilities	12.41	(13.92)	2.34	2.33	1.93
Firefighters' Pension Scheme 1992					
Experience gains and (losses) on liabilities	11.77	(18.50)	6.96	(2.34)	7.25
Firefighters' Injury Awards					
Experience gains and (losses) on liabilities	11.13	(9.39)	(6.64)	(5.19)	0.06
Firefighters' Pension Scheme 2006					
Experience gains and (losses) on liabilities	46.39	(42.58)	(66.05)	(2.07)	4.65
Firefighters' Pension Scheme 2015					
Experience gains and (losses) on liabilities	n/a	(77.20)	(1.68)	(10.75)	7.79

The Fire Authority of Humberside, along with other Fire Authorities, currently have a number of claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Fire Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019 the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes. This would lead to an increase in Firefighters Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions and applying these across the Fire scheme as a whole have estimated the potential increase in scheme liabilities for Humberside Fire Authority to be approximately £24.9m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost in 2018/19. The actuaries have highlighted that this estimate is based on one potential remedy (the actual remedy is not yet known and work is ongoing to determine this with the outcomes expected in 2022/23), the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

There would also be an impact on the Local Government Pension Scheme but the impact would be immaterial so this was not adjusted in 2018/19.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Fire Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and Fire Authorities will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Fire Pension Fund Regulations 2007. These require a Fire Authority to maintain a fire pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the fire pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Fire Authority in the form of a central government top-up grant.

5. Non-Current Assets

	Operational Assets				Operational Assets (Intangible)	Non-operational Assets		
	Land and Buildings	Vehicles	Plant and Equipment	TOTAL	Intangible Assets*	Assets Under Construction	Surplus Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
1 April 2019	33,708	16,907	4,658	55,273	452	648	190	56,563
Additions/Enhancement	966	500	784	2,250	0	8	2	2,260
Revaluation increases / (decreases) to Revaluation Reserve	(567)	0	0	(567)	0	0	0	(567)
Revaluation increases / (decreases) to Comprehensive Income and Expenditure Statement	(1,033)	0	0	(1,033)	0	0	(10)	(1,043)
Derecognition - Disposals	0	(325)	(488)	(813)	(196)	0	0	(1,009)
Other movements	0	581	0	581	0	(581)	0	0
At 31 March 2020	33,074	17,663	4,954	55,691	256	75	182	56,204
Depreciation/Impairment								
1 April 2019	557	5,382	2,272	8,211	207	0	0	8,418
Charge for the year	712	866	417	1,995	49	0	2	2,046
Depreciation written out to the Revaluation Reserve	(322)	0	0	(322)	0	0	0	(322)
Derecognition - Disposals	0	(160)	(328)	(488)	(132)	0	0	(620)
At 31 March 2020	947	6,088	2,361	9,396	124	0	2	9,522
Net Book Value								
1st April 2019	33,151	11,525	2,386	47,060	245	648	190	48,141
31 March 2020	32,127	11,575	2,593	46,295	132	75	180	46,680

*£168k is included in non-current assets (on the Balance Sheet) that are owned by ESFM (Humberside) Ltd, please see note 12 for details.

2018/19 Comparatives

	Operational Assets				Operational Assets (Intangible)	Non-operational Assets		Total Assets
	Land and Buildings	Vehicles	Plant and Equipment	TOTAL	Intangible Assets*	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Cost or Valuation								
1 April 2018	33,331	16,467	4,871	54,669	651	32	0	55,352
Additions/Enhancement	1,551	1,175	583	3,309	37	616	0	3,962
Revaluation increases / (decreases) to Revaluation Reserve	(321)	0	0	(321)	0	0	(3)	(324)
Revaluation increases / (decreases) to Comprehensive Income and Expenditure Statement	(653)	0	0	(653)	0	0	(7)	(660)
Derecognition - Disposals	0	(735)	(796)	(1,531)	(236)	0	0	(1,767)
Other movements	(200)	0	0	(200)	0	0	200	0
At 31 March 2019	33,708	16,907	4,658	55,273	452	648	190	56,563
Depreciation/Impairment								
1 April 2018	0	4,958	2,441	7,399	313	0	0	7,712
Charge for the year	714	866	419	1,999	68	0	3	2,070
Depreciation written out to the Revaluation Reserve	(157)	0	0	(157)	0	0	(3)	(160)
Derecognition - Disposals	0	(442)	(588)	(1,030)	(174)	0	0	(1,204)
At 31 March 2019	557	5,382	2,272	8,211	207	0	0	8,418
Net Book Value								
1st April 2018	33,331	11,509	2,430	47,270	338	32	0	47,640
31 March 2019	33,151	11,525	2,386	47,060	245	648	190	48,141

*£168k is included in non-current assets (on the Balance Sheet) that are owned by ESFM (Humberside) Ltd, please see note 12 for details.

Asset Classes

The table below analyses the major types of Asset and the numbers held in each category:

Category of Asset	No. Held 31.03.20	No. Held 31.03.19
Operational Land & Buildings		
Service Headquarters	1	1
Fire Stations	31	31
Other Offices	2	2
Operational Vehicles		
Fire Appliances	72	72
Lorries	1	1
Vans	27	28
Cars	143	129
Others	4	3
New Dimensions Assets	7	7

Capital Financing Requirement

Movements in the Capital Financing Requirement for the year 2019/20 are shown in the table below:

	2019/20 £'000	2018/19 £'000
Opening Capital Financing Requirement	16,829	14,661
Capital Investment		
Operational Assets	2,252	3,345
Non Operational Assets	8	616
Sources of Finance		
Capital Receipts	(9)	(64)
Minimum Revenue Provision	(1,209)	(1,079)
Revenue Contributions to Capital Outlay	-	(650)
	<u>17,871</u>	<u>16,829</u>
Explanation of Movements in Year		
Increase/(Decrease) in the Underlying Need to Borrow		
Unsupported by Government Financial Assistance	1,042	2,168
	<u>1,042</u>	<u>2,168</u>

Valuation of Property carried at Current Value

The following statement shows the progress of the Authority's rolling programme for the revaluation of non-current Assets. The valuation of the building stock is carried out by the Carter Jonas LLP and has an effective date of 1 April each year. The basis for valuation of the different categories of Asset is set out in note 1 of the Notes to the Financial Statements.

2019/20

	Operational Assets			Non Operational Assets		
	Other Land & Buildings	Vehicles	Plant & Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Value as at Historical Cost	19,705	11,575	2,593	75		33,948
Value at Current Value in:						
Current Year	11,031					11,031
Previous Year	1,391				180	1,571
Value as at 31 March 2020	32,127	11,575	2,593	75	180	46,550
Nature of asset holding						
Leased	744					744
Owned	31,383	11,575	2,593	75	180	45,806
	32,127	11,575	2,593	75	180	46,550

Note: the above valuations as at 31 March 2020 are net of accumulated Depreciation to that date.

2018/19

	Operational Assets			Non Operational Assets		
	Other Land & Buildings	Vehicles	Plant & Equipment	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Value as at Historical Cost		11,525	2,386	648		14,559
Value at Current Value in:						
Current Year	8,080				190	8,270
Previous Year	25,071					25,071
Value as at 31 March 2019	33,151	11,525	2,386	648	190	47,900
Nature of asset holding						
Leased	770					770
Owned	32,381	11,525	2,386	648	190	47,130
	33,151	11,525	2,386	648	190	47,900

Capital Expenditure

Capital Expenditure incurred by the Authority during 2019/20 with comparatives for 2018/19 and the sources of financing are as follows:

Category of Asset	2019/20 £'000	Category of Asset	2018/19 £'000
Land & Buildings (Including those under Construction)		Land & Buildings (Including those under Construction)	
Clough Road Training	196	Clough Road Training	13
Bridlington	34	Kirton Lindsey	137
Service Headquarters	162	Service Headquarters	20
Goole	13	Barton	3
Howden	5	Market Weighton	3
Scunthorpe	36	Brough	12
Cleethorpes	49	Calvert Lane	3
Dignity Works	470	BA Training	368
Ark	8	Ark	36
Co-Location	3		
Vehicles (including those under Construction)	500	Vehicles (including those under Construction)	1,756
Plant & Equipment (Including Equipment under Construction)		Plant & Equipment (Including Equipment under Construction)	
IT Equipment	706	IT Equipment	297
Equipment	78	Equipment	286
Intangibles		Intangibles	37
	2,260		2,971
Source of Finance	£'000	Source of Finance	£'000
Loans - Unsupported Borrowing	2,251	Loans - Unsupported Borrowing	2,257
Grants	-	Grants	-
Capital Contributions (including capital receipts)	9	Capital Contributions (including capital receipts)	714
	2,260		2,971

Finance Leases

The Authority has a building that has been acquired under a finance lease. This asset is carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2019/20 £'000	2018/19 £'000
Property, Plant and Equipment	744	770
	744	770

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

	2019/20	2018/19
	£'000	£'000
Finance Lease Liability	966	979
Finance Costs		
Current	84	86
Non Current	1,223	1,307
	2,273	2,372

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

	Minimum Lease		Finance Lease	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Not later than one year	99	99	14	13
Later than one year and not later than five years	395	395	71	65
Later than five years	1,779	1,878	881	901
	2,273	2,372	966	979

Operating Leases

The Authority does not have any material operating leases.

6. Reserves held by the Authority

Useable Reserves

The Authority retains a number of Reserves which are available to fund Expenditure.

General Fund Balance - This is retained to fund unforeseen expenditure pressures.

Earmarked Reserves - These reserves are retained to fund particular items of expenditure and are reviewed each year, currently the Earmarked Reserves balance is £5.683m (£5.448m at the end of 2018/19). Please see the description of each reserve below.

31 March 2019 £'000	Earmarked Reserves	31 March 2020 £'000
300	Resilience Reserve	300
2,400	Capital Funding Reserve	3,000
500	Insurance Reserve	500
400	Change Management Reserve	-
1,000	Ark Reserve	1,000
510	Share of ESFM (Humberside) Ltd Net Assets	510
338	ESMCP Reserve	373
5,448	Total Earmarked Reserves	5,683

Resilience Reserve – This can be used to fund any costs associated with the resilience of the service.

Capital Funding Reserve - This reserve is utilised to fund items of Capital expenditure.

Insurance Reserve – This reserve is to fund any costs that are not covered by the Authority's insurance policies.

Change Management Reserve – This reserve was to facilitate changes in the structure or development of Humberside Fire and Rescue Service.

Ark Reserve – This funding is identified to fund 'The Ark, National Flood Resilience Centre' development with Hull University.

Income from HFR Solutions Reserve – This reserve is the money repaid to the Authority for secondments and hire charges to HFR Solutions.

Share of ESFM (Humberside) Ltd Net Assets – This reflects the Authority's share of ESFM (Humberside) Ltd net assets at the balance sheet date.

Capital Receipts Reserve - This can be used to fund items of Capital Expenditure.

ESMCP Reserve – The Emergency Services Mobile Communications Programme (ESMCP) Reserve is a grant given by Government to assist with the upgrade of our mobile communications

Unusable Reserves

The Authority now retains four unusable reserves:-

Capital Adjustment Account – This Reserve is required by the CIPFA Code of Practice on Local Authority Accounting and is used to allow the Authority to nullify the effect of Non-current Asset expenses on the Accounts.

Revaluation Reserve – This Reserve is required by the Code of Practice on Local Authority Accounting and reflects the amount to which the value of the property owned by the Authority has increased. A transfer can be made from the Revaluation Reserve to the Capital Adjustment Account to reflect the amount of additional Depreciation that has been charged due to the increase in value of the property, should the value of a previously revalued property fall some or all of the loss can be offset against the amount remaining in the Revaluation Reserve.

Pensions Reserve – Please see Note 4 Pensions.

Collection Fund Adjustment Account – This Reserve is required by the CIPFA Code of Practice on Local Authority Accounting for Adjustment Account billing and precepting Authorities regarding the collection and distribution of collection fund receipts.

Movement on Capital Reserves**Revaluation Reserve**

	2020 £'000	2019 £'000
Gains on Revaluation of Non Current Assets	(624)	(160)
Losses on Revaluation of Non Current Assets	869	324
Compensatory adjustment from the Revaluation Reserve to convert current value depreciation debits to historical cost.	63	64
Total Movement on Reserve	<u>309</u>	<u>228</u>
Balance Brought Forward 1 April	(5,350)	(5,578)
Balance Carried Forward at 31 March	<u>(5,040)</u>	<u>(5,350)</u>

Capital Adjustment Account

	2020 £'000	2019 £'000
Net Book Value of Assets disposed of	388	564
Depreciation	2,045	2,090
Impairments	1,043	660
Compensatory adjustment from the Revaluation Reserve to convert current value depreciation debits to historical cost.	(63)	(64)
Deferred Grants and Contributions applied	(9)	(714)
Provision for Repayments of External Loans (MRP)	(1,209)	(1,079)
Total Movement on Reserve	<u>2,195</u>	<u>1,457</u>
Balance Brought Forward 1 April	(24,764)	(26,221)
Balance Carried Forward at 31 March	<u>(22,569)</u>	<u>(24,764)</u>

7. Borrowing and Investments

Long Term Liabilities

The outstanding borrowings and Liabilities of the Authority are disclosed below:

	2019/20			2018/19		
	Total	Repayable within 12 months	Repayable after 12 months	Total	Repayable within 12 months	Repayable after 12 months
	£'000	£'000	£'000	£'000	£'000	£'000
Public Works Loan Board	13,618	722	12,896	15,003	1,473	13,530
Finance Leases	966	14	952	968	25	943
Pension Liability - Firefighters' Pension Fund	616,610		616,610	647,900		647,900
Pension Liability - Local Government Pension Scheme	5,804		5,804	10,489		10,489
	636,998	736	636,262	674,360	1,498	672,862

The outstanding borrowings of the Authority at 31 March 2020 which were repayable within a period in excess of 12 months were as follows:

Source of Loan	Interest Rate Payable %	Amount Outstanding at 31 March 2020	Amount Outstanding at 31 March 2019
		£'000	£'000
Public Work Loans Board	2.10	1,000	1,000
Public Work Loans Board	2.14	1,000	1,000
Public Work Loans Board	3.70	1,000	1,000
Public Work Loans Board	3.75	1,000	1,000
Public Work Loans Board	3.84	1,000	1,000
Public Work Loans Board	3.88	1,000	1,000
Public Work Loans Board	4.40	428	428
Public Work Loans Board	4.45	-	634
Public Work Loans Board	4.55	4,400	4,400
Public Work Loans Board	4.63	827	827
Public Work Loans Board	4.75	95	95
Public Work Loans Board	4.90	246	246
Public Work Loans Board	5.00	900	900
		12,896	13,530

Loans analysed by maturity are as follows:

	31 March 2020	31 March 2019
	£'000	£'000
Maturing in 1-2 Years	827	634
Maturing in 2-5 Years	3,241	3,227
Maturing in 5-10 Years	6,828	4,669
Maturing in More Than 10 Years	2,000	5,000
	12,896	13,530

Provision for the Repayment of External Loans

The Authority is required by statute to set aside a Minimum Revenue Provision (MRP) for the redemption of external debt. The method of calculating the Provision is defined by statute. The MRP for 2019/20 is as follows:

	2019/20 £'000	2018/19 £'000
MRP based on Option 1 - 4% of CFR/Supported Borrowing	563	586
MRP based on Option 3(a) - Equal Instalments of Self Financed Borrowing	633	463
MRP for Assets acquired under Finance Leases Matched to the Principal repaid	13	30
	<u>1,209</u>	<u>1,079</u>

Short Term Investments

The Authority places funds with counter-parties on a commercial basis, these loans are made to counter-parties who meet a specified criteria. The loans are short-term (less than a year). Accrued interest is included in the Balance Sheet at 31 March. The value of these investments is £5.004m at 31 March. (2018/19 was £4.501m).

8. Other Creditors and Debtors

- Long-Term Creditors

There are no long-term creditors at 31 March 2020.

- Short-Term Creditors

Analysis of short term creditors is as follows: -

	31 March 2020 £'000	31 March 2019 £'000
Central Government Bodies	2,092	1,152
Other Local Authorities	1,234	191
Bodies External to General Government	4,002	3,047
	<u>7,328</u>	<u>4,390</u>

*included in the Short-Term Creditors figure on the Balance Sheet is £258k relating to ESFM (Humberside) Ltd, please see note 12 for details.

- Long-Term Debtors

There were no long-term debtors at 31 March 2020.

- Short-Term Debtors

Amounts falling due within one year may be analysed as follows: -

	31 March 2020 £'000	31 March 2019 £'000
Central Government Bodies	3,343	2,453
Other Local Authorities	222	128
NHS Bodies	21	45
Bodies External to General Government	5,205	5,658
	<u>8,791</u>	<u>8,284</u>

*included in Short-Term Debtors is £580k relating to ESFM (Humberside) Ltd, please see note 12 for further details.

9. Financial Instruments

The Financial Instruments held by the Authority are included below and the Authority fully complies with the CIPFA Code of Practice on Local Authority Accounting.

Amortised Cost

Financial Instruments (whether borrowing or investment) are valued on an amortised costs basis using the Effective Interest Rate (EIR) method.

Fair Value

In these disclosure notes, Financial Instruments are also required to be shown at Fair Value.

Compliance

The Authority has complied with the following:

It has adopted the CIPFA Treasury Management in the Public Services: Code of Practice.

Set treasury management indicators to control key Financial Instrument risks in accordance with CIPFA's Prudential Code.

Accounting regulations require the Financial Instruments (investment, lending and borrowing of the Authority) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the Balance Sheet are made up of the following categories of "Financial Instruments".

	Long Term		Current	
	31 March		31 March	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Investments at Amortised Cost				
Loans and Receivables at Amortised Cost			5,004	4,501
Total Investments at Amortised Cost	-	-	5,004	4,501
Debtors				
Financial Assets (including Trade Debtors and General and Other Debtors and Long Term Debtors)			2,719	2,029
Total Debtors	-	-	2,719	2,029
Borrowings at Amortised Cost				
Financial Liabilities at Amortised Cost	(13,848)	(14,473)	(736)	(1,498)
Total Borrowings at Amortised Cost	(13,848)	(14,473)	(736)	(1,498)
Creditors				
Financial Liabilities Carried at Contract Amount			(1,897)	(1,250)
Total Creditors	-	-	(1,897)	(1,250)

Analysis of the Financial Liabilities and Loans and Receivables is shown in the table below:

		31 March	
		2020	2019
		£'000	£'000
Financial Liabilities			
Current			
Creditors		(1,897)	(1,250)
Bank overdrawn		-	-
Public Works Loans Board Loans and Finance Leases		(736)	(1,498)
		<u>(2,633)</u>	<u>(2,748)</u>
Long Term			
Public Works Loans Board Loans		(12,896)	(13,530)
Finance Leases		(952)	(943)
		<u>(13,848)</u>	<u>(14,473)</u>
		<u>(16,481)</u>	<u>(17,221)</u>
Financial Assets			
Current			
Debtors		2,719	2,029
Investments		5,004	4,501
		<u>7,723</u>	<u>6,530</u>

Gains and losses recognised in the Comprehensive Income and Expenditure Account for 2019/20 in relation to financial instruments are made up as follows:

	2019/20			2018/19				
	Financial Liabilities	Financial Assets		Total	Financial Liabilities	Financial Assets		Total
	Measured at amortised cost £'000	Loans and Receivables £'000	Available for sale Assets £'000	£'000	Measured at amortised cost £'000	Loans and Receivables £'000	Available for sale Assets £'000	£'000
Interest Expense	(727)	-	-	(727)	(683)	-	-	(683)
Loss on derecognition	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Interest payable and similar charges	(727)	-	-	(727)	(683)	-	-	(683)
Interest income	-	69	-	69	-	56	-	56
Losses on revaluation	-	-	-	-	-	-	-	-
Amounts recycled to the Income and Expenditure Account after impairment	-	-	-	-	-	-	-	-
Interest and investment income	-	69	-	69	-	56	-	56
Gains on revaluation			-	-			-	-
Losses on revaluation			-	-			-	-
Amounts recycled to the Income and Expenditure Account after impairment			-	-			-	-
Surplus arising on revaluation of financial assets			-	-			-	-
Net gain/(loss) for the year	(727)	69	-	(658)	(683)	56	-	(627)

The Fair value of each class of Financial Assets and Liabilities which are carried in the balance sheet at Amortised Cost is disclosed below.

The Authority engaged Link Asset Services, a firm of financial consultants specialising in treasury management and capital finance in the U.K. Public Sector, who have calculated the Fair Value of the Financial Instruments stated above. Link Asset Services methodology and assumptions have been adopted and are stated below.

Methods and Assumptions in Valuation Technique

The Fair Value of a Financial Instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for a Financial Instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the Fair Value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31 March 2020, using bid prices where applicable.

The calculations are made with the following assumptions:

For Public Works Loans Board debt, the discount rate used is the rate for new borrowing as per rate sheet number 127/19. For other market debt and investments the discount rate used is the rate available for a Financial Instrument with the same terms from a comparable lender. Interpolation techniques have been used between available rates where the exact maturity period was not available. No early repayment or impairment is recognised.

Fair Values have been calculated for all Financial Instruments in the portfolio, but only those which are materially different from the carrying value have been disclosed (for loans of less than one year the principal amount of the loan is deemed to be fair value). The Fair Value of trade and other receivables is taken to be the invoiced or billed amount.

The Fair Values are calculated as follows:

	31 March 2020		31 March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	(14,584)	(15,102)	(15,971)	(17,031)
Loans and Receivables	5,004	5,004	4,501	4,501

The increase in the Fair Value of Financial Liabilities over the carrying amount is because the interest rate payable on the Authority's portfolio of fixed rate loans is higher than the rates for similar loans as at the Balance Sheet date. The decrease in the Fair Value of the Loans and Receivables over the carrying amount is due to the interest rate receivable on the Authority's portfolio of fixed rate investments being lower than the rates for similar loans as at the Balance Sheet date.

The Authority's management of treasury risks actively works to minimise the exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Authority has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Authority's customers. It is the policy of the Authority to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Authority's treasury advisers and to restrict lending to a prudent maximum amount for each institution. In order to mitigate against risk and in the light of market conditions, the Executive Director of Corporate Services and Section 151 Officer considered that the most prudent approach was to restrict investments to UK based, and other 'AAA' rated European institutions with a maximum limit of £2m. The Authority has access to three money market investment funds, these are highly secure funds that are 'AAA' rated and provide instant return of the investment if required.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Authority expects full repayment on the due date of deposits placed with its counterparties.

	31 March 2020	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectability 31 March 2020
	£'000	%	%	£'000
Deposits with banks and financial institutions	5,004	0.00	0.00	-
Bonds	-	0.00	0.00	-
Customers	1,750	0.43	0.43	8
	<u>6,754</u>			<u>8</u>

No credit limits were exceeded during the Accounting Period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Debtors

The Authority does not generally allow credit for customers, such that only £31k of the £1.750m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2020 £'000	31 March 2019 £'000
Less than three months	2	7
Three to six months	29	30
Six months to one year	-	-
More than one year	-	-
	<u>31</u>	<u>37</u>

Liquidity Risk

The Authority has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Authority will be unable to raise finance to meet its commitments under Financial Instruments. The Authority has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 10% of loans are due to mature within any financial year and 25% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

See Note 7 of the Notes to the Accounts for an analysis of the maturity of long-term loans with the Public Work Loans Board.

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

Market Risk

Interest Rate Risk

The Authority is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate Financial Instruments, and the second being the effect of fluctuations in interest rates on the fair value of a Financial Instrument.

The current interest rate risk for the Authority is summarised below:

The Fair Value of fixed rate Financial Assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of Assets held at Amortised Cost, but will impact on the disclosure note for Fair Value. It would have a negative effect on the Balance Sheet for those assets held at Fair Value in the Balance Sheet, which would also be reflected in the Comprehensive Income and Expenditure Statement.

The Fair Value of fixed rate Financial Liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of Liabilities held at Amortised Cost, but will impact on the disclosure note for Fair Value.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its 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 risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

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

	31 March 2020 £'000	31 March 2019 £'000
Decrease in Fair Value of fixed rate investment assets	-	-
Increase in Fair Value of fixed rate borrowing liabilities	861	54

Price Risk

The Authority does not invest in equity shares and does not have shareholdings in any joint ventures and therefore is not at significant risk to price movements.

Foreign Exchange Risk

The Authority has no Financial Assets or Liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Financial Guarantees

The Authority does not provide any financial guarantees.

10. Note to Expenditure and Fundings Analysis

Year ended 31 March 2019				Year ended 31 March 2020			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
(6)	(591)		(597)	(3)	(831)		(834)
(2,348)	(5,200)		(7,548)	(2,733)	(8,437)		(11,170)
(396)	(1,412)		(1,808)	(352)	(1,831)		(2,183)
			- Corporate and Democratic Core				-
			- Corporate Management				-
	(24,926)		(24,926)		(2,818)		(2,818)
(2,750)	(32,129)	-	(34,879)	(3,088)	(13,917)	-	(17,005)
1,229	(15,384)	741	(13,414)	830	(16,121)	113	(15,188)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services							
(1,521)	(47,513)	741	(48,293)	(2,258)	(30,038)	113	(32,193)

11. Other Operating Expenditure, Financing, Investment Income, Taxation and Non-Specific Grants

	2019/20 £000s	2018/19 £000s
Other Operating Expenditure		
(Profit)/Loss on the disposal of assets	379	500
Total Other Operating Expenditure	379	500
Financing and Investment Income and Expenditure		
Interest Payable	727	683
Interest Receivable	(69)	(56)
Net interest cost on the net defined pension liability		
- Firefighters' Pension Scheme	15,860	15,200
- Local Government Pension Scheme	271	184
Total Financing and Investment Income and Expenditure	16,789	16,011
Taxation and Non Specific Grant Income		
Council Tax Payers	23,322	22,350
General Government Grants (See breakdown below)	2,552	-
Localised Business Rates	3,693	3,427
National Non Domestic Rates	16,655	17,671
Total Taxation and Non Specific Grant Income	46,222	43,448
General Government Grants		
Additional Pensions Grant	2,543	-
COVID19 Funding	9	-
	2,552	-

Precepts

The Authority, at its meeting on 11 February 2019, set a precept for 2019/20 equivalent to a Band D Council Tax of £84.94. Precepts and Collection Fund balances received from the four constituent Authorities for 2019/20 are as follows:

	Precepts 2019/20 £'000	Collection Fund Residual 2018/19 £'000	Surplus/(Deficit) 31 March 2020 £'000	Total 2019/20 £'000
Kingston upon Hull City Council	5,221	(25)	142	5,338
East Riding of Yorkshire Council	9,899	22	84	10,005
North East Lincolnshire Council	3,673	30	83	3,786
North Lincolnshire Council	4,200	12	(19)	4,193
	22,993	39	290	23,322

	Precepts 2018/19 £'000	Collection Fund Residual 2017/18 £'000	Surplus/(Deficit) 31 March 2019 £'000	Total 2018/19 £'000
Kingston upon Hull City Council	4,954	(9)	74	5,019
East Riding of Yorkshire Council	9,492	(34)	185	9,643
North East Lincolnshire Council	3,516	(7)	106	3,615
North Lincolnshire Council	4,010	(11)	74	4,073
	21,972	(61)	439	22,350

The Authority is made up of 22 Members who are nominated by the 4 Unitary Authorities in the Humberside region. The Police and Crime Commissioner for Humberside, Keith Hunter, also sits on the Authority.

12. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority; it is responsible for providing the statutory framework within which the Authority operates, it provides a significant part of its funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties. The Authority receives NNDR, General Government grants and Capital Grants from the Department for Communities and Local Government or the Home Office. (Details of these grants are disclosed in note 11).

Pensions

See note 4 in the Notes to the Financial Statements.

Members

The Precept is collected on the Authority's behalf by the four Local Authorities in the Humberside area (as disclosed in note 11), the following Members are Local Councillors on these councils.

East Riding of Yorkshire Council: Mike Bryan, Chad Chadwick, Phil Davison, Caroline Fox, Helen Green, Barbara Jefferson, Pat Smith, Kay West.

Kingston upon Hull City Council: Linda Chambers, Jackie Dad, Shane McMurray, Rosie Nicola, Christine Randall, Abhimanya Singh.

North East Lincolnshire Council: Ian Barfield, Ros James, Ron Shepherd, Stewart Swinburn.

North Lincolnshire Council: John Briggs, Mick Grant, Nigel Sherwood, Rob Waltham MBE.

The total of Members' allowances paid in 2019/20 is shown in note 13. During 2019/20 no Members of the Authority, or their close relations, undertook any declarable related party transactions with the Authority. The Authority requires Members to complete a declaration of related party transactions, and these declarations are used as the basis of this note.

Officers

During the course of 2019/20 no senior officers of the Authority (with the exception of the one member of staff that is a Director of HFR Solutions, two members of staff that are Directors of Emergency Services Fleet Management (Humberside) Ltd and two members of staff that are seconded to Humberside Police), or their close relations, undertook any declarable related party transactions with the Authority. The Authority requires senior officers to complete a declaration of related party transactions, and these declarations are used as the basis of this note.

One officer of the Authority is also a Director of HFR Solutions Community Interest Company (CFO Chris Blacksell).

The Authority/HFR Solutions supplied goods and services to each other during 2019/20; the value of the supplies to HFR Solutions was £0.3m (£0.5m during 2018/19), HFR Solutions supplied goods and services to the Authority with a negligible value (£0.1m in 2018/19) and made under normal commercial terms. £0.1m was owed to the Authority at 31 March 2020 (£0.2m was outstanding at 31 March 2019).

Two officers of the Fire Authority are also Directors of Emergency Services Fleet Management (Humberside) Ltd (Executive Director/S.151 Officer Kevin Wilson and Director Steve Topham). Emergency Services Fleet Management (Humberside) Ltd is a joint arrangement that provides vehicle maintenance services to the Authority and Humberside Police. Emergency Services Fleet Management (Humberside) Ltd supplied goods and services during 2019/20 with a value of £1.2m (£1.2m during 2018/19) to Humberside Fire Authority.

Two officers of the Fire Authority are also seconded to Humberside Police on a part time basis (Executive Director/S.151 Officer Kevin Wilson and Head of Finance Martyn Ransom). Humberside Police supplied goods and services to the Authority during 2019/20 with a value of £2.2m (£1.5m during 2018/19). The Authority supplied goods and services to Humberside Police during 2019/20 with a value of £0.2m (negligible during 2018/19).

The disclosure note itself has been prepared in accordance with guidance on the interpretation of IAS 24 (Related Party Transactions) and its applicability to the public sector.

13. Members' Allowances

From 1 April 2003, the Authority is required to have its own scheme of Members' Allowances under the terms of the Local Authorities (Members' Allowances) (England) Regulations 2003. The total amount paid to Members under this scheme for 2019/20 was £131,022 (2018/19 was £127,483).

14. Officers' Emoluments

Regulation 7 (3) of the Accounts and Audit Regulations 2015 [SI 2015 No. 234] requires the publication of the following disclosures relating to the remuneration of senior employees.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are disclosed below:

Remuneration Band	Number of Officers in Band					
	2019/20			2018/19		
	Operational	Non Operational	Total	Operational	Non Operational	Total
£150-154,999	-	-	-	-	-	-
£145-149,999	1	-	1	-	-	-
£140-144,999	-	-	-	-	-	-
£135-139,999	-	-	-	1	-	1
£130-134,999	-	-	-	-	-	-
£125-129,999	1	-	1	-	-	-
£120-124,999	-	-	-	1	-	1
£115-119,999	-	-	-	-	-	-
£110-114,999	-	-	-	-	-	-
£105-109,999	-	1	1	-	-	-
£100-104,999	-	-	-	-	1	1
£95-99,999	-	-	-	-	-	-
£90-94,999	-	-	-	-	-	-
£85-89,999	-	-	-	-	-	-
£80-84,999	3	-	3	-	-	-
£75-79,999	-	-	-	3	-	3
£70-74,999	2	1	3	1	-	1
£65-69,999	1	-	1	1	1	2
£60-64,999	9	-	9	10	-	10
£55-59,999	12	2	14	7	1	8
£50-54,999	25	1	26	23	4	27
	54	5	59	47	7	54

The following table sets out the remuneration disclosures for senior officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Disclosure for 2019/20

Post Title	Salary (Including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding employer's pension contributions 2019/20	Employer's pension contributions 2019/20	Total Remuneration including employer's pension contributions 2019/20
Chief Fire Officer & Chief Executive	147,335	-	147,335	-	147,335
Deputy Chief Fire Officer & Director of Service Delivery	125,236	-	125,236	46,713	171,949
Executive Director of Corporate Services & S151 Officer*	104,422	1,720	106,142	17,326	123,469
Director of Service Delivery Support	81,756		81,756	23,543	105,298
Director of Service Improvement	82,120		82,120	23,543	105,663
Director of Service Delivery	81,745		81,745	23,543	105,288
Director of People & Development	70,721	1,352	72,073	-	72,073
Director of People & Development - (16 March 20 - 31 March 20)	3,085		3,085	518	3,603
Area Manager Projects	42,216		42,216	10,392	52,608
	693,335	3,072	696,407	134,667	831,074

* w/e 1st January 2020 this post is shared with Humberside PCC

Disclosure for 2018/19

Post Title	Salary (Including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding employer's pension contributions 2018/19	Employer's pension contributions 2018/19	Total Remuneration including employer's pension contributions 2018/19
Chief Fire Officer & Chief Executive - (1 Apr 18 - 11 Sep 18)	71,032	-	71,032	13,950	84,982
Chief Fire Officer & Chief Executive - (12 Sep 18 - 14 Oct 18)	12,996	-	12,996	2,820	15,816
Chief Fire Officer & Chief Executive - (15 Oct 18 - 31 Mar 19)	66,461	-	66,461	-	66,461
Deputy Chief Fire Officer & Director of Service Delivery - (1 Apr 18 - 11 Sep 18)	54,275	15,000	69,275	11,778	81,052
Deputy Chief Fire Officer & Director of Service Delivery - (12 Sep 18 - 14 Oct 18)	11,047	139	11,186	1,856	13,042
Deputy Chief Fire Officer & Director of Service Delivery - (15 Oct 18 - 31 Mar 19)	56,492	-	56,492	12,259	68,751
Executive Director Service Support & Section 151 Officer - (1 Apr 18 - 11 Sep 18)	44,999	695	45,694	7,560	53,254
Executive Director Service Support & Section 151 Officer - (15 Oct 18 - 28 Feb 19)	38,138	695	38,833	6,407	45,240
Executive Director of Corporate Services & Section 151 Officer - (1 Mar 19 - 31 Mar 19)	8,385	139	8,524	1,409	9,933
Director of Service Support - (1 Apr 18 - 28 Feb 19)	73,112	-	73,112	10,455	83,567
Director of Service Delivery Support - (1 Mar 19 - 31 Mar 19)	6,646	-	6,646	950	7,596
Director of Emergency Response - (1 Apr 18 - 30 Apr 18)	6,459	-	6,459	713	7,172
Director of Emergency Response - (1 Apr 18 - 28 Feb 19)	73,112	-	73,112	10,455	83,567
Director of Service Improvement - (01 Mar 19 - 31 Mar 19)	6,646	-	6,646	950	7,596
Director of Public Safety - (1 Apr 18 - 28 Feb 19)	73,118	-	73,118	10,456	83,574
Director of Service Delivery - (1 Mar 19 - 31 Mar 19)	6,647	-	6,647	951	7,598
Director of Human Resources - (1 Apr 18 - 28 Feb 19)	63,246	1,329	64,575	-	64,575
Director of People & Development - (1 Mar 19 - 31 Mar 19)	5,750	121	5,870	-	5,870
	678,561	18,117	696,678	92,969	789,647

There were no costs in relation to exit packages during 2019/20 (no costs during 2018/19).

15. Other Notes To The Financial Statements

Contingent Liabilities

There are no contingent liabilities.

Exceptional Items

There are no exceptional items.

Material Items Of Income and Expenditure

There were no material items of income and expenditure during 2019/20 that are not disclosed elsewhere within the Statement of Accounts.

Heritage Assets

The Authority does not have any Heritage Assets; a collection of fire memorabilia is held by the Authority but has little financial value.

Audit Fees

During 2019/20 the Authority incurred £25k in Audit fees (£25k in 2018/19) from Mazars relating to external audit.

Prior Period Adjustments

There have been no prior period adjustments during 2019/20.

Events After The Balance Sheet Date

There have been no events either adjusting or non-adjusting since the Balance Sheet date.

Long Term Commitments

The Authority has entered into a commitment to repay £600k to Humberside Police and Crime Commissioner from March 2016 in respect of additional work undertaken at the joint workshops facility at Melton. The remaining amount will be repaid over the next 5 years at £60k per annum.

16. Cash Flow notes

Movements in Cash and Cash Equivalents

	31 March 2020 £'000	31 March 2019 £'000	Movement £'000
Bank In Hand/(Overdrawn)	114	202	(88)
	114	202	(88)

Cash Flow Statement – Adjust net surplus or deficit on the provision of services for non-cash movements

	2019/20 £'000	2018/19 £'000
Depreciation/Amortisation & Impairment	3,088	2,750
Increase/(decrease) in Creditors	2,162	(395)
(Increase)/decrease in Debtors	(507)	3,755
(Increase)/decrease in Inventories	(68)	(59)
Increase/(decrease) in Provisions	-	(197)
Movement in Pension Liability	30,047	47,507
Carrying amount of non-current assets held for sale, sold or de-recognised	388	564
	35,111	53,925

Cash Flow Statement – Adjust for items included in the net surplus or deficit on the provision of services that are investing and finance activities

	2019/20 £'000	2018/19 £'000
Proceeds from short-term and long-term investments		
Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	(9)	(64)
Any other items for which the cash effects are investing or financing cash flows		
	(9)	(64)

Cash Flow Statement – Operating activities within the cash flow statement include the following cash flows relating to interest

	2019/20 £'000	2018/19 £'000
Interest Received	69	56
Interest Paid	(727)	(607)
	(658)	(551)

Cash Flow Statement – Cash Flows from Investing Activities

	2019/20 £'000	2018/19 £'000
Payments to acquire property, plant and equipment, investment property and intangible assets	(2,260)	(2,971)
Opening Capital Creditors	(115)	(230)
Closing Capital Creditors	891	115
Purchase of short term investments	(503)	(1,720)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9	64
Net cash flows from investing activities	(1,978)	(4,742)

Cash Flow Statement – Financing Activities

	2019/20	2018/19
	£'000	£'000
Cash receipts of short and long-term borrowing		1,025
Appropriation to/from Collection Fund Adjustment Account		(26)
Repayments of short and long-term borrowing	(1,385)	(700)
Principal on Finance Leases	(2)	(30)
Net cash flows from financing activities	(1,387)	269

Government Grants

An analysis of other Government grants received during 2019/20 is given in note 11 of the notes to the Financial Statements.



HUMBERSIDE
Fire & Rescue Service

Humberside Fire Authority Pension Fund Account 2019/20

FIREFIGHTERS' PENSION FUND ACCOUNT

The following table analyses movements on the Fund for the year 2019/20

2018/19		2019/20
£'000s		£'000s
	Contributions receivable:	
(3,243)	Employers' contributions receivable	(5,839)
(2,573)	Firefighters' contributions	(2,541)
<u>(5,816)</u>		<u>(8,380)</u>
<u>(126)</u>	Transfers in from other authorities	<u>(238)</u>
	Benefits payable:	
15,273	Pensions	16,122
3,955	Commutations & lump sum retirement benefits	5,040
<u>19,228</u>		<u>21,162</u>
	Payments to and on account leavers	
8	Transfers out to other authorities	72
<u>13,294</u>	Net amount payable for the year	<u>12,616</u>
<u>(13,294)</u>	Top-up grant receivable to the Firefighters' Pension Fund	<u>(12,616)</u>
-	Fund Account balance	-

	<u>Net Assets Statement</u>	
2018/19		2019/20
	Current Assets	
2,354	Home Office grant debtor	3,141
1,353	Pensions Paid in Advance	1,423
	Current Liabilities	
(3,707)	Humberside Fire Authority	(4,564)
<u>-</u>		<u>-</u>

Notes to the Firefighters' Pension Fund Account

The funding arrangements for the Firefighters' Pension Scheme (FPS) changed on 1 April 2006. The Pension Fund was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The Pension Fund administers all four of the Firefighters' Pension Schemes (the 1992 Firefighters' Pension Scheme, the 2006 Firefighters' Pension Scheme, the 2015 Firefighters' Pension Scheme and the Modified Firefighters' Pension Scheme).

The Pension Fund is administered by Humberside Fire Authority.

The Pension Fund is managed by the Executive Director of Corporate Services and Section 151 Officer.

The benefits payable from the Pension Fund are pensions, lump sum commutation payments and ill health pensions. Injury awards are payable from the Authority's General Fund Account.

The Pension Fund is an unfunded scheme, consequently:

- It has no investment assets;
- Benefits payable are funded by contributions from employers and employees; and
- any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office (HO)

The Pension Fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund. These expenses are accounted for in the Authority's General Fund Account.

Employee and employer contribution levels are based on percentages of pensionable pay set nationally by HO and are subject to triennial revaluation by the Government Actuary's Department. The employers' contribution rates are determined nationally by the Government Actuary's Department and are currently 21.7% for the 1992 FPS, 11.0% for the 2006 FPS, 21.7% for the Modified FPS and 14.3% for the 2015 FPS.

The membership for the pensions fund is as follows;

Category of Member	31/3/2020 1992 FPS	31/3/2020 2006 NFPS	31/3/2020 Modified Pension Scheme	31/3/2020 2015 FPS	31/3/2019 1992 FPS	31/3/2019 2006 NFPS	31/3/2019 Modified Pension Scheme	31/3/2019 2015 FPS
Contributors	53	7	36	627	93	7	42	580
Deferred Pensioners	48	113	11	98	49	115	13	74
Pensioners	972	18	58	11	952	17	52	4

Statement of Accounting Policies

The Accounting Policies adopted for the Pension Fund follow those set out in the Authority's Statement of Accounting Policies (Note 1 of the Notes to the Financial Statements). Transfer values are an exception to this policy and are on a cash basis.

The following item(s) are estimated and are material to the Pension Fund account:

- Estimation of top-up grant receivable

The Pension Fund Account does not take account of the obligations to pay pensions and benefits that fall due after the end of the financial year. These are reflected in the Authority's accounts in accordance with IAS 19 – Employee Benefits (Please see note 4 in the Notes to the Financial Statements).

CERTIFICATIONS

We, the undersigned, certify that:-

The Statement of Accounts represents a True and Fair View of the financial position of Humberside Fire Authority as at 31 March 2020 and the Comprehensive Income and Expenditure for the year ended 31 March 2020.

.....

Chris Blacksell – Chief Fire Officer/Chief Executive

.....

Councillor John Briggs – Chair

.....

Kevin Wilson – Executive Director of Corporate Services/Section 151 Officer

24th July 2020 (authorised for issue date)

Humberside Fire Authority

ANNUAL GOVERNANCE STATEMENT 2019/20

Scope of Responsibility

1. The Humberside Fire Authority (HFA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The HFA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the HFA is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. The HFA has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) Delivering Good Governance in Local Government Framework 2016 Edition. A copy of the code can be obtained from the Secretary to the Fire Authority.
4. This statement explains how the HFA has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

5. The governance framework comprises the systems and processes, culture and values, by which the HFA is directed and controlled. The framework demonstrates how the HFA accounts to, engages with and leads within the community. It enables the HFA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
6. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
7. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the HFA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
8. The governance framework has been in place at the HFA for the year ended 31 March 2020 and up to the date of approval of the Annual Performance Report and Statement of Accounts.

The Governance Framework 2019/20

9. The key elements of the HFA's governance framework included:
 - a) The Constitution of the Authority which includes:
 - Committee Membership and Terms of Reference;
 - Scheme of Delegation to Officers;

- Financial Procedure Rules;
- Contract Procedure Rules;
- *Members' Code of Conduct;
- *Employees' Code of Conduct;
- Protocol for Member and Officer Relationships;
- Code of Corporate Governance.

* The Authority's Code of Conduct is aligned to the Seven Principles of Public Life (The 'Nolan Principles') and applies equally to Members and all employees of the Authority. The Nolan Principles include:

1. Selflessness - Holders of public office should act solely in terms of the public interest.
 2. Integrity - Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
 3. Objectivity - Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 4. Accountability - Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 5. Openness - Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 6. Honesty - Holders of public office should be truthful.
 7. Leadership - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- b) The Governance, Audit and Scrutiny (GAS) Committee, as well as the HFA itself, received regular reports on the Service's performance arrangements.
 - c) An approved Corporate Risk/Opportunity Management Policy.
 - d) An approved 'Local Code of Corporate Governance' in accordance with the CIPFA/SOLACE Framework for Corporate Governance.
 - e) The designation of the Chief Fire Officer as Chief Executive responsible to the HFA for all aspects of operational management.
 - f) The designation of the Executive Director Service Support as S.151 Officer (Local Government Act 1972) in accordance with Section 112 of the Local Government Finance Act 1988 and conforming with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010).
 - g) The designation of the Secretary as Monitoring Officer with the requirement to report to the full HFA if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration.

- h) The Strategic Leadership Team (SLT) have considered a strategic overview of the HFA control environment including the response to external audit, performance management, strategic planning and scrutiny of Risk and Opportunity Management.
- i) The production of quarterly Management Accounts which are distributed to all Members of SLT and are considered at the GAS Committee meetings and the HFA.
- j) The Service and Finance Planning process.
- k) In accordance with the Service Business Planning Framework the Strategic Plan and Integrated Risk Management Plan (IRMP) for 2018/21 ensure a three-year plan, linked to financial planning.
- l) The Strategic Plan 2018/21 includes strategic objectives and Directorate responsibilities.
- m) The IRMP 2018/21 takes account of the requirements of the 2018 Fire and Rescue National Framework for England, providing a detailed assessment of the risks facing our communities and personnel and the measures taken to mitigate those risks.
- n) Current Anti-Fraud and Corruption, Anti-Bribery and Anti-Money Laundering Policies. We publish these and other such Policies, associated data and information on the HFRS Website under Data Transparency, please follow this [Link](#).
- o) Subscription to the services of whistleblowing charity Protect. Staff are informed of this service via updates in wage slips as well as via the Whistleblowing Policy which is published on the external website.
- p) A 'Strategic Demand Group' has been established, membership includes HFRS, Humberside Police, our four Local Authorities and our four Clinical Commissioning Groups. Partners are represented at Chief Executive level or similar to consider issues relating to demand and resourcing across the Humber Area. The group have commissioned research and development work around vulnerability and mental health, intelligence sharing agreements and data sharing protocols to better enable collaborative working. This group is now leading on information sharing across the Humber area with the intention of developing something along the lines of a Humber Office for Data Analytics. The group links in with Place Based Boards in the four Local Authority areas.
- q) A Fire and Police Transformation Board has been established to develop a number of collaborative workstreams. These have been categorised under the main headings as follows:
 - Organisation;
 - Delivery of Service;
 - Estates;
 - Futurist.

Directors have been allocated lead HFRS responsibility for specific workstreams.

- r) Outcomes from a far-reaching and in-depth Organisational Health Check undertaken by Zeal Solutions have been considered and have been included in the Service Improvement Plan to ensure that our culture and the concerns and positive areas raised by our staff are included in the development of the organisation.
- s) Member and Officer Development Programmes. During 2019/20 Officers undertook a facilitated development programme which included input around PRINT psychometric profiling for Middle Managers, Access to the T2Hub of Management and Leadership Self Development resources, Continual Professional Development through Leadership Forum Guest Speakers and Directors completing the Executive Leadership Programme. Member development during 2019/20

included Unwanted Fire Signals, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, Operational Cancer Risk and EU Exit preparations.

- t) 6 scheduled Member Days.
- u) An approved Treasury Management Policy and Prudential Indicators.
- v) An approved HFA Performance and Risk Framework supported by the Performance and Risk Framework Policy and incorporating, amongst others, the following guidance notes:
 - Performance Measurement;
 - Corporate Reporting of Performance;
 - Project and Programme Management;
 - Organisational Risk and Opportunity Management.
- w) A Protective Marking Scheme (based upon the Her Majesty's Government Security Framework).
- x) HFRS is in the fourth and final year of implementing a four-year Public Sector Equality Duty (PSED) action plan to implement its priorities. Actions within this plan has been fully integrated within the LGA FRSEF Self-assessment/action planning process. Consultation work will begin in 2020 to identify further PSED priorities.
- y) The strategic decision to more closely align service delivery with our Local Authorities (Hull, East Riding, North Lincolnshire and North East Lincolnshire) through District management teams, is helping partnership work and assists us to be closer and more accountable to local communities.
- z) Retention of the Customer Service Excellence Award, conducted in February each year.
- aa) Annual Performance and Quarterly Performance Reports to HFA are published on our Website.
- bb) A Pension Board, as required under The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, was formed in 2015 to oversee compliance in the operation of the Firefighters' Pension Scheme (FPS). The Pension Board met twice during 2019/20 and also had a training input session.
- cc) The Deputy Chief Fire Officer chairs a Joint Consultative Committee attended by all Representative Bodies to discuss any matters relating to staff terms and conditions.
- dd) Member Champions continue to support functional areas and are invited to attend local district performance meetings.
- ee) Consultation on our Council Tax Precept for 2020/21 drew a significant number of responses from our community (over 2000). This allowed Fire Authority Members to make an informed decision on this matter.
- ff) In line with legislative requirements HFRS published its third Gender Pay Gap Report by the end of March 2020.

Review of Effectiveness

10. The HFA has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual

report, and also by comments made by the external auditors and other review agencies and inspectorates.

11. HFA reviews the effectiveness of the GAS Committee and receives an Annual Report at the HFA Annual General Meeting.
12. The GAS Committee produces an Annual Report which is considered by the HFA at its Annual General Meeting in June each year.
13. The GAS Committee has continued its scrutiny programme during 2019/20, including the scrutiny of the Cost Recovery Model for Emergency Medical Response, Business Safety Risk Based Inspection Programme and Training, Promotion and Development Opportunities.
14. The induction and training of new Members during 2019/20 has further enabled Members to discharge the functions of the HFA.
15. During the 2019/20 financial year, the HFA and Committees met as follows:
 - HFA 9 occasions;
 - GAS Committee 7 occasions;
 - Pension Board 2 occasions.
16. Members of the Pension Board receive reports against a number of key workstreams designed to ensure that the Board operates in compliance with the Pension Regulator's Code of Practice for Pension Boards, this encompasses three broad areas Governance, Administration and Communication.
17. The review of the effectiveness of the system of internal control is informed by:
 - The work of Senior Officers;
 - The work of Internal Audit;
 - Corporate Risk and Opportunity Management;
 - Performance information;
 - The Authority's External Auditor, in their Annual Governance Report, Annual Audit Letter and other reports.
18. Internal Audit has undertaken a number of reviews during 2019/20. The following areas were covered:
 - Finance and Resources
Key Financial Controls
Procurement
 - Operational Compliance
Fleet Management Usage
 - Information and Technology
Disaster Recovery
 - Governance and Leadership
Performance Management
Risk Management Framework
Business Planning

19. The overall Head of Internal Audit opinion for the period 1 April 2019 to 31 March 2020 provides Reasonable Assurance.
20. The effectiveness of the governance framework is considered throughout the year by SLT, the GAS Committee and HFA. Much of this is discharged through internal reports such as the quarterly Management Accounts and the quarterly Performance Reports as well as the work of Internal and External Audit. Any significant issues are captured via the risk management system and considered by the Fire Authority where appropriate.
21. A comprehensive Assurance Map for the Service has been developed to help inform the work of SLT, the GAS Committee and Internal Audit.
22. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by SLT and the GAS Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant Governance Issues 2019/20

23. Members are assured that the Service has appropriate arrangements in place should use of the powers under the Regulation of Investigatory Powers Act (RIPA) 2000 be necessary. A nil return was made by HFRS for 2019 as there was no use of RIPA or requests for covert surveillance.
24. Whilst the Service seeks to resolve complaints in an open, transparent and expedient manner in doing so it also refers complainants who are unhappy with the outcome to the Local Government Ombudsman.
25. The Authority utilised the Public Sector Audit Appointments (PSAA) process for the appointment of External Auditors, Mazars, after previous arrangements concluded on 31 March 2018.
26. In February 2016 HMG published the Policing and Crime Bill to improve the efficiency and effectiveness of police forces. The Bill received Royal Assent in January 2017 and the Act now places a statutory duty upon Fire and Rescue, Police and Ambulance services to collaborate. The Act also enables Police and Crime Commissioners (PCC) to take responsibility for fire and rescue services, where a Business Case is formed and there is local public support. We continue to proactively identify collaborative opportunities with the Police and Ambulance services, and other bodies. This has included:
 - A joint Emergency Service Fleet Management workshop with the Police.
 - A joint Estates (Operational and Strategic) function with Humberside Police.
 - Provision of a medical First Responder scheme in partnership with Yorkshire Ambulance (YAS), East Midlands Ambulance Service (EMAS).
 - A Falls Response Team with YAS, City Health Care Partnership (CHCP), NHS Hull Clinical Commissioning Group (CCG) and Hull City Council.
 - An agreement with Yorkshire Ambulance Service (YAS) for them to provide Service wide Clinical Governance.
 - Memorandums of Understanding with Humberside Police and Ambulance Trusts to support response activities including:
 - Searching for Missing Persons
 - Fire Investigation
 - Forced Entry for Medical Rescues
 - Drone
 - Bariatric
 - An Integrated Health Centre incorporating a Full-Time fire station, in partnership with Hull CCG.
 - A Fire and Police Transformation Board continues to commission and review collaboration opportunities, including shared estate at appropriate locations.

- A Strategic Demand Group between HFRS, Humberside Police, our four Local Authorities and our four CCGs continues to consider issues relating to demand and resourcing across the Humber Area.
- HFRS, Humberside Police, East Midlands Ambulance Service, Yorkshire Ambulance Service meet on a quarterly basis to discuss collaborative opportunities.
- Shared provision of Health and Safety function.
- HFRS providing Financial Management support to Humberside PCC.
- 'Don't Cross the Line' campaign to support stopping attacks on Emergency Service Workers.

Details of all collaboration and partnership initiatives are available on the HFRS Website at <http://www.humbersidefire.gov.uk/about-us/what-we-do/collaboration>.

27. Following the first inspection of Effectiveness, Efficiency and People, by HMICFRS in November 2018, steps have been taken to react to inspection outcomes and prepare the Service for inspection taking place in 2021. This includes development of a Service Improvement Plan, performance monitoring through a Strategic Leadership Team performance meeting held monthly and re-alignment of Director portfolios to incorporate a Director of Service Improvement.

Action Plan

28. The action points outlined below are included within our Strategic Risk and Opportunity Register and Action Plan, progress will be monitored throughout 2020/21.
- Incorporation of the Humberside PCC onto the HFA, including any arising changes to governance arrangements.
 - Impact of EU Exit.
 - Continued Scenario Planning to mitigate the effect of any further reductions or challenges on finances.
 - Impact of firefighter pension review judgement.
 - Cyber Security threats.
 - Outcome of the Grenfell Inquiry.
 - HMICFRS arising issues.
29. COVID-19 Pandemic.
Influenza Management Business Continuity Plans have been implemented enabling a very good level of Service to be maintained. This includes daily Influenza Management Team (IMT) and Business Interruption Management Team (BIMT) Meetings. A separate IMT Risk Register has been produced. Widespread support is being provided to NHS partners and Local Authorities co-ordinated via the Local Resilience Forum.

Conclusions

30. This Annual Governance Statement for 2019/20 provides Members with a high level of assurance on the Authority's governance arrangements.

Signed

.....
Chair of the Authority

.....
Chief Fire Officer & Chief Executive

.....
S.151 Officer

.....
Secretary & Monitoring Officer

Appendix 2

Revenue Variance Analysis

2018/19		2019/20		
		Revised Estimate	Actual	Variance
£'000	Expenditure	£'000	£'000	£'000
35,991	Employees	38,074	37,902	(172)
2,604	Premises	2,546	2,607	61
865	Transport	1,634	1,732	98
3,371	Supplies and Services	3,172	3,764	592
187	Support Services	204	120	(84)
2,751	Capital Charges	1,957	3,088	1,131
45,769	Total Expenditure	47,587	49,213	1,626
(2,636)	Income	(1,733)	(2,250)	(517)
43,133	Net Expenditure	45,854	46,963	1,109
683	Interest Payable	687	727	40
(56)	Interest Receivable	(50)	(69)	(19)
(1,022)	Accounting Adjustments	(768)	(1,879)	(1,111)
210	Contributions to / (from) Reserves	622	622	-
42,948	Net Budget Requirement	46,345	46,364	19
-	General Government Grant	(2,552)	(2,552)	-
(3,427)	Business Rates	(3,693)	(3,693)	-
(17,307)	NNDR	(16,830)	(16,830)	-
(22,376)	Precepts	(23,270)	(23,270)	-
(162)	Net (Surplus)/Deficit	-	19	19

£'000	Movement on the General Fund	£'000
(162)	(Surplus)/Deficit as above	19
12	Reserve Movements as per Fire Authority	(400)
181	Budgeted Transfer From General Reserve	13
31	(Surplus)/Deficit on the General Fund in the Year	(368)

	Overspend / (Underspend) £'000
Employees	(172)
a) Lower Firefighters' Pension contributions due to staff tapering into the 2015 scheme	
b) A number of vacant support role posts	
c) Higher level of ill health contributions than originally anticipated	
d) Additional spend of agency staff to cover the vacant support roles	
Premises	61
a) Additional spend in relation to cleansing of offices/stations following COVID19 (offset by government grant)	
b) Higher premises insurances than originally anticipated	
Transport	98
a) Higher fuel consumed during 2019/20 than originally anticipated	
b) Higher vehicle insurance premiums than originally anticipated	
Supplies and Services	592
a) An overspend on uniforms primarily due to additional repairs and maintenance due to the age of the kit	
b) Purchase of additional IT equipment and software	
Support Services	(84)
Lower spend on legal fees during 2019/20	
Asset Rental Interest	1,131
Impairment and depreciation of the estate has caused this variance (offset with accounting adjustment note)	
Income	(517)
a) Additional income in relation to secondments	
b) Additional grant income received from DCLG	
c) Rental of PPE and plant to HFR Solutions	
d) Additional income in respect of BTEC	
e) Funding of the Road Safety Team has been received	
Accounting Adjustments	(1,111)
Impairment and depreciation of the estate has caused this variance (offset with asset rental interest note)	

Appendix 3

Capital Expenditure Breakdown and Variance Analysis

Project	2019/20		
	Revised Estimate	Actual	Variance
	£'000	£'000	£'000
Buildings			
Invest to Save	142	-	(142)
Goole	400	13	(387)
Scunthorpe	500	36	(464)
Clough Road Training	853	196	(657)
Bridlington	450	34	(416)
BA Training Refurbishment	23	5	(18)
HQ Phase 2	28	28	-
HQ OTC	82	48	(34)
HQ Minor Capital Works	45	50	5
Capital Furniture and Fixtures	117	30	(87)
Dignity Works	639	471	(168)
Co-Location	100	3	(97)
Cleethorpes	85	49	(36)
Howden	200	5	(195)
ARK	-	8	8
Vehicles			
Operational	500	198	(302)
Support	389	302	(87)
Plant & Equipment			
IT Equipment	926	706	(220)
PPE	1,000	-	(1,000)
Equipment	129	78	(51)
	6,608	2,260	(4,348)

Analysis of the most significant capital variances:

	Overspend/ (Underspend) £'000
Goole Work anticipated to be completed during 2020/21	(387)
Scunthorpe Work anticipated to be completed during 2020/21	(464)
Clough Road Training Facility Work anticipated to be completed during 2020/21	(657)
Bridlington Work anticipated to be completed during 2020/21	(416)
Vehicles An appliance and TRV have slipped into 2020/21	(302)
Plant & Equipment The rollout of replacement PPE has slipped into 2020/21	(1,000)

Appendix 4

Glossary of terms

Accounting Date	This is the date at which the Balance Sheet is produced, for this Authority it is 31 March each year.
Accounting Period	The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.
Accruals	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Agency Arrangements	An arrangement between two organisations where one will act as an agent, collecting money on behalf of the other party, to whom the money is then paid over. An example of this is council tax collections, where the four local authorities collect money from tax payers on behalf of the Authority and then pay it over.
Amortisation	The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's Intangible Assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.
Asset	An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current: A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and inventories); A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a fire station or intangible , e.g. computer software licences.
Audit of Accounts	An independent examination of the Authority's financial affairs.
Balance Sheet	A statement of the recorded Assets, Liabilities and other balances at the end of the Accounting Period.
Budget	The forecast of net revenue and Capital Expenditure over the Accounting Period.
Capital Expenditure	Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current Accounting Period or expenditure that adds to,

and not merely maintains, the value of an existing non-current Asset.

Capital Financing	Funds used to pay for Capital Expenditure. There are various methods of financing Capital Expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, revenue reserves and earmarked reserves.
Capital Programme	The capital schemes the Authority intends to carry out over a specified period of time.
Capital Receipts	The proceeds from the disposal of land or other non-current Assets. Capital receipts can be used to finance new Capital Expenditure, but they cannot be used to finance Revenue Expenditure.
Carrying Value	This is the value of an Asset or Liability as shown in the Statement of Accounts
Cash Equivalents	Short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Code Of Practice	The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting.
Component	A part of an Asset requiring separating from the total (host) Asset into an Asset in its own right as it has a cost that is significant in relation to the total cost of the Asset. If the components also have a significantly different depreciable life from the host then it is depreciated separately.
Comprehensive Income and Expenditure Statement	Shows the accounting economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
Consistency	The concept that the accounting treatment of like items, within an Accounting Period and from one period to the next, are the same.
Consolidation	The process of combining the Financial Statements from the Authority and the Authority's share of Emergency Services Fleet Management (Humberside) Ltd.
Contingent Asset	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.
Contingent Liability	A contingent liability is either: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the Authority, or

a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core	The corporate and democratic core comprises all activities that fire authorities engage in specifically because they are comprised of members elected to local authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning costs to services.
Creditor	Amount owed by the Authority for works done, goods received or services rendered within the Accounting Period, but for which payment has not been made by the end of that Accounting Period.
Current Service Cost (Pensions)	The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current period.
Debtor	Amount owed to the Authority for work done, goods received or services rendered within the Accounting Period, but for which payment has not been received by the end of that Accounting Period.
Defined Benefit Pension Scheme	Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to any investments of the scheme.
Depreciation	The measure of the cost of the wearing out, consumption or other reduction in the useful economic life of the Authority's non-current Assets during the accounting period, whether from use, the passage of time, or obsolescence through technological or other changes.
Derecognition	The removal of an Asset or Liability from Authority's Balance Sheet.
Effective Interest Rate	This is the rate of interest necessary to discount the estimated stream of principal and interest cash flows through the expected life of a Financial Instrument to equal the amount after initial recognition.
Events after the Reporting Period	Events after the reporting period are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.
Exceptional Items	Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their

size or incidence to give fair presentation of the Accounts.

Existing Use Value (EUV)	The estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause the market value to differ from that needed to replace the remaining service potential at least cost. Under IFRS this is the same as Fair Value.
Expected Return on Pension Assets	For a funded Defined Benefit Scheme, this is the average rate of return including both income and changes in Fair Value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.
Fair Value	The amount of which an Asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction. Under IFRS there is no consistent definition of Fair Value; different definitions apply in different circumstances.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.
Finance Lease	A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee (even though title to the property may not be transferred). The asset is recorded on the Balance Sheet of the lessee.
Going Concern	The concept that the Statement of Accounts are prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.
Government Grants	Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain stipulations relating to the activities of the Authority. Grants may be specific to a particular scheme or may support the revenue or capital spend (respectively) of the Authority in general.
Held for Sale	Property, plant and equipment assets held by the Authority pending sale. Assets must meet strict criteria before being classified as Held for Sale.
Heritage Assets	An asset with historic, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment	A reduction in the value of a non-current Asset to below its Carrying Value on the Balance Sheet. Impairment is caused by a consumption of economic benefit such as obsolescence or physical damage of an Asset.
Income	Amounts that the Authority receives or expects to receive from any source, including fees, charges, sales and grants.
Intangible Assets	<p>An intangible (non-physical) item may be defined as an identifiable non-monetary asset when it is probable that the expected future economic benefits attributable to the asset will flow to the entity, and its cost can be measured reliably. An asset meets the identification criteria when it:</p> <ul style="list-style-type: none"> (a) Is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset or liability; or (b) Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
Interest Cost (Pensions)	For a Defined Benefit Scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
International Accounting Reporting Standards (IAS)	These are accounting standards published and produced by the International Accounting Standards Board. Further detail on International Accounting Standards can be found at www.ifrs.org
Inventories	Items of raw materials and stores, the Authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion (work in progress).
Investments	A sum invested on a long-term or continuing basis to support the activities of an organisation, or where the disposal of the investment is restricted in some way. Monies invested which do not meet these criteria are classified as current assets.
Liability	<p>A liability is where the Authority owes payment to an individual or another organisation, arising from past events.</p> <ul style="list-style-type: none"> • A current liability is an amount which will or could become payable in the next Accounting Period, e.g. creditors or cash overdrawn. • A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.
Long-term Contract	A contract entered into for the design, manufacture or construction of a single substantial asset or the provision

	of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one Accounting Period.
Materiality	The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the Financial Statements and ultimately mislead a user of the Accounts.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.
Net Book Value (NBV)	The amount at which non-current Assets are included in the Balance Sheet, i.e. their historical costs or current value, less the cumulative amounts provided for Depreciation and Impairment.
Net Current Replacement Cost	The estimated cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e. the cost of its direct replacement.
Net Debt	The Authority's borrowings less cash, cash equivalents and short term investments.
Net Present Value	Net Present Value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows
Net Realisable Value	The open market value of an asset less the expenses to be incurred in realising the asset.
Non-current Assets	Property, Plant and Equipment held or occupied, used or consumed by the Authority in pursuit of its strategic objectives in the direct delivery of those services for which it has either a statutory or discretionary responsibility.
Non Distributed Costs (NDC)	These are the overheads for which no user now benefits and as such are not apportioned to services.
National Non Domestic Rates (NNDR)	The non-domestic rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by Local Authorities on behalf of Central Government and is then redistributed back to the Authority.
Operating Lease	A lease other than a Finance Lease. The risks and rewards of ownership of a non-current asset that is leased remain with the lessor and on the lessor's Balance Sheet. The lessee accounts for the rental payments as revenue income and expenditure.
Past Service Cost (Pensions)	For a Defined Benefit Pension Scheme, the increase in the present value of the scheme liabilities related to the employee service in prior periods arising in the current

	period as a result of the introduction of, or improvement to, retirement benefits.
Pension Scheme Liabilities	The liabilities of a Defined Benefit Pension Scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to that date.
Precept	The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.
Prior Year Adjustment	Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.
Projected Unit Method	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 projected earnings for current employees.
Prospective Application	Applying new accounting policies to transactions, other events and conditions occurring after (not before) the date as at which the policy is changed and recognising the effect of the change in the accounting estimate in the current and future period affected by the change.
Provision	An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur as a result of a past event, but the amounts or dates of which they will arise are uncertain.
Public Works Loan Board (PWLB)	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.
Related Parties	There is a detailed definition of related parties IPSAS 20. For the Authority's purposes, related parties are deemed to include the Authority's Members, Senior Officers and their close family, partners, levying bodies, other public sector bodies, the Pension Fund and Assisted Organisations.
Related Party Transactions	The Code requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.
Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves	The residual interest in the Assets of the Authority after deducting all of its Liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They hold unrealised gains and losses (for example the revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.
Residual Value	The net realisable value of an asset at the end of its useful life.
Retirement Benefits	All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.
Retrospective Application	Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied. Opening balances and prior year income and expenditure comparatives must be adjusted.
Revaluation Loss	A reduction in the value of a non-current Asset below its Carrying Amount in the Balance Sheet, caused by a general fall in prices across a whole class of assets.
Revenue Expenditure	The day-to-day expenses of providing services.
Revenue Support Grant	A grant paid by Central Government to authorities, contributing towards the general cost of services.
Single Entity	Refers to transactions and balances that form part of the Authority Accounts.
Statement of Accounts	The set of Statements comprising the Expenditure and Funding Analysis Statement, Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and accompanying notes.
Temporary Borrowing	Money borrowed for a period of less than one year.
True and Fair View	The Statement of Accounts should be the faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the code. Compliance with the Code is presumed to result in financial statements that achieve a true and fair presentation.
Useful Economic Life	The period over which the Authority will derive benefits from the use of a non-current Asset.

Appendix 5

Feedback form

Humberside Fire Authority

STATEMENT OF ACCOUNTS 2019/20 FEEDBACK FORM

The Statement of Accounts evolves each year and notwithstanding a large amount of information being prescribed by the Accounting Codes of Practice, the Authority attempts to make the document as readable and user friendly as possible.

We would therefore welcome any comments from readers on the Statement of Accounts regarding improvements to the layout and readability for future years. If you could complete the following questionnaire and return it to the address below we will try to accommodate any comments received. Alternatively, if you are viewing this document on the internet, there is an on-line form which you can submit.

We will attempt to incorporate any comments received by 31 March 2021 into the 2020/21 Statement of Accounts where possible and the Authority will try to include any comments received after that date into future years' documents.

1. Please indicate in what capacity you are viewing this Statement.

Local Tax Payer

☐

Local Business

☐

Other, please specify

.....

2. Is the format and the layout of the Statement of Accounts easy to understand and follow?

Yes

☐

No

☐

If not why not?

3. Did you find the information you were looking for?

Yes

☐

No

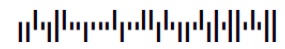
☐

If no, why?

4. Any other comments you have would be welcome:

Please return by attaching the freepost form on the next page to the front of an envelope.

Business Reply
Licence Number
RTRC-GLXU-LCJT



HUMBERSIDE
Fire & Rescue Service



2
||| |||



Humberside Fire Service
Brigade Headquarters
Summergroves Way
Hull
HU4 7BB

HUMBERSIDE FIRE AUTHORITY

REQUEST FOR DIRECTORS' DECLARATIONS

2. QUESTIONS ABOUT ARRANGEMENTS FOR PREVENTING AND DETECTING FRAUD

- **How does the Authority assess the risk that the financial statements may be materially misstated due to fraud?**

Internal Controls are tested annually by Internal Audit, the most recent review during 2019/20 assessed the controls to give 'substantial' assurance.

Annual Governance Statement compiled annually and considered by SLT, GAS Committee and HFA.

Treasury Management third party assurance statement produced by Internal Audit at Hull City Council. Compliance with the CIPFA Treasury Management Code with regular reporting of Prudential Indicators to the GAS Committee and HFA.

Third party assurance from East Riding of Yorkshire Council Internal Audit with regard to payroll activity.

Third party assurance statement from West Yorkshire Pensions Authority with regard to pensions payroll.

Budget monitoring produced and tabled at SLT, GAS Committee and HFA on 4 occasions a year.

Scheme of delegation and contract procedure rules in operation.

- **Is the Authority aware of management's process for identifying and responding to the risks of fraud generally and specific risks of misstatement in the financial statements and if so what are these processes?**

Whistleblowing Strategy, Anti-Fraud and Corruption Strategy, Anti-Money Laundering Policy, Anti-Bribery Policy. Anti-Fraud and Corruption Statement taken to GAS Committee and HFA each year.

National Fraud Initiative (NFI) participation which matches data across public sector organisations.

Monitoring Officer and Section 151 Officer roles act as a safeguard for the Authority.

- **Is the Authority aware of the arrangements in place for management to report about fraud to the Authority and if so what are these arrangements?**

Yes – we follow the procedures set out in the Strategies and Policies listed above.

- **Is the Authority aware of the arrangements management have in place, if any, for communicating with employees, lay members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour and if so what are these arrangements?**

Whistleblowing and Anti-Fraud arrangements communicated annually in payslips. Authority's Constitution is published on our website which contains all details relating to Conduct and Probity, for example, Members' Code of Conduct and Officers' Code of Conduct.

- **Does the Authority have knowledge of actual or suspected fraud, including any entries made in the accounting records that you believe or suspect are false or intentionally misleading and if so is it aware of what actions management is taking to address it?**

Reported annually through the Anti-Fraud and Corruption Statement and on an exception basis by the Monitoring Officer and the Section 151 Officer.

- **What arrangements are in place for the Authority to oversee management arrangements for identifying and responding to the risks of fraud and the establishment of internal control?**

Internal Audit reports to the GAS Committee and HFA as well as the annual reporting of the Annual Governance Statement.

3. QUESTIONS ABOUT ARRANGEMENTS FOR COMPLYING WITH LAW AND REGULATIONS RESPONSIBILITIES

- **Has management provided a clear statement which confirms its consideration of relevant laws and regulations and its compliance with them?**

Annual Governance Statement and the Annual Anti-Fraud and Corruption Statement.

- **How does the Authority satisfy itself that all relevant laws and regulations are being complied with?**

Monitoring Officer oversight and interpretation and advice from our legal advisors, Capsticks LLP.

- **Is the Authority aware of any instances of non-compliance with laws or regulations?**

No.

- **Has management provided a list of litigation and claims?**

Yes.

- **Has an assessment been made of the outcome of the litigation or claim and its estimate of the financial implications, including costs involved?**

Yes, where relevant – material items will be disclosed in the Annual Accounts.

- **Has the reasonableness of management's assessments been considered and additional information provided to the auditor where necessary?**

Yes, information will be provided as required.

4. QUESTIONS ABOUT THE APPROPRIATENESS OF THE GOING CONCERN ASSUMPTION

- **Has a report been received from management forming a view on going concern?**

The Section 151 Officer makes a statement in the Annual Accounts that confirms the Service to be a going concern.

- **Are the financial assumptions in that report (e.g. future levels of income and expenditure) consistent with the strategic business plan and the financial information provided to the Authority throughout the year?**

The Medium-Term Financial Plan sets out the Service's income and expenditure assumptions over the medium-term.

- **If not, does the report contain a clear explanation, with supporting evidence, for the assumptions used, and are those assumptions appropriate? This should include written evidence of agreed income and expenditure for major funding streams.**

Not applicable.

- **Are the implications of statutory or policy changes appropriately reflected in the business plan, financial forecasts and report on going concern?**

Yes based on the best information that is currently available from Government.

- **Have there been any significant issues raised with the Authority during the year (e.g. adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control, or significant variances to activity levels compared to those planned), which could cast doubts on the assumptions made?**

No.

- **Has an analysis been undertaken of the Authority's projected or actual performance against its financial plan? If so, is it robust and does it identify any areas of potential concern?**

Medium-Term Financial Plan is reviewed twice a year and the in-year financial position is reviewed 4 times a year.

- **Where there are potential concerns what action is being taken to address those areas of potential weakness?**

Scenario Planning underway to prepare for potential further austerity from 2021/22 onwards. This work will be undertaken during late 2020 now given that the next CSR has been deferred due to the current COVID-19 crisis.

- Does the organisation have sufficient staff in post, with the appropriate skills and experience, particularly at senior management level, to ensure the delivery of the organisation's objectives? If not, what action is being taken to obtain those skills?

Yes – Succession Planning arrangements in place as well as Senior Leadership development.

Chief Fire Officer and Chief Executive

Chair of Humberside Fire Authority

**Executive Director of Corporate Services
and S.151 Officer**

TREASURY MANAGEMENT ANNUAL REPORT 2019/20

SUMMARY

1. This report provides Members with a review of the Authority's treasury management activity and Prudential Indicators for the year 2019/20.
2. The report shows full compliance with the Authority's Prudential Indicators for 2019/20.

RECOMMENDATIONS

3. That Members take assurance from the treasury management activities undertaken during 2019/20 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

BACKGROUND

4. Treasury Management, as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice 2009 is:

"The management of the organisation's investments and cash-flows, its banking and money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks."

5. One of the main requirements of the CIPFA Code is that Members receive an annual report detailing treasury management activities within the year and compliance with the annual Treasury Management Policy.
6. This report provides Members with details of the Authority's treasury management activities and Prudential Indicators for the 2019/20 financial year in line with the requirements of the Code.

INVESTMENT ACTIVITY

7. The Authority's temporary investments totalled £5.0m as at 31 March 2020.

Table 1 – Investment income earned 2019/20

Interest Earned 2019/20	Rate of return 2019/20	Benchmark return 2019/20*	Difference (+ favourable)
£69,044	0.840%	0.540%	0.300%

* Benchmark set as 7 day compounded LIBID

8. Interest earned during 2019/20 was £19k higher than originally budgeted for in respect of investment activity for the year, due to more favourable interest rates than anticipated.

BORROWING

Short-Term Borrowing

9. The Authority seeks to minimise the use of short-term borrowing to fund temporary cash shortfalls. The Authority did not undertake any short-term borrowing during the course of the year.

Long-Term Borrowing

10. Long-term loans are taken out either to replace existing loans which have matured or to fund capital expenditure. Under the Prudential Regime there are no longer centrally imposed limits on borrowing, but individual Authorities are required to determine themselves what is a sustainable and affordable level of borrowing as an integral part of their Medium-Term Financial Planning processes.
11. The Authority's average level of borrowing was £14.2m for 2019/20, on which £598k of interest was payable. The Authority repaid £1.4m of PWLB debt upon maturity and didn't take any new borrowing during the year. Closing PWLB debt at 31 March 2020 was £13.5m.

PRUDENTIAL INDICATORS

12. Appendix 1 details the agreed Prudential Indicators for 2019/20 and the actual figures for 2019/20.
13. During the financial year the Authority operated wholly within the limits approved.

Capital Expenditure

14. The S.151 Officer considers the current capital programme to be affordable and sustainable with the revenue effects of capital investment built into the Medium-Term Financial Plan. Through the Medium-Term Financial Planning Process, the Authority has aligned its resources to key strategic priorities.

Treasury Management

15. Based on the Operational Boundary definition, external debt at 31 March 2020 was £10.6m below the agreed Operational Boundary for 2019/20 and the maturity structure for both borrowing and investments remain within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2020/21 will take into account prevailing interest rates on offer from the Public Works Loans Board, the current maturity structure of loans, balanced with the need to reduce capital risk by keeping down cash-balances.

STRATEGIC PLAN COMPATIBILITY

16. Treasury management is an integral part of the financial management of the Authority. Utilising approved borrowing and investment strategies will maximise investment income whilst minimising exposure to liquidity and market risks.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

17. The continued approach to investment of surplus funds is designed to further mitigate against potential losses as a consequence of counterparty failure and reflects a prudent approach to treasury management activity.

LEGAL IMPLICATIONS

18. The Authority must comply with the requirements of the CIPFA Code of Practice on Treasury Management and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. This report ensures such compliance.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

19. No direct issues arise from this report.

CORPORATE RISK MANAGEMENT IMPLICATIONS

20. The application of and regular monitoring thereafter of a prudent Treasury Management Policy and related Prudential Indicators ensures that the Authority effectively manages financial risks whilst minimising borrowing costs and maximising investment income. It is therefore key to good financial management and an important element of the Medium Term Financial Planning Process.

HEALTH AND SAFETY IMPLICATIONS

21. No issues arising.

COMMUNICATIONS ACTIONS ARISING

22. No direct issues arising.

DETAILS OF CONSULTATION AND/OR COLLABORATION

23. The Authority's treasury management strategy has been developed using market information and specialist advice supplied by the Authority's treasury management advisors.

BACKGROUND PAPERS


24. 'Treasury Management and Capital Expenditure Prudential Indicators, Treasury Management Policy Statement 2019/20 and Minimum Revenue Provision (MRP) for 2019/20' – Report to Fire Authority March 2019.
CIPFA Code of Practice on Treasury Management 2009

RECOMMENDATION RESTATED

25. That Members take assurance from the treasury management activities undertaken during 2019/20 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

M RANSOM

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15 June 2020

Prudential Indicators 2019/20

a) Capital Expenditure

Indicator 1 - Capital Expenditure

The actual capital expenditure for the current year compared to the revised budget, together with estimates of expenditure to be incurred in future years are shown below:

	2019/20 Revised £k	2019/20 Actual £k	2020/21 Estimate £k	2021/22 Estimate £k	2022/23 Estimate £k
Total Capital expenditure	6,608	2,260	6,718	3,612	1,422

The underspend against the revised 2019/20 budget reflects slippage across a number of capital schemes as reported to Members in the 2019/20 Annual Accounts report.

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2019/20 and estimates for future years are as follows:

	Revised Estimate 31/03/20 £k	Actual 31/03/20 £k	Estimate 31/03/21 £k	Estimate 31/03/22 £k	Estimate 31/03/23 £k
Underlying Capital Financing Requirement	20,394	16,905	21,134	21,501	20,415
Other Long Term Liabilities	2,875	966	951	936	919
Total Capital Financing Requirement	23,269	17,871	22,085	22,437	21,334

The capital financing requirement measures the Authority's need to borrow for capital purposes. In accordance with best professional practice, the Authority does not associate borrowing with particular items or types of expenditure. The Authority has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Strategy. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose. A key indicator of prudence under the Prudential Code is: -

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

The S.151 Officer reports that the Authority has had no difficulty meeting this requirement during the course of this financial year and no difficulties are envisaged in future years. This takes into account current commitments, existing plans and the proposals contained in the Medium Term-Financial Plan.

Indicator 3 – Core Funds and Expected Investment Balances

The total core funds and expected investments for 2019/20 and future years are as follows:

	2019/20 Revised £k	2019/20 Actual £k	2020/21 Estimate £k	2021/22 Estimate £k	2022/23 Estimate £k
Total Core Funds	9,808	11,302	11,376	10,787	10,297
Expected Investments	(56)	5,000	2,639	1,854	2,551

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

b) Treasury Management

Indicator 4 - Operational Boundary for External Debt

The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the S.151 Officer's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the S.151 Officer.

	2019/20 Authorised Limit £k	Actual as at 31/03/20 £k	2020/21 Authorised Limit £k	2021/22 Authorised Limit £k	2022/23 Authorised Limit £k
Borrowing	21,600	13,530	21,600	21,600	21,600
Other Long Term Liabilities	3,500	966	3,500	3,500	3,500
	25,100	14,496	25,100	25,100	25,100

The S.151 Officer confirms that borrowing in the year has not exceeded the operational boundary at any point within the year and is not expected to do so over the course of the next period based on information currently available.

Indicator 5 - Authorised Limit for External Debt

The table below shows the Authorised limit for External Debt for 2019/20 and subsequent three year period as approved by Members compared to the actual level of borrowing as at 31 March 2020.

	2019/20 Authorised Limit £k	Actual as at 31/03/20 £k	2020/21 Authorised Limit £k	2021/22 Authorised Limit £k	2022/23 Authorised Limit £k
Borrowing	27,600	13,530	27,600	27,600	27,600
Other Long Term Liabilities	3,500	966	3,500	3,500	3,500
	31,100	14,496	31,100	31,100	31,100

The Authorised Limit reflects the Authority's projected long and short term borrowing requirements, together with any other long-term liabilities it may have. The figures are based on the estimate of most likely, prudent but not worst case scenario, with sufficient headroom over and above this to allow for operational management of, for example unusual cash movements.

The S.151 Officer confirms that the Authorised Limit has not been approached at any point during the year.

Indicator 6 - Ratio of Capital Financing Costs to Net Revenue Stream

The ratio of financing costs to net revenue stream for the current year and estimates for future years are as follows: -

	2019/20 Estimate %	2019/20 Actual %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Ratio of Financial Costs to Net Revenue Stream	5.42	4.28	5.56	6.56	6.66

These ratios indicate the proportion of the net budget of the Authority that is required to finance the costs of capital expenditure in any year. Estimates of financing costs include current commitments and the proposals contained in the capital programme of the Authority.

In calculating the ratio, Net Revenue Streams in any year have been taken to exclude any element of the net budget requirement that is intended to provide reserves for the Authority.

Indicator 7 – Upper and Lower Limits for the maturity structure of borrowings

This indicator seeks to ensure the Authority controls its exposure to the risk of interest rate changes by limiting the proportion of debt maturing in any single period. Ordinarily debt is replaced on maturity and therefore it is important that the Authority is not forced to replace a large proportion of loans at a time of relatively high interest rates.

“The Authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowings. The prudential indicators will be referred to as the upper and lower limits respectively for the maturity structure of borrowing and shall be calculated as follows:

Amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate;

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above”

(Paragraph 74 of the code)

	Actual as at 31/03/20	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	4.69	15	0
12 months and within 24 months	6.11	15	0
24 months and within 5 years	23.95	30	0
5 years and within 10 years	50.47	60	0
10 years and above	14.78	80	0

The S.151 Officer confirms that the maturity structure of external debt as at 31 March 2020 is within the upper and lower limits approved by the Authority.

<p>Governance, Audit and Scrutiny Committee</p>	<p>Report by the Director of Service Improvement and Head of Finance</p>
<p style="text-align: center;">ANTI-FRAUD AND CORRUPTION STATEMENT 2019/20</p> <p style="text-align: center;">REPORT EXECUTIVE SUMMARY</p> <p>In response to a recommendation within the Internal Audit Report ‘Counter Fraud Arrangements 2016/17’ conducted during the third quarter of 2016/17, the Authority will produce and make publicly available an annual Anti-Fraud and Corruption Statement.</p> <p>The statement will cover key actions taken throughout the year, provide an assurance of the processes in place and provide links to key documents.</p>	

RECOMMENDATIONS

1. Members are asked to review the draft Anti-Fraud and Corruption Statement 2019/20 and make any recommendations to the Fire Authority as necessary.

BACKGROUND

2. Members are reminded that an Internal Audit Review of Counter Fraud Arrangements was conducted during the third quarter of 2016/17.
3. The review examined the arrangements in place for dealing with any issues concerning countering fraud, bribery and corruption that might arise within the Fire Authority. This included that key policies are in place to embed those arrangements, the promotion of good governance and principles of ethical behaviour/probity, procedures for dealing with allegations of fraud, bribery or corruption, staff awareness of the potential for criminal acts and how concerns might be reported and also any measures taken to promote fraud prevention and increase deterrence against potential frauds.
4. The outcomes of the review, including a number of recommendations and agreed actions, were reported to the GAS Committee on 10 April, 2017.
5. A specific recommendation was received that 'The Chief Fire Officer and Chief Executive should make a formal statement of the Fire Authority's commitment to anti-fraud, bribery and corruption measures and publish the statement on the official website'. The statement for 2019/20, based upon the Audit Commission checklist for councillors and others responsible for governance, is included at Appendix A.

STRATEGIC PLAN COMPATIBILITY

6. This report supports good governance arrangements, which is an enabler for the Strategic Plan.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

7. None arising directly.

LEGAL IMPLICATIONS

8. None arising directly.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

9. None arising directly.

CORPORATE RISK MANAGEMENT IMPLICATIONS

10. None arising directly.

HEALTH AND SAFETY IMPLICATIONS

11. None arising directly.

COMMUNICATION ACTIONS ARISING

12. The attached Statement will be published on the HFRS website following approval by the Fire Authority.

DETAILS OF CONSULTATION AND/OR COLLABORATION

13. The Strategic Leadership Team and nominated Members of the Governance Audit and Scrutiny Committee have been consulted in the preparation of this Statement.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

14. Nil.

RECOMMENDATIONS RESTATED

15. Members are asked to review the draft Anti-Fraud and Corruption Statement for 2019/20 and make any recommendations to the Fire Authority as necessary.

N McKINIRY
M RANSOM

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Head of Corporate Assurance

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Head of Finance

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4 June 2020

**HUMBERSIDE FIRE AUTHORITY
ANTI FRAUD AND CORRUPTION STATEMENT 2019/20**

Introduction

1. Humberside Fire Authority (HFA) is committed to the highest possible standards of integrity, openness, probity and accountability. The management of the risk of fraud and corruption and ensuring that effective counter fraud arrangements are in place are key elements of Corporate Governance.
2. Our Communities expect the HFA to conduct its affairs with integrity, honesty, openness and to demand the highest standards of conduct from those working for it.
3. The (HFA) recognises that sound systems of public accountability are vital to effective management and to maintain confidence in the Service and is committed to protecting the public funds entrusted to it. This Anti-Fraud & Corruption Statement outlines the HFA's commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds. A culture of honesty and openness is a key element in tackling fraud.
4. In order to prevent, discourage and detect fraud, the Authority has in place and will continue to develop appropriate controls and procedures. These are inter-related and are designed to frustrate fraud or corruption. They cover culture, prevention, detection and training.
5. Actions around Fraud, Corruption and Bribery form part of the Authority's commitment to robust governance arrangements.

Key Actions during 2019/20

6. Existing policies and strategies are reviewed on an ongoing basis and those listed below are current within HFRS.
 - a) Anti-Fraud & Corruption Policy/ Anti-Fraud & Corruption Procedure (Fraud Response Plan);
 - b) Whistleblowing Policy;
 - c) Anti-Bribery Policy
 - d) Anti-Money Laundering Policy
7. There have been no attempted Fraud, Bribery or Corruption identified during 2019/20. However, the organisation remains vigilant and constantly reviews the operating environment.

Assurance

8. The Authority has comprehensive crime insurance arrangements in place. This cover is for all employees and third parties up to £500k.
9. Two Members of the GAS Committee have responsibility for conducting independent scrutiny of measures to combating fraud across the Authority.
10. We have arrangements in place to utilise Internal Audit if required to investigate suspected cases of fraud.

11. We periodically draw to the attention of staff the relevant policies. This is usually through messages in payslips and entries in internal communications.
12. We maintain our knowledge, assurance and best practice to deal with current fraud risks and issues through our relationship with Internal Audit. We also receive and disseminate alerts via our Internal Auditors (TIAA)
13. We challenge ourselves through Internal and External audit provision to ensure our procedures are robust and current.
14. We continue to fully participate in the Cabinet Office's National Fraud Initiative (NFI) and receive reports on the outcomes, no reports were received during 2019/20.
15. We have appropriate arrangements in place that encourage staff to raise their concerns. The Whistleblowing Policy and distribution of literature around the Protect Service further support our internal actions.

Signed:

Chair of the Humberside Fire Authority

Chief Fire Officer and Chief Executive