

Fire & Rescue Service Headquarters Summergroves Way Kingston upon Hull HU4 7BB
 Telephone 01482 565333

To: Members of the Governance, Audit and Scrutiny Committee	Enquiries to: Samm Campbell Email: committeemanager@humbersidefire.go.uk Tel. Direct: (01482) 393205 Date: 7 June 2021
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Dear Member

I hereby give notice that a meeting of the **GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE** of Humberside Fire Authority will be held on **MONDAY 14 JUNE 2021 at 10.00AM** at HUMBERSIDE FIRE & RESCUE SERVICE HEADQUARTERS, SUMMERGROVES WAY, KINGSTON UPON HULL, HU4 7BB.

Public and press attendance at meetings

Due to current social distancing requirements, a **maximum of 4 people** will be permitted entry to the public gallery - **places must be booked in advance** by contacting the Committee Manager on the contact details above.

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 12 April 2021	(pages 1 - 11)	Chairperson	To approve

Business	Page Number	Lead	Primary Action Requested
4. Matters arising from the Minutes, other than on the Agenda	-	Chairperson	To raise
<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. Internal Audit Update	verbal	Internal Audit (TIAA)	To consider and make any recommendations to the HFA
<u>Finance and Performance</u>			
7. Annual Statement of Accounts 2020/21 (Unaudited)	(pages 12 - 102)	Head of Finance	To consider and make any recommendations to the HFA
8. Treasury Management Annual Report 2020/21	(pages 103 - 109)	Head of Finance	To consider and make any recommendations to the HFA
9. Draft Annual Anti-Fraud and Corruption Statement 2020/21	(pages 110 - 114)	Director of Service Improvement	To consider and make any recommendations to the HFA
10. HMICFRS Inspection Update	verbal	Director of Service Improvement	To consider and make any recommendations to the HFA
<u>Scrutiny Programme</u>			
11. Draft GAS Committee Scrutiny Programme 2021/22	(pages 115 - 119)	Monitoring Officer/Secretary	To approve
12. Any Other Business	-	All Members	To raise

Under the Openness of Local Government Bodies Regulations 2014 members of the public may film, record, take photographs or use social networking during Authority and committee meetings that are open to the public. *The Monitoring Officer/Secretary kindly requests advance warning from anyone wishing to film, record or take photographs during open meetings so that suitable provision can be made.*

HUMBERSIDE FIRE AUTHORITY
GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

12 APRIL 2021

PRESENT: Independent Co-opted Members Mr D Chapman (Chairperson), Mr J Doyle, Mrs P Jackson, Mr A Smith and Mrs M Thomlinson.

Councillors Briggs, Davison and Green attended as observers.

Phil Shillito - Deputy Chief Fire Officer & Executive Director Service Delivery, Paul McCourt - Director of Service Delivery, Niall McKiniry - Director of Service Improvement, Steve Topham - Director of Service Support, Simon Rhodes - Head of Corporate Assurance, Martyn Ransom - Head of Finance, Jason Kirby - Temporary Head of People and Development, Ruth Gilmour - Head of Human Resources, Sam O'Connor - Head of Organisational Development, Mathew Buckley - Monitoring Officer/Secretary, Sam Campbell - Committee Manager, Andrew Townsend - Internal Audit (TIAA), Andy McCulloch - Internal Audit (TIAA) and Ross Woodley - External Audit (Mazars) were also present.

The meeting was held remotely via video-conference (Zoom). The meeting commenced at 10.00 a.m.

PROCEDURAL

28/21 APOLOGIES FOR ABSENCE - There were no apologies for absence.

29/21 DECLARATIONS OF INTEREST - There were no declarations of interest.

30/21 MINUTES - *Resolved* - That the minutes of the meeting of the Committee held on 22 February 2021 be confirmed as a correct record.

31/21 MATTERS ARISING FROM THE MINUTES, OTHER THAN ON THE AGENDA - There were no matters arising.

GOVERNANCE

32/21 UPDATE: MATTERS ARISING/FEEDBACK FROM FIRE AUTHORITY - The Monitoring Officer/Secretary provided feedback on items considered by the Fire Authority at its meetings of 26 March 2021.

Resolved - That the update be received.

Audit

33/21 EXTERNAL AUDIT UPDATE - Ross Woodley (Mazars) submitted the draft External Audit Strategy Memorandum for 2020/21.

No changes had been made to the audit plan considered at the Committee's previous meeting (Minute 21/21 refers) and the timelines had since been agreed, with most of the audit due to be completed by early July 2022. The Pension Fund Account would be audited earlier than it had been in the previous year, potentially by August 2022.

Resolved - That the update be received.

34/21 INTERNAL AUDIT ANNUAL REPORT 2020/21 - Andy McCulloch (TIAA) submitted the Internal Audit Annual Report 2020/21.

Three of the individual audit reports were yet to be finalised and the final version of the Internal Audit Annual Report would be submitted to the Fire Authority at its meeting due

to be held on 30 April 2021. While Covid-19 had significantly impacted the Service during 2020/21, the impact on the internal audit process had been minimal. Of the 10 audits conducted during the year, three had concluded with 'substantial assurance' and seven with 'reasonable assurance' judgments. The majority of the recommendations related to policy and adherence to policy and none of the audits had yielded a 'category 1' recommendation.

Resolved - That the report be received.

FINANCE AND PERFORMANCE

35/21 MANAGEMENT ACCOUNTS FOR THE PERIOD ENDING 28 FEBRUARY 2021 - The Head of Finance submitted the management accounts for the period ending 28 February 2021.

The management accounts were the final ones that would be received by the Committee during the 2020/21 financial year. The accounts projected a £440,000 underspend. The Service had underspent in some areas as a result of Covid-19 and provision had been made for priorities predicted for 2021/22. There had been some slippage in the Capital Programme. The Service's reserves have increased from £10.9m to around £13m which will reduce as a result of the priorities addressed during 2021/22. A Member queried why the Service had continued to invest money for such low returns and the Head of Finance explained that there were limits on the amounts that the Service could hold in its bank current accounts at any one time and that investments had been made to avoid extra charges and minimise risk by ensuring that the Authority's cash balances are held across a number of different counterparties.

Resolved - That the management accounts for the period ending 28 February 2021 be received.

36/21 CIPFA FINANCIAL MANAGEMENT CODE RISK ASSESSMENT UPDATE - The Head of Finance submitted the CIPFA Financial Management Code risk assessment.

The CIPFA Code of Practice had been circulated to the Committee prior to the meeting. The Service's associated risk assessment showed that it was already broadly compliant with the Code. It would need to be fully compliant by 2022, but only three points on the risk assessment remained to be addressed.

Resolved - That the update be received.

37/21 DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 - The Director of Service Improvement submitted a report summarising the draft Annual Governance Statement 2020/21.

An updated version of the draft Annual Governance Statement, which took into account recently published CIPFA guidance, had been circulated to the Committee prior to the meeting. The updated version would be received by the Fire Authority at its meeting due to be held on 30 April 2021. The Annual Governance Statement was linked to the Service's corporate risk management processes and an internal audit of governance had been undertaken during 2020/21. A Member highlighted the need for the Statement to be updated in the light of the Committee's recently-reduced membership. A Member queried whether the Committee would be offered some form of annual appraisal by the Fire Authority.

Resolved - (a) That the report be received;

(b) that the draft Annual Governance Statement be updated to incorporate recent changes to the Committee's membership, and

(c) that the Chair of the HFA and the Monitoring Officer consider an appraisal process for the GAS Committee.

38/21 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).

A Member Day had been held in order to discuss the contents of the Inspectorate's annual State of Fire and Rescue Report. No new recommendations had been made, but the six recommendations made in the previous year's report had yet to be actioned by the Government. The Service had been preparing for its next inspection, which would take place in September 2021 at the earliest.

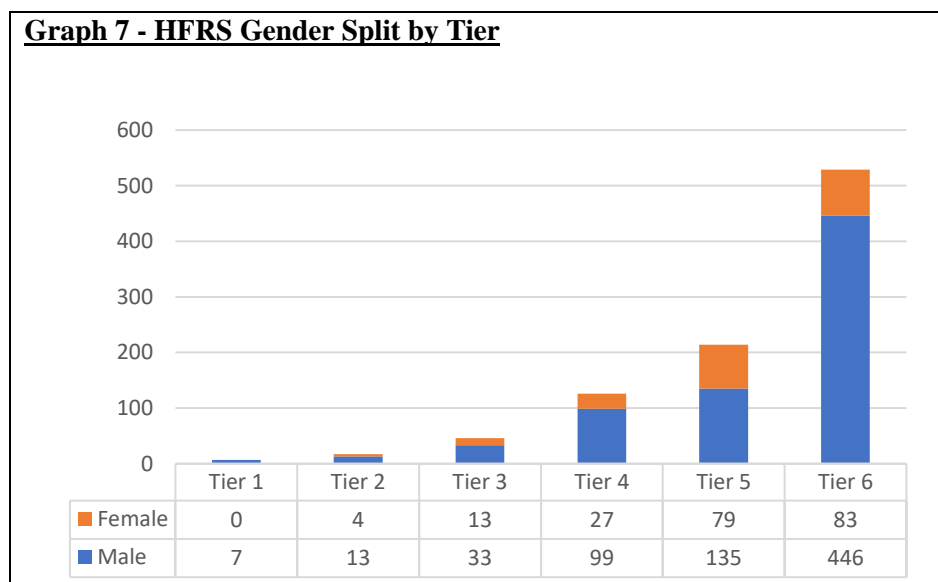
Resolved - That the update be received.

SCRUTINY PROGRAMME

39/21 DIVERSITY AND RECRUITMENT - PROGRESS AND PLANS - The Temporary Director of People and Development submitted a report on diversity and recruitment in response to the Committee's scope.

The report and its appendices addressed the seven points raised by the Committee. The most recent version of the Service's Workforce Plan had been appended to the report and was in the process of being reviewed following a recent internal audit activity. The report also provided an update in relation to a previous scrutiny item focussed on training, promotion and development (Minute 62/19 refers).

The Service had used a headcount figure of 939, accounting for people holding multiple posts and excluding casual and zero-hour contracts. Overall, the Service employed significantly more men than women (733 and 206). Within the Service, most roles people were employed as either full time (437) or on-call (254) firefighters. Among firefighters, 93.6 percent (647) were male and 6.4 percent were female. The proportion of men in these roles meant that the 78 percent of the Service's employees were male. Among control room and support staff, however, 65 percent were female. The report split the job roles in the Service into six tiers, with tier 1 being the most senior, summarised as follows:



The most populated age-group across the Service was 38-48 years of age and 70 percent of the Service's staff members were over the age of 38. The Service had, in accordance with relevant guidance and the Office for National Statistics, been using the term 'black and minority ethnic' (BAME) in relation to its employees' ethnicities. Since the report had been published, new guidance had been issued which suggested that BAME be replaced with the term 'ethnic minorities'. Of the Service's 939 employees, 888 had identified themselves as non-BAME, 34 had not declared their ethnicity and 17 had identified themselves as BAME. 850 employees had identified as non-disabled, 68 had not declared whether they had a disability and 21 had identified themselves as disabled. 843 employees had identified themselves as heterosexual, 76 had not declared their sexuality and 20 had identified themselves as LGBT+. 484 employees had identified themselves as Christian, 358 had indicated that they did not consider themselves part of a religion, 69 had not declared whether or not they considered themselves part of a religion, four indicated that they were Buddhist, one indicated that they were Muslim and 23 indicated that they were part of a religion other than Christianity, Islam or Buddhism.

The above compared to a local demographic summarised as follows:

Table 1 - HFRS Diversity Profile Compared to the Humber Area					
Unitary Authority	Population	Gender		Ethnicity	
		Male	Female	White	BAME
Hull	259,778	50.5%	49.5%	89.7%	10.3%
East Riding of Yorkshire	341,173	51%	49%	96.1%	3.9%
North East Lincolnshire	159,821	51%	49%	97.4%	2.6%
North Lincolnshire	170,786	49.3%	50.7%	96.5%	3.5%
Humber Area	931,558	50.5%	49.5%	94.6%	5.4%
HFRS Profile	939	78.1%	21.9%	94.6%*	1.8%*

*3.6% of staff did not declare their ethnicity

While the Service's ageing workforce was of concern, it acknowledged that this represented an opportunity for the workforce to diversify as it replaced retiring employees. The data from the 2021 Census would help the Service to understand its demographics in relation to those of the communities it served. The Service had resolved to open all of its promotional processes to external applicants in future, providing further opportunities to work towards a workforce that reflected the surrounding demographics.

The Service had undertaken some 'positive action' initiatives in the past, but had not yet adopted a strategy or plan. Most recently, the Service had undertaken a campaign (linked with the National Fire Chiefs Council) to increase diversity among on-call firefighters. The Service was in the process of developing a Positive Action Strategy and Framework.

The Committee raised the following points:

- **Positive Action** - The report cited anecdotal evidence of misunderstanding of positive action among staff members and a Member queried whether it might have been confused with positive discrimination. The Service would need to ensure that its

employees understood the concept of positive action and that it did not equate to lowering standards for the sake of diversity.

- **Non-disclosure** - The report had summarised the Service's demographics in relation to protected characteristics and some employees had opted not to disclose in response to some categories. The Committee was keen for the Service to understand the reasons why employees had chosen not to disclose these details.
- **Recruitment** - A member highlighted that the Service had recruited 11 female firefighters since 2017 and asked what the Service had done and intended to do to ensure that the male-to-female ratio began to equalise. Prior to 2017, the Service had not recruited any firefighters since 2007, meaning that the ratio had not been balanced for 10 years. The Service was part of a regional recruitment campaign (the East Yorkshire campaign) which aimed to advertise the benefits of living and working in the region to professionals from a variety of backgrounds. The Service was due to recruit in October 2021 for April 2022 training courses. The Positive Action Strategy and Framework would be applied across the whole Service and would aim to develop and promote a more diverse workforce in the long-term. In addition, the Service was looking into direct access recruitment processes (like those undertaken by Humberside Police in recent years) to potentially recruit people from outside of the organisation into more senior roles.
- **Internal Audit** - TIAA had conducted an audit of workforce planning (appendix 2 to the report) and the Service was in the process of addressing its recommendations. The Committee was keen to ensure that the Service was able to measure and evidence any claims about its workforce and it was agreed that a key aim of the next staff attitude survey would be to establish a baseline in relation to organisational culture. The Committee also asked whether the data presented in the report could be compared to other fire and rescue services to provide further context.
- **Exit Interviews** - The Service currently conducted electronic exit interviews, which could be easily ignored. The Committee agreed that the Service should consider restoring this function to HR in order that exit interviews might be conducted in person, or at least in a more direct manner to improve the response rate so that the Service might understand why employees had resigned.

Resolved - (a) That the Service's future Positive Action Strategy and Framework be applied consistently;

(b) that the Service ensure that its employees fully understand its Positive Action Strategy and Framework;

(c) that the Service gather improved data in order to understand the makeup of its workforce in comparison to local demographics and other fire and rescue services;

(d) that the Service improve its exit interview process to understand why employees leave the Service, and

(e) that the Committee be updated about to the Service's progress in relation to the revision of its workforce plan and the recommendations of the associated internal audit report.

40/21 GAS COMMITTEE SCRUTINY PROGRAMME 2020/21 - The Committee Manager submitted a report summarising the Committee's Scrutiny Programme 2020/21.

Resolved - that a workshop be held prior to the Committee's AGM, due to be held on 14 June 2021, to consider items for the 2021/22 Scrutiny Programme.

41/21 ANY OTHER BUSINESS - There was no other business.

42/21 EXCLUSION OF THE PRESS/PUBLIC - Resolved - That the press and public be excluded from the meeting for consideration of the following item on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

In making its decision the Committee confirmed that having regard to all the circumstances it was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

43/21 INVESTIGATION REPORT - Internal Audit (TIAA) submitted an investigation report following whistleblowing allegations.

Resolved - That the report be received.

Date	Item	Minute	Resolution	Responsible	Brief summary of outcome
13 July 2020	Internal Audit Update	49/20	Resolved - (b) that the Committee be updated in relation to TIAA's assessment of key financial controls at a future meeting.	TIAA	
13 July 2020	Draft Annual Performance Report 2019/20	51/20	Resolved - b) that the report be revised, taking into account the Committee's suggested amendments, prior to its receipt by the Fire Authority on 24 July 2020.	Director of Service Improvement	
13 July 2020	LGA Consultation on Draft Code of Conduct	54/20	Resolved - That the Committee respond to the consultation collectively through Mandy Tomlinson.	Mandy Tomlinson	The consultation was responded to as planned.
13 July 2020	GAS Committee Scrutiny Programme 2020/21	56/20	Resolved - That the Scrutiny Programme 2020/21 be approved subject to the addition of scoping questions agreed by the Committee.	Committee Manager	Scrutiny Programme updated.
13 July 2020	AOB - Action Schedule	58/20	Resolved - That the Committee receive an action schedule tracking its recommendations at future meetings.	Committee Manager	Action schedule created.
7 September 2020	Internal Audit Progress Update	68/20	Resolved - that the TIAA briefing note, Cyber Threats using the COVID-19 Pandemic, be circulated to the Committee.	TIAA	The briefing note was circulated to the Committee following the meeting.
7 September 2020	Performance Reporting Update	70/20	Resolved - that, in future, changes of this calibre be communicated to the Committee further in advance.	Director of Service Improvement	ONGOING
7 September 2020	Absence Management Q1	72/20	Resolved - that the Service seek further feedback from its employees in relation to its anti-bullying campaign.	Director of People and Development	
7 September 2020	Effectiveness of the Protection Risk-Based Targeting Strategy	77/20	Resolved - (b) that the Service be commended for its work in developing its Risk-Based Inspection Programme;	Director of Service Delivery Support	

			<p>(c) that the Committee be updated in six months in relation to the uptake of fire safety inspection training among on-call firefighters, and</p> <p>(d) that the Committee be updated in six months in relation to the Service's work with the University of Hull.</p>		
7 September 2020	Update in relation to the Emergency Medical Response Cost Recovery Model (Scrutiny Programme 2019/20)	78/20	Resolved - That the updates be received.	Director of Service Delivery	Reschedule for further update.
16 November 2020	Performance and Risk Report - Second Quarter 2020/21	88/20	Resolved - (b) that the Service consider publishing details of the complaints it receives on its website.	Director of Service Improvement	A summary of complaints was uploaded to the Service's website.
16 November 2020	Absence Management - Second Quarter 2020/21	90/20	Resolved - (b) that the Temporary Director of People and Development update Members with the costs related to the delivery of the Employee Assistance Programme.	Temporary Director of People and Development	The Committee was provided an update on 30 November 2020.
16 November 2020	Treasury Management Mid-Year Update Report 2020/21	91/20	Resolved - (b) that the Service facilitate a session for the Committee on long-term treasury management issues.	Head of Finance	The session was held on 26 April 2021.
16 November 2020	Development and Delivery Plans to Support the Health and Wellbeing of Staff	94/20	Resolved - (a) That Head of Occupational Health and Wellbeing be commended on the quality of her work during the previous year, and	Head of Occupational Health	

			(b) that a verbal update be provided to the Committee in around three months.		
16 November 2020	Update in relation to the Emergency Medical Response Cost Recovery Model (Scrutiny Programme 2019/20)	95/20	Resolved - (b) that the matter of the Emergency Medical Response Cost Recovery Model be considered resolved.	Director of Service Delivery	The cost recovery programme in relation to the Emergency Medical Response service was aligned across the Service's area.
25 January 2021	Internal Audit Update	8/21	Resolved - (b) that the audit report relating to health and safety be circulated to the Committee prior to its next meeting, and (c) that the Committee be informed of the final topic for the 2020/21 internal audit programme.	(b) Committee Manager (c) Head of Corporate Assurance	(b) The health and safety audit report was circulated on 2 February 2021 and included on the agenda for the 22 February 2021 meeting. (c) The decision was taken to move this slot into 2021/22 and await further guidance regarding the focus of the HMICFRS inspection before deciding on the topic. The following topic was also due to be proposed to the Committee for scrutiny in 2021/22: Business Continuity – Response to Covid Pandemic: Evaluation of lessons learned and the adoption of new working practices.

25 January 2021	Protection Engagement with the Commercial and Business Community	13/21	<p>Resolved -</p> <p>(a) That an update on the Service's protection engagement be received during the 2021/22 scrutiny programme;</p> <p>(b) that the Committee be assured that the new Risk-Based Inspection Programme methodology enables the Service to prioritise and target engagement activities effectively, and</p> <p>(c) that the Committee note the ongoing impacts of both the Grenfell Tower fire and the Covid-19 pandemic, including the positive changes arising from them.</p>	Committee Manager/ Director of Service Support	
25 January 2021	GAS Scrutiny Programme 2020/21	14/21	<p>Resolved -</p> <p>(b) that the Workforce Plan be added as a matter for consideration as part of the scrutiny item due to be heard on 12 April 2021, Diversity and Recruitment - Progress and Plans.</p>	Committee Manager	The Programme was updated and included on the agenda for the 22 February 2021 meeting.
22 February 2021	Draft Internal Audit Plan 2021/22	23/21	<p>Resolved -</p> <p>(b) that the Committee's scrutiny of diversity and recruitment (due to be considered at the meeting to be held on 12 April 2021) be taken into consideration during TIAA's audit of equality, diversity and inclusion as part of its Internal Audit Plan 2021/22.</p>	TIAA	
22 February 2021	GAS Committee Scrutiny Work Programme 2020/21	26/21	<p>Resolved -</p> <p>(b) that a workshop be held in April 2021 to consider items for the 2021/22 Scrutiny Programme.</p>	Committee Manager	The workshop was held on 20 May 2021 in order for the Programme to be considered for approval at the Committee's meeting due to be held on 14 June 2021.

12 April 2021	Draft Annual Governance Statement	37/21	<p>Resolved - (b) that the draft Annual Governance Statement be updated to incorporate recent changes to the Committee's membership, and</p> <p>(c) that the Chair of the HFA and the Monitoring Officer consider an appraisal process for the GAS Committee.</p>	Director of Service Improvement	
12 April 2021	Diversity and Recruitment - Progress and Plans	39/21	<p>Resolved - (a) That the Service's future Positive Action Strategy and Framework be applied consistently;</p> <p>(b) that the Service ensure that its employees fully understand its Positive Action Strategy and Framework;</p> <p>(c) that the Service gather improved data in order to understand the makeup of its workforce in comparison to local demographics and other fire and rescue services;</p> <p>(d) that the Service improve its exit interview process to understand why employees leave the Service, and</p> <p>(e) that the Committee be updated about to the Service's progress in relation to the revision of its workforce plan and the recommendations of the associated internal audit report.</p>	Temporary Director of People and Development	



HUMBERSIDE
Fire & Rescue Service

Humberside Fire Authority Annual Accounts 2020/21

(Subject to Audit)

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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 2021. These accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 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

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. The HFA have priorities set in the Home Office Fire and Rescue National Framework which includes the responsibilities to:

- Make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents.
- Identify and assess the full range of foreseeable fire and rescue related risks their areas face.
- Collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of the service they provide.
- Be accountable to communities for the service they provide; and
- Develop and maintain a workforce that is professional, resilient, skilled, flexible, and diverse.

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 percent of the country's petroleum.

Integrated Risk Management Plan (IRMP) and Strategic Plan: 2018-2021

A detailed assessment of risk is completed in the form of a 3 year, reviewed yearly. To deal effectively with the outcomes of the IRMP a Strategic Plan is used to focus our service delivery on keeping communities in the Humber area safe, keeping our firefighters safe, and contributing to the firefighting and rescue capabilities of the United Kingdom. Both documents are published on our website at <https://humbersidefire.gov.uk/about-us/our-vision/our-plans>

▪ **Service 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: 1041

▪ **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.

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.

▪ Response Standards

Our Response Standards tell how quickly we aim to have a fire engine in attendance at an incident. They are based on (Domestic) Risk Areas, assessed as High, Medium, or Low. To enable us to assess the dwelling risk within our communities, our area is divided into 41 groupings of around 20000 residents. We call these 'Risk Regions' and there are 41 such Risk Regions within our Service area, varying in geographical size. The Dwelling Risk rating is based upon the casualty and fatality rate per head of population within each Risk Region.

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 2020-21	Actual Performance 2020-21
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	3
Responding quickly and effectively to emergencies when requested.	SPI 2: 1 st Fire Engine Intervention	On 90% of occasions	99.12%
	SPI 2.1: 2nd Fire Engine Intervention	On 80% of occasions	90.44%
	SPI 2.2: Total Deliberate Fires	Threshold Modelling	351
	SPI 2.3: Accidental Dwelling Fires	Threshold Modelling	346
	SPI 2.4: Deliberate Secondary Fires	Threshold Modelling	1,575
	SPI 2.5b: Total Automated Fire Alarms (non domestic)	Threshold Modelling	1,014

- Structure and Fire Station Locations

The Service operates under a Service Delivery Structure with 4 districts that are divided by the physical boundary of the Humber Estuary and river into North (Hull and East Riding) and South (North Lincolnshire and North East Lincolnshire). The respective Service Delivery Teams have the responsibility for all operational and safety matters in their area.



- 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. During the pandemic we have delivered our statutory duties, increased response times and availability while receiving a positive HMICFRS COVID 19 report. Our 'Annual Performance Report' provides further detail regarding Service performance during 2020/21 and is published on our website

<https://humbersidefire.gov.uk/about-us/our-vision/our-performance>

- Services Response to COVID-19 Pandemic

Our performance during 2020/21 reflects on how we have continued to support our staff and communities through the COVID-19 pandemic. In this unparalleled year we have continued to meet our statutory duties as an emergency service. We took quick and decisive action, aligned with Government guidelines, to protect the welfare of our staff and to help our communities remain safe, rallying together to combat COVID-19 without affecting our response standards as a fire and rescue service.

We have worked in partnership with the the Local Resilience Forum (LRF) and supported partner agencies alongside our communities throughout the pandemic. A great achievement was our

management of the vital supply of personal protective equipment (PPE) and its distribution as part of the multi-agency response for the Humber region. During 2020/21, we were responsible for the delivery of 3 million items of medical supplies and PPE and our dedicated staff continue to work hard to continue this operation.

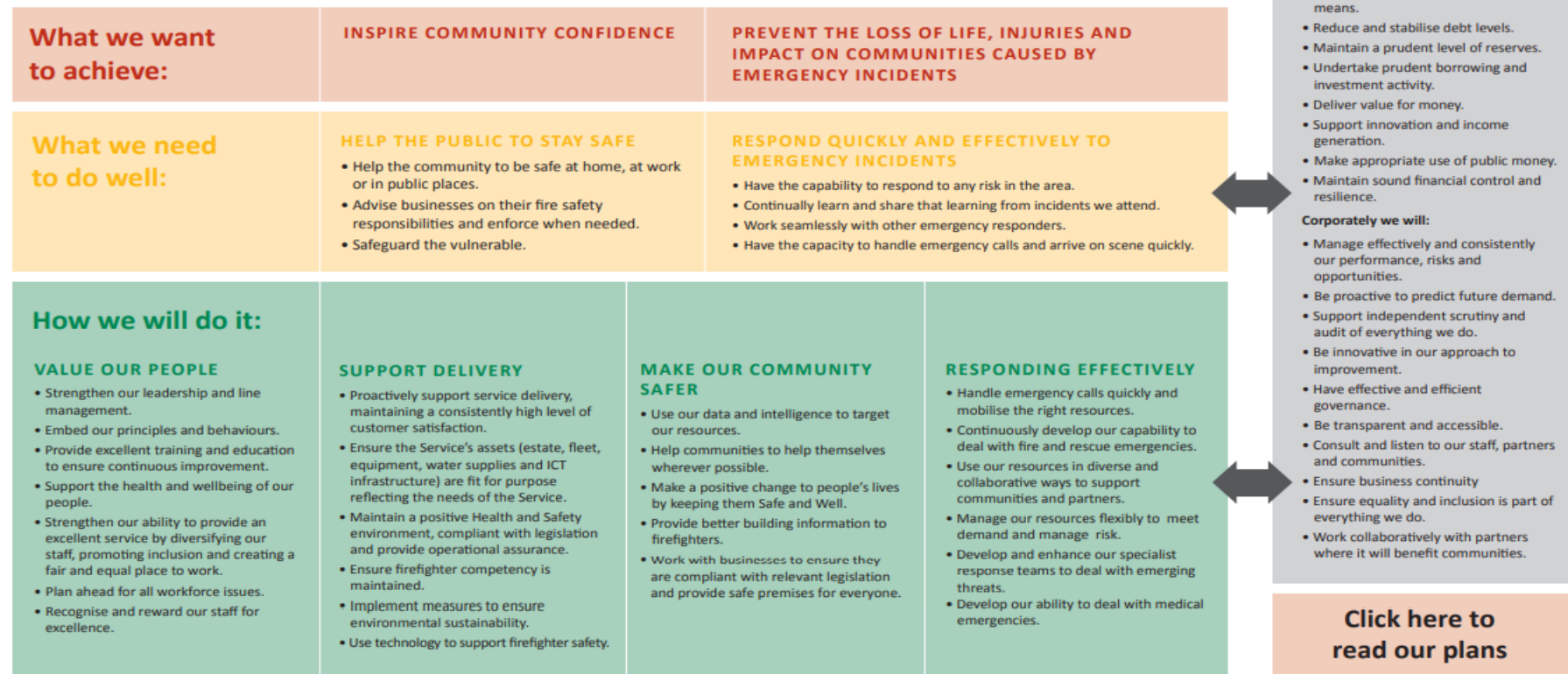
Our Strategic Plan

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 2020/21 are set out on pages 1-70 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 2021.

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.

2020/21 Financial Year

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

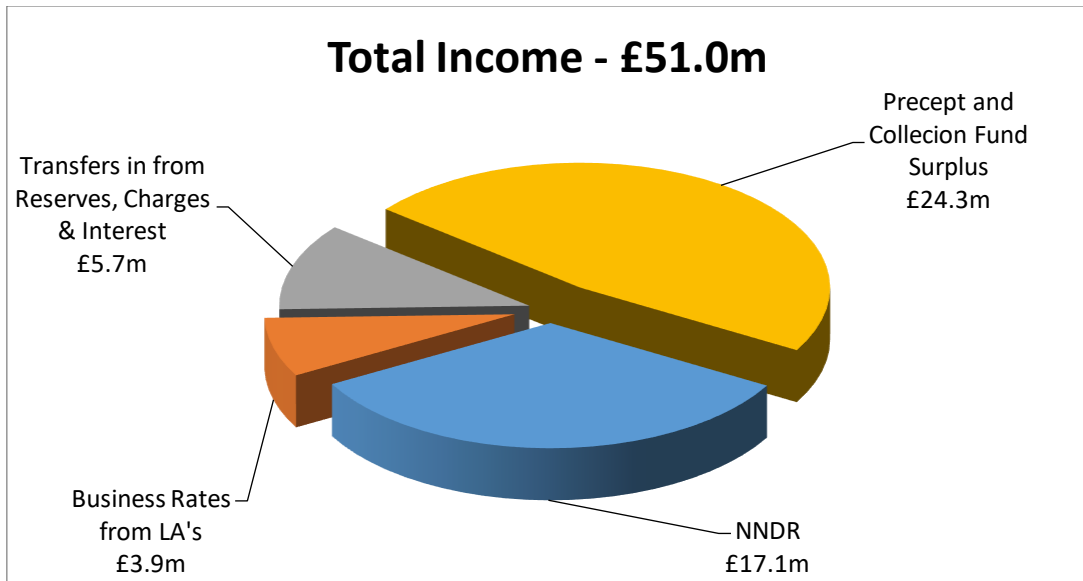
Despite these significant challenges the Authority continues to take a very prudent approach to its finances. To this end, £11.5m of efficiencies have been implemented over the years 2011 to 2019.

Historically, the Authority has lived within its means and delivered a modest underspend in recent years. The 2020/21 financial year has seen the Authority deliver a moderate underspend 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 the outcomes of the Government's Comprehensive Spending Review (CSR) process that will commence in the Autumn of 2021.

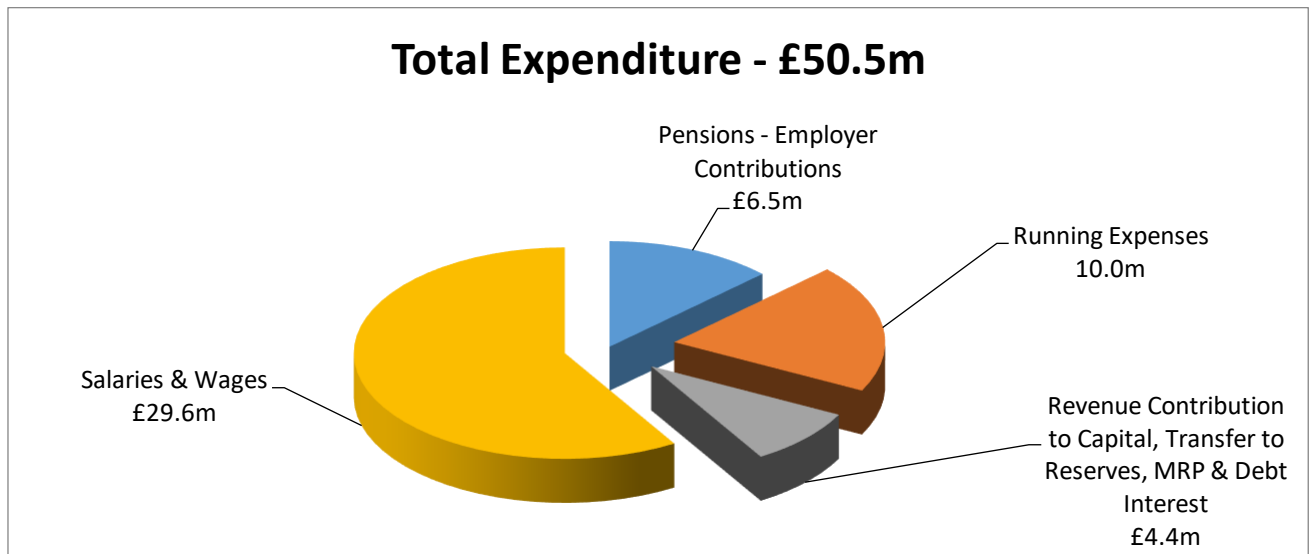
The medium-term position will be kept under continuous review particularly in the context of the Service's response to the current COVID-19 pandemic. Significant costs were incurred in the 2020/21 financial year and have been met from the funding that the Government has allocated to the Authority. Total funding from the Government in relation to COVID-19 has been £1.1m with £0.3m of this funding left to meet ongoing COVID-19 pressures in the 2021/22 financial year. The funding has been used mainly to meet the additional costs the service has incurred in relation to PPE, assisting the ambulance service and assisting with the mass vaccination programme.

Income



In 2020/21, 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 2020/21 was £23.82m (2019/20 was £22.99m) which equated to a Council Tax Band D Equivalent of £86.63 (2019/20 was £84.94).

Expenditure



Budget Outturn Position

Income of £51.025m was received by the Authority of which £50.454m was incurred on expenditure during 2020/21 leaving a surplus of £0.571m (appendix 2 shows how this reconciles with the Movement in Reserves Statement and the Expenditure and Funding Analysis in note 2).

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

Pay Variances

During 2020/21, the overall pay variance on full-time firefighter, on-call firefighter and support staff pay was an under-spend of £265k. This was due to a combination of having a number of support posts vacant, lower call out costs for on-call staff and a lower pay award for greybook staff.

Non Pay Variances

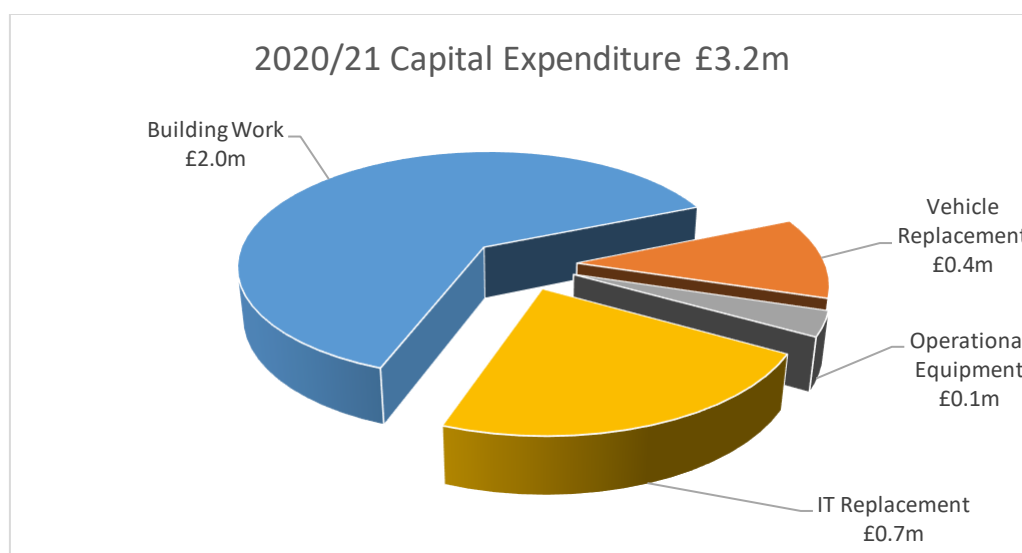
During 2020/21, the overall variance across all non-pay budgets was an under-spend of £826k. This was primarily due to slipping the rollout of the uniform replacement programme, lower business rate charges on our properties, lower spend on travel costs as well as lower spend on repairs, cleaning and issuing of PPE.

Income

During 2020/21 the Authority received £1,111k additional income relating mainly to additional grants distributed by Government in relation to COVID-19, Protection and Grenfell as well as staff secondments and insurance claims.

Capital Expenditure

During 2020/21 £3.2m 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 2).



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 2020 stood at £10.932m. £2.235m was transferred to Earmarked Reserves during 2020/21. £44k was transferred to the General Reserve and by adding £0.571m, the surplus for the year, balances at 31st March 2021 now stand at £13.782m (exclusive of the ESFM (Humberside) Ltd Reserve).

Future Spending Plans

The Authority has published a Medium-Term Financial Plan for 2021/22 – 2024/25 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 £17.935m. 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 2021).

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 £719.022m (2019/20 was £618.389m); this is split between the Local Government Pension Scheme £15.572m (2019/20 was £5.619m) and the Firefighters' Pension Scheme £703.450m (2019/20 was £612.770m). 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 2020/21.

Significant Change in Accounting Policies

The Authority has now adopted the Annuity Method when it calculates its Minimum Revenue Provision.

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 2021/22 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 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 2021

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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 23 July 2021.

Signed	Date
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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 2021.

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 2021 and its income and expenditure for the year

Signed	Date
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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.

2020/21

	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	Accumulated Absences Account £'000	Total Authority Reserves £'000
Note(s)	6	10			4	6	6			
Balance at 31 March 2020	5,784	5,758	-	11,544	(618,399)	22,482	4,909	470	-	(578,994)
Surplus or (Deficit) on Provision of Services (accounting basis)		(24,163)		(24,163)						(24,163)
Other Comprehensive Income and Expenditure				-	(78,176)		494			(77,682)
Total Comprehensive Income and Expenditure	-	(24,163)	-	(24,163)	(78,176)	-	494	-	-	(101,845)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 10)		26,357	-	26,357	(22,447)	(3,227)	(52)		(630)	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	2,194	-	2,194	(100,623)	(3,227)	442	-	(630)	(101,845)
Transfers to / (from) Earmarked Reserves	1,579	(1,579)		-						-
Increase / (Decrease) in Year	1,579	615	-	2,194	(100,623)	(3,227)	442	-	(630)	(101,845)
Balance at 31 March 2021	7,363	6,373	-	13,737	(719,022)	19,255	5,351	470	(630)	(680,840)

The accompanying notes form part of these Financial Statements.

MOVEMENT IN RESERVES STATEMENT

2019/20

	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
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)		(27,516)		(27,516)					(27,516)
Other Comprehensive Income and Expenditure				-	65,949		(375)		65,574
Total Comprehensive Income and Expenditure	-	(27,516)	-	(27,516)	65,949	-	(375)	-	38,058
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 10)		28,359	-	28,359	(25,959)	(2,282)	(63)	(54)	-
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	843	-	843	39,990	(2,282)	(438)	(54)	38,058
Transfers to / (from) Earmarked Reserves	336	(336)		-					-
Increase / (Decrease) in Year	336	507	-	842	39,990	(2,282)	(438)	(54)	38,058
Balance at 31 March 2020	5,784	5,758	-	11,544	(618,399)	22,482	4,909	470	(578,994)

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 2020			Year ended 31 March 2021		
£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
3,914	(391)	3,524	3,502	(576)	2,926
38,359	(870)	37,488	40,125	(668)	39,456
16,662	(871)	15,790	16,710	(846)	15,863
133		133	130		130
33		33	28		28
	(190)	(190)	25		25
59,101	(2,322)	56,777	60,520	(2,090)	58,428
388	(9)	379	226	(65)	161
16,838	(69)	16,769	14,510	(12)	14,498
	(46,408)	(46,408)		(48,924)	(48,924)
		27,516			24,163
		375			(494)
		(65,949)			78,176
		(65,574)			77,682
		(38,058)			101,845

* 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 2020		31 March 2021
£'000	Note(s)	£'000
46,515 Property, Plant & Equipment	5	45,443
132 Intangible Assets	5	68
46,647 Long-Term Assets		45,511
469 Inventories		364
5,004 Short-Term Investments	7	7,000
8,966 Short-Term Debtors	8	9,836
114 Cash and Cash Equivalents	16	1,267
14,553 Current Assets		18,467
(7,211) Short-Term Creditors	8	(7,734)
- Short-Term Provisions		(127)
(736) Short-Term Borrowing	7	(931)
(7,947) Current Liabilities		(8,792)
(12,896) Long-Term Borrowing	7	(16,069)
(619,351) Other Long-Term Liabilities	4/7	(719,957)
(632,247) Long-Term Liabilities		(736,026)
<u>(578,994) Net Assets/(Liabilities)</u>		<u>(680,840)</u>
11,544 Usable Reserves	6/10	13,737
(590,538) Unusable Reserves	4/6	(694,577)
<u>(578,994) Total Reserves</u>		<u>(680,840)</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 2020		31 March 2021
£'000	Note(s)	£'000
(27,516) Net Surplus or (Deficit) on the Provision of Services	2	(24,163)
Adjust Net Surplus or Deficit on the Provision of Services for Non		
30,802 Cash Movements	16	26,777
Adjust for items included in the Net Surplus or Deficit on the		
(9) Provision of Services that are Investing and Financing Activities	16	(65)
3,277 Net Cash Flows from Operating Activities		2,549
(1,978) Investing Activities	16	(4,749)
(1,387) Financing Activities	16	3,353
(88) Net Increase or (Decrease) in Cash and Cash Equivalents		1,152
Cash and Cash Equivalents at the Beginning of the Reporting		
202 Period	16	114
Cash and Cash Equivalents at the End of the Reporting		
114 Period	16	1,266
(88) Total Movement		1,152

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 headings 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 benefits such 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.

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 (1992) 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).

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
- COVID Reserve
- Grenfell and Protection Reserve
- Uniform Replacement Programme Reserve
- East Coast & Hertfordshire Control Room Consortium Reserve
- Environmental 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
- Accumulated Absences Reserve

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 have been issued but are not be adopted until 1st April 2022. This is 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 2020

£'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	
2,726	(798)	3,524	Community Fire Safety
27,165	(10,323)	37,488	Fire Fighting & Rescue Operations
13,698	(2,092)	15,790	Management and Support
133	0	133	Corporate and Democratic Core
33	0	33	Corporate Management
	190	(190)	Non Distributed Cost
43,754	(13,023)	56,777	Net Cost of Services
(44,261)	(15,001)	(29,260)	Other Income and Expenditure
(507)	(28,024)	27,516	(Surplus) or Deficit
5,251			Opening General Fund Balance
(507)			Less/Plus (Surplus) or Deficit on the General Fund in the Year
5,758			Closing General Fund Balance at 31 March

Year ended 31 March 2021

	£'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	2,457	(469)	2,926
10	28,179	(11,277)	39,456
10	14,443	(1,420)	15,863
10	130	0	130
10	28	0	28
10	0	(25)	25
	45,237	(13,191)	58,428
10	(45,852)	(11,588)	(34,264)
	(615)	(24,779)	24,163
	5,758		
	(615)		
	6,373		

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 2020 was £612.770m. 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 £61m. 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 2020 was £43.897m (The opening balance on scheme Assets was £38.278m). 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 £7.322m. However, the assumptions interact in complex ways so changes in individual assumptions should be treated with caution.
Material Valuation Uncertainty – Pension Fund Unquoted Investments and Property Valuations	In March 2020 the World Health Organisation declared the outbreak of COVID-19 as a global pandemic which led initially to a material negative impact in publicly quoted markets. This caused additional uncertainty in the valuation of unquoted investments which are challenging to value even in normal market conditions. With regard to property valuations undertaken at 31 March 2021, valuers noted that they considered less weight could be attached to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that external valuers were faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case, and the Pension Fund valuers reported their valuations on the basis of 'material valuation uncertainty'.	The opening balance on the Local Government pensions Assets as at 1 April 2020 was £38.278m. Any reduction in asset values would increase the overall liability on the Local Government Pension Scheme.
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 £314k. The carrying value of Property, Plant and Equipment is £45.298m. 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 £228k. The Depreciation charge is £2.070m.

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 1992, 2006, 2015 and Modified (1992) 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 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% 37.3% 5.2%	8.5% to 12.5% 27.4% 3.2%	11% to 17% 37.3%	11% to 14.5% 28.8%	5.5% to 12.5% 16.8%
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	
		2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
<i>Net Cost of Service</i>									
	Current Service Cost	(1,390)	(1,990)	(250)	(360)	(11,630)	(11,720)	(1,855)	(2,513)
	Unfunded Benefits								
	Past Service Costs	-	(2,500)	-	2,690	-	-	-	-
<i>Net Operating Expenditure</i>									
	Interest Cost	(11,850)	(14,010)	(810)	(960)	(1,070)	(870)	(1,025)	(1,264)
	Expected Return on Assets in the Scheme							888	993
Retirement costs included in the Comprehensive Income and Expenditure Statement		(13,240)	(18,500)	(1,060)	1,370	(12,700)	(12,590)	(1,992)	(2,784)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Account (shown in the table above), actuarial losses of £78.176m were included in the Statement of Comprehensive Income and Expenditure, gains of £65.949m were included for 2019/20.

The estimated contributions payable to the Authority's pension schemes for 2021/22 is £6.861m. (£6.506m for 2020/21).

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	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Fair value of employer assets					-	-					-	-
Present value of funded liabilities					-	-					-	-
Present value of unfunded liabilities			(523,400)	(566,870)	(523,400)	(566,870)			(12,450)	(13,160)	(12,450)	(13,160)
Opening Position as at 31 March	-	-	(523,400)	(566,870)	(523,400)	(566,870)	-	-	(12,450)	(13,160)	(12,450)	(13,160)
Service Cost												
Current Service Cost			(1,080)	(1,730)	(1,080)	(1,730)			(310)	(260)	(310)	(260)
Past Service Cost (inc curtailments)			-	(2,500)	-	(2,500)					-	-
Effect of Settlements					-	-					-	-
Total Service Cost	-	-	(1,080)	(4,230)	(1,080)	(4,230)	-	-	(310)	(260)	(310)	(260)
Net Interest												
Interest income on plan assets					-	-					-	-
Interest cost on defined benefit obligation			(11,580)	(13,690)	(11,580)	(13,690)			(280)	(320)	(280)	(320)
Impact of asset ceiling on net interest					-	-					-	-
Total net interest	-	-	(11,580)	(13,690)	(11,580)	(13,690)	-	-	(280)	(320)	(280)	(320)
Total defined benefit cost recognised in Income and Expenditure	-	-	(12,660)	(17,920)	(12,660)	(17,920)	-	-	(590)	(580)	(590)	(580)
Cashflows												
Plan participants' contributions	250	380	(250)	(380)	-	-					-	-
Employer Contributions	651	941			651	941					-	-
Contributions in respect of unfunded benefits					-	-					-	-
Benefits paid	(18,650)	(20,690)	18,650	20,690	-	-	(470)	(470)	470	470	-	-
Unfunded benefits paid					-	-					-	-
Expected closing position	(17,749)	(19,369)	(517,660)	(564,490)	(535,409)	(583,859)	(470)	(480)	(12,570)	(13,270)	(13,040)	(13,740)
Remeasurements												
Changes in demographic assumptions			-	17,110	-	17,110			-	450	-	450
Changes in financial assumptions	17,749	19,369	(54,090)	19,660	(36,341)	39,029	470	470	(710)	260	(240)	730
Other experience			(40,370)	4,320	(40,370)	4,320			2,190	110	2,190	110
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	17,749	19,369	(94,460)	41,090	(76,711)	60,459	470	480	1,480	820	1,950	1,290
Exchange differences												
Effect of business combinations and disposals												
Fair Value of employer assets												
Present value of funded liabilities												
Present value of unfunded liabilities	-	-	(612,120)	(523,400)	(612,120)	(523,400)	-	-	(11,090)	(12,450)	(11,090)	(12,450)
Closing position as at 31 March	-	-	(612,120)	(523,400)	(612,120)	(523,400)	-	-	(11,090)	(12,450)	(11,090)	(12,450)

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	
2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
				-	-					-	-
				-	-					-	-
-	-	(35,810)	(39,120)	(35,810)	(39,120)	-	-	(41,110)	(28,740)	(41,110)	(28,740)
-	-	(35,810)	(39,120)	(35,810)	(39,120)	-	-	(41,110)	(28,740)	(41,110)	(28,740)
		(250)	(360)	(250)	(360)			(11,630)	(11,720)	(11,630)	(11,720)
		-	2,690	-	2,690					-	-
				-	-					-	-
-	-	(250)	2,330	(250)	2,330	-	-	(11,630)	(11,720)	(11,630)	(11,720)
				-	-					-	-
		(810)	(960)	(810)	(960)			(1,070)	(870)	(1,070)	(870)
				-	-					-	-
-	-	(810)	(960)	(810)	(960)	-	-	(1,070)	(870)	(1,070)	(870)
-	-	(1,060)	1,370	(1,060)	1,370	-	-	(12,700)	(12,590)	(12,700)	(12,590)
190	200	(190)	(200)	-	-	2,140	2,190	(2,140)	(2,190)	-	-
223	255			223	255	4,586	4,418			4,586	4,418
				-	-					-	-
(400)	(280)	400	280	-	-	(990)	(160)	990	160	-	-
				-	-					-	-
13	175	(36,660)	(37,670)	(36,647)	(37,495)	5,736	6,448	(54,960)	(43,370)	(49,224)	(36,922)
		-	1,320	-	1,320			-	1,350	-	1,350
(13)	(175)	(4,210)	2,290		2,115	(5,736)	(6,448)	(7,090)	1,620	(12,826)	(4,828)
		7,840	(1,750)	7,840	(1,750)			14,850	(710)	14,850	(710)
				-	-					-	-
				-	-					-	-
(13)	(175)	3,630	1,860	3,617	1,685	(5,736)	(6,448)	7,760	2,260	2,024	(4,188)
-	-	(33,030)	(35,810)	(33,030)	(35,810)	-	-	(47,200)	(41,110)	(47,200)	(41,110)
-	-	(33,030)	(35,810)	(33,030)	(35,810)	-	-	(47,200)	(41,110)	(47,200)	(41,110)

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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	38,278	41,055			38,278	41,055
Present value of funded liabilities			(43,830)	(51,471)	(43,830)	(51,471)
Present value of unfunded liabilities			(67)	(73)	(67)	(73)
Opening Position as at 31 March	38,278	41,055	(43,897)	(51,544)	(5,619)	(10,489)
Service Cost						
Current Service Cost			(1,855)	(2,513)	(1,855)	(2,513)
Past Service Cost (inc curtailments)			(25)	-	(25)	-
Effect of Settlements					-	-
Total Service Cost	-	-	(1,880)	(2,513)	(1,880)	(2,513)
Net Interest						
Interest income on plan assets	888	993			888	993
Interest cost on defined benefit obligation			(1,025)	(1,264)	(1,025)	(1,264)
Impact of asset ceiling on net interest					-	-
Total net interest	888	993	(1,025)	(1,264)	(137)	(271)
Total defined benefit cost recognised in Income and Expenditure	888	993	(2,905)	(3,777)	(2,017)	(2,784)
Cashflows						
Plan participants' contributions	374	357	(374)	(357)	-	-
Employer Contributions	1,115	924			1,115	924
Contributions in respect of unfunded benefits	5	7			5	7
Benefits paid	(805)	(818)	805	818	-	-
Unfunded benefits paid	(5)	(7)	5	7	-	-
Expected closing position	39,850	42,511	(46,366)	(54,853)	(6,516)	(12,342)
Remeasurements						
Changes in demographic assumptions			(764)	2,182	(764)	2,182
Changes in financial assumptions			(14,591)	4,943	(14,591)	4,943
Other experience			442	3,831	442	3,831
Return on assets excluding amounts included in net interest	5,857	(4,233)			5,857	(4,233)
Changes in asset ceiling					-	-
Total remeasurements recognised in Other Comprehensive income	5,857	(4,233)	(14,913)	10,956	(9,056)	6,723
Exchange differences						
Effect of business combinations and disposals						
Fair Value of employer assets	45,707	38,278			45,707	38,278
Present value of funded liabilities			(61,279)	(43,897)	(61,279)	(43,897)
Present value of unfunded liabilities					-	-
Closing position as at 31 March	45,707	38,278	(61,279)	(43,897)	(15,572)	(5,619)

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

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Present Value of Liabilities					
Local Government Pension Scheme	(42,410)	(44,101)	(51,544)	(43,897)	(61,279)
Firefighters' 1992 Pension Scheme	(573,080)	(534,450)	(566,870)	(523,400)	(612,130)
Firefighters' Injury Awards	(11,750)	(12,530)	(13,160)	(12,450)	(11,090)
Firefighters' 2006 Pension Scheme	(20,150)	(34,330)	(39,120)	(35,810)	(33,030)
Firefighters' 2015 Pension Scheme	(11,330)	(18,530)	(28,740)	(41,110)	(47,200)
Fair Value of Assets					
Local Government Pension Scheme	35,917	37,831	41,055	38,278	45,707
Firefighters' 1992 Pension Scheme	-	-	-	-	-
Firefighters' Injury Awards	-	-	-	-	-
Firefighters' 2006 Pension Scheme	-	-	-	-	-
Firefighters' 2015 Pension Scheme	-	-	-	-	-
Surplus/(Deficit) in the Scheme					
Local Government Pension Scheme	(6,493)	(6,270)	(10,489)	(5,619)	(15,572)
Firefighters' 1992 Pension Scheme	(573,080)	(534,450)	(566,870)	(523,400)	(612,130)
Firefighters' Injury Awards	(11,750)	(12,530)	(13,160)	(12,450)	(11,090)
Firefighters' 2006 Pension Scheme	(20,150)	(34,330)	(39,120)	(35,810)	(33,030)
Firefighters' 2015 Pension Scheme	(11,330)	(18,530)	(28,740)	(41,110)	(47,200)
	<u>(622,803)</u>	<u>(606,110)</u>	<u>(658,379)</u>	<u>(618,389)</u>	<u>(719,022)</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 £719.022m (£618.389m in 2019/20) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £680.840m (£578.994m in 2019/20). 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	
	2020/21	2019/20	2020/21	2019/20
Long-term expected rate of return on assets in the scheme :				
Equity Investments	17.5%	4.6%		
Bonds	17.5%	4.6%		
Property	17.5%	4.6%		
Other	17.5%	4.6%		
Longevity at 65 for current pensioners:				
Men	21.0	20.9	21.4	21.3
Women	23.7	23.3	21.4	21.3
Longevity at 65 for future pensioners: (45 for Firefighters' Pension Scheme)				
Men	22.2	21.8	23.1	23.0
Women	25.5	24.8	23.1	23.0
Rate of Inflation	2.8%	1.8%	2.4%	2.0%
Rate of increase in salaries	3.7%	2.7%	4.2%	4.0%
Rate of increase in pensions	2.8%	1.8%	4.2%	4.0%
Rate for discounting scheme liabilities	2.1%	2.3%	2.0%	2.3%
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.

Assets

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 2021				Period Ended 31 March 2020			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£(000)	£(000)			£(000)	£(000)		
Equity Securities:								
Consumer			0.0	0%			0.0	0%
Manufacturing			0.0	0%			0.0	0%
Energy and Utilities			0.0	0%			0.0	0%
Financial Institutions			0.0	0%			0.0	0%
Health and Care			0.0	0%			0.0	0%
Information Technology			0.0	0%			0.0	0%
Other	5,539.5		5,539.5	12%	3,327.1		3,327.1	9%
Debt Securities:								
Corporate Bonds (investment grade)			0.0	0%			0.0	0%
Corporate Bonds (non-investment grade)	1,775.5	2,158.8	3,934.3	9%	400.5	2,226.9	2,627.4	7%
UK Government	1,413.7		1,413.7	3%	1,699.8		1,699.8	4%
Other	858.4		858.4	2%	724.9		724.9	2%
Private Equity:								
All	897.5	1,708.9	2,606.4	6%	534.1	1,498.1	2,032.2	5%
Real Estate:								
UK Property	1,697.6	3,615.9	5,313.5	12%	1,479.9	3,614.2	5,094.1	13%
Overseas Property			0.0	0%			0.0	0%
Investment Funds and Unit Trusts:								
Equities	18,650.5		18,650.5	41%	16,329.2		16,329.2	43%
Bonds	1,937.5		1,937.5	4%	883.2		883.2	2%
Hedge Funds			0.0	0%			0.0	0%
Commodities			0.0	0%			0.0	0%
Infrastructure	911.9	1,834.8	2,746.7	6%	546.8	1,720.1	2,266.9	6%
Other	297.1	1,140.0	1,437.1	3%	285.3	1,197.2	1,482.5	4%
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	1,269.4		1,269.4	3%	1,810.7		1,810.7	5%
Totals	35,249	10,458	45,707	100.00%	28,022	10,257	38,278	100.00%

The Actuarial Gains identified as movements on the Pensions Reserve in 2020/21 can be analysed into the following categories, measured as a percentage of Assets or Liabilities at the 31 March 2021:

	2016/17 %	2017/18 %	2018/19 %	2019/20 %	2020/21 %
Local Government Pension Scheme					
Difference between the expected and actual return on assets	25.17	0.47	4.16	(10.31)	15.30
Experience gains and (losses) on liabilities	(13.92)	2.34	2.33	1.93	2.02
Firefighters' Pension Scheme 1992					
Experience gains and (losses) on liabilities	(18.50)	6.96	(2.34)	7.25	(18.05)
Firefighters' Injury Awards					
Experience gains and (losses) on liabilities	(9.39)	(6.64)	(5.19)	6.23	11.89
Firefighters' Pension Scheme 2006					
Experience gains and (losses) on liabilities	(42.58)	(66.05)	(2.07)	4.73	10.13
Firefighters' Pension Scheme 2015					
Experience gains and (losses) on liabilities	(77.20)	(1.68)	(10.75)	7.83	18.87

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. The Central London Employment Tribunal have upheld the claims and the remedy needed to make good these claims is currently under development by government and will be published in the future.

The Actuaries (GAD and Hymans Robertson) have included a reasonable estimate for the effect of the McCloud judgement within the overall scheme liabilities. The impact of an increase in scheme liabilities arising from these claims 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 2020	32,881	17,663	4,954	55,498	256	75	182	56,011
Additions/Enhancement	2,022	330	828	3,180	0	23		3,203
Revaluation increases / (decreases) to Revaluation Reserve	(792)			(792)				(792)
Revaluation increases / (decreases) to Comprehensive Income and Expenditure Statement	(2,549)			(2,549)				(2,549)
Derecognition - Disposals		(291)	(259)	(550)	(114)			(664)
Other movements				0				0
At 31 March 2021	31,562	17,702	5,523	54,787	142	98	182	55,209
Depreciation/Impairment								
1 April 2020	947	6,088	2,361	9,396	124	0	2	9,522
Charge for the year	673	878	464	2,015	26		2	2,043
Depreciation written out to the Revaluation Reserve	(1,286)			(1,286)				(1,286)
Derecognition - Disposals		(187)	(174)	(361)	(76)			(437)
At 31 March 2021	334	6,779	2,651	9,764	74	0	4	9,842
Net Book Value								
1st April 2020	31,934	11,575	2,593	46,102	132	75	180	46,486
31 March 2021	31,228	10,923	2,872	45,023	68	98	177	45,363

*£148k is included in non-current assets (on the Balance Sheet) that are owned by ESFM (Humberside) Ltd, please see note 12 for details.

2019/20 Comparatives

	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	(697)	0	0	(697)	0	0	0	(697)
Revaluation increases / (decreases) to Comprehensive Income and Expenditure Statement	(1,096)	0	0	(1,096)	0	0	(10)	(1,106)
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	32,881	17,663	4,954	55,498	256	75	182	56,011
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	31,934	11,575	2,593	46,102	132	75	180	46,486

*£161k 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 March 2021	No. Held 31 March 2020
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	27
Cars	129	143
Others	4	4
New Dimensions Assets	6	7

Capital Financing Requirement

Movements in the Capital Financing Requirement for the year 2020/21 are shown in the table below:

	2020/21 £'000	2019/20 £'000
Opening Capital Financing Requirement	17,871	16,829
Capital Investment		
Operational Assets	3,180	2,252
Non Operational Assets	23	8
Sources of Finance		
Capital Receipts	(65)	(9)
Minimum Revenue Provision	(700)	(1,209)
Revenue Contributions to Capital Outlay	(801)	-
	19,508	17,871
Explanation of Movements in Year		
Increase/(Decrease) in the Underlying Need to Borrow Unsupported by Government Financial Assistance	1,637	1,042
	1,637	1,042

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.

2020/21

	Operational Assets			Non Operational Assets		Total
	Other Land & Buildings	Vehicles	Plant & Equipment	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000
Value as at Historical Cost		10,923	2,872	98		13,893
Value at Current Value in:						
2020/21	23,220					23,220
2019/20	3,101					3,101
2018/19	1,363				177	1,540
2017/18	3,544					3,544
Value as at 31 March 2021	31,228	10,923	2,872	98	177	45,298
Nature of asset holding						
Leased	728					728
Owned	30,500	10,923	2,872	98	177	44,570
	31,228	10,923	2,872	98	177	45,298

Note: the above valuations as at 31 March 2021 are net of accumulated Depreciation to that date.

2019/20

	Operational Assets			Non Operational Assets		Total
	Other Land & Buildings	Vehicles	Plant & Equipment	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000
Value as at Historical Cost		11,575	2,593	75		14,243
Value at Current Value in:						
2019/20	10,967					10,967
2018/19	1,391				180	1,571
2017/18	19,575					19,575
Value as at 31 March 2020	31,933	11,575	2,593	75	180	46,356
Nature of asset holding						
Leased	744					744
Owned	31,189	11,575	2,593	75	180	45,612
	31,933	11,575	2,593	75	180	46,356

Capital Expenditure

Capital Expenditure incurred by the Authority during 2020/21 with comparatives for 2019/20 and the sources of financing are as follows:

Category of Asset	2020/21	Category of Asset	2019/20
	£'000		£'000
Land & Buildings (Including those under Construction)		Land & Buildings (Including those under Construction)	
Clough Road Training	671	Clough Road Training	196
Bridlington	405	Bridlington	34
Service Headquarters	137	Service Headquarters	162
Beverley	73	Goole	13
Howden	5	Howden	5
Scunthorpe	513	Scunthorpe	36
Market Weighton	22	Cleethorpes	49
Dignity Works	146	Dignity Works	470
Calvert Lane	23	Ark	8
Barton	5	Co-Location	3
Peaks Lane	22		
Vehicles (including those under Construction)	353	Vehicles (including those under Construction)	500
Plant & Equipment (Including Equipment under Construction)		Plant & Equipment (Including Equipment under Construction)	
IT Equipment	719	IT Equipment	706
Equipment	109	Equipment	78
Intangibles		Intangibles	
	3,203		2,260
Source of Finance		Source of Finance	
	£'000		£'000
Loans - Unsupported Borrowing	2,337	Loans - Unsupported Borrowing	2,251
Capital Contributions (including capital receipts)	866	Capital Contributions (including capital receipts)	9
	3,203		2,260

The Authority had outstanding commitments under capital contracts as at 31 March 2021 to the value of £17k which will take place during 2021/22.

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:

	2020/21	2019/20
	£'000	£'000
Property, Plant and Equipment	728	744
	728	744

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:

	2020/21	2019/20
	£'000	£'000
Finance Lease Liability	951	966
Finance Costs		
Current	83	84
Non Current	1,140	1,223
	2,174	2,273

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

	Minimum Lease		Finance Lease	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Not later than one year	99	99	16	14
Later than one year and not later than five years	395	395	77	71
Later than five years	1,680	1,779	859	881
	2,174	2,273	952	966

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 £7.363m (£5.784m at the end of 2019/20). Please see the description of each reserve below.

31 March 2020 £'000	Earmarked Reserves	31 March 2021 £'000
300	Resilience Reserve	300
3,000	Capital Funding Reserve	4,160
500	Insurance Reserve	500
1,000	Ark Reserve	1,000
611	Share of ESFM (Humberside) Ltd Net Assets	(45)
373	ESMCP Reserve	355
-	COVID Reserve	288
-	Grenfell and Protection Reserve	155
-	Uniform Replacement Programme Reserve	150
-	East Coast & Hertfordshire Control Room Consortium Reserve	470
-	Environmental Reserve	30
5,784	Total Earmarked Reserves	7,363

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.

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

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

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

COVID Reserve – This is the remaining balance of the grant issued by Government to assist with additional costs associated with the COVID pandemic.

Grenfell and Protection Reserve – This is the remaining balance of the grants issued by Government to respond to the Grenfell Tower Inquiry findings and Protection investment.

Uniform Replacement Programme Reserve – This funding is identified to fund the uniform replacement programme

East Coast & Hertfordshire Control Room Consortium Reserve – This funding is identified to meet Humberside's share of the infrastructure costs of the East Coast and Hertfordshire Control Room Consortium.

Environmental Reserve – This funding is identified to develop environmental infrastructure.

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.

Accumulated Absence Account - This Reserve is required by CIPFA Code of Practice on Local Authority Accounting to neutralise the impact on the General Funding Balance for the accruing of compensated absences earned but not yet taken in the year e.g. annual leave entitlement carried forward at 31 March.

Movement on Capital Reserves**Revaluation Reserve**

	2021 £'000	2020 £'000
Gains on Revaluation of Non Current Assets	(1,460)	(584)
Losses on Revaluation of Non Current Assets	966	959
Compensatory adjustment from the Revaluation Reserve to convert current value depreciation debits to historical cost.	53	63
Total Movement on Reserve	(441)	439
Balance Brought Forward 1 April	(4,910)	(5,350)
Balance Carried Forward at 31 March	(5,351)	(4,910)

Capital Adjustment Account

	2021 £'000	2020 £'000
Net Book Value of Assets disposed of	226	388
Depreciation	2,070	2,069
Impairments	2,549	1,106
Compensatory adjustment from the Revaluation Reserve to convert current value depreciation debits to historical cost.	(53)	(63)
Deferred Grants and Contributions applied	(866)	(9)
Provision for Repayments of External Loans (MRP)	(700)	(1,209)
Total Movement on Reserve	3,226	2,282
Balance Brought Forward 1 April	(22,482)	(24,764)
Balance Carried Forward at 31 March	(19,255)	(22,482)

7. Borrowing and Investments

Long Term Liabilities

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

	2020/21			2019/20		
	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	16,984	915	16,069	13,618	722	12,896
Finance Leases	951	16	935	966	14	952
Pension Liability - Firefighters' Pension Fund	703,450		703,450	612,780		612,780
Pension Liability - Local Government Pension Scheme	16,196		16,196	5,619		5,619
	737,581	931	736,650	632,983	736	632,247

The outstanding borrowings of the Authority at 31 March 2021 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 2021 £'000	31 March 2020 £'000
Public Work Loans Board	1.80	1,000	-
Public Work Loans Board	1.86	1,000	-
Public Work Loans Board	1.96	1,000	-
Public Work Loans Board	1.99	1,000	-
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	4.55	3,900	4,400
Public Work Loans Board	4.63	500	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
		<u>16,069</u>	<u>12,896</u>

Loans analysed by maturity are as follows:

	31 March 2021 £'000	31 March 2020 £'000
Maturing in 1-2 Years	900	827
Maturing in 2-5 Years	3,169	3,241
Maturing in 5-10 Years	7,000	6,828
Maturing in More Than 10 Years	5,000	2,000
	<u>16,069</u>	<u>12,896</u>

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 2020/21 is as follows:

	2020/21 £'000	2019/20 £'000
MRP based on Option 1 - 4% of CFR/Supported Borrowing	276	563
MRP based on Option 3(a) - Equal Instalments	-	633
MRP based on Option 3(b) - Annuity Method	410	-
MRP for Assets acquired under Finance Leases Matched to the Principal repaid	14	13
	<u>700</u>	<u>1,209</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 £7.000m at 31 March. (2019/20 was £5.004m).

8. Other Creditors and Debtors

- Long-Term Creditors

There are no long-term creditors at 31 March 2021.

- Short-Term Creditors

Analysis of short term creditors is as follows: -

	31 March 2021 £'000	31 March 2020 £'000
Central Government Bodies	969	2,092
Other Local Authorities	2,280	1,299
Bodies External to General Government	<u>4,485</u>	<u>3,820</u>
	<u>7,734</u>	<u>7,211</u>

*included in the Short-Term Creditors figure on the Balance Sheet is £729k relating to ESFM (Humburside) Ltd, please see note 12 for details.

- Long-Term Debtors

There were no long-term debtors at 31 March 2021.

- Short-Term Debtors

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

	31 March 2021 £'000	31 March 2020 £'000
Central Government Bodies	4,113	3,343
Other Local Authorities	121	222
NHS Bodies	-	21
Bodies External to General Government	<u>5,602</u>	<u>5,380</u>
	<u>9,836</u>	<u>8,966</u>

*included in Short-Term Debtors is £465k relating to ESFM (Humburside) 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Investments at Amortised Cost				
Loans and Receivables at Amortised Cost			7,000	5,004
Total Investments at Amortised Cost	-	-	7,000	5,004
Debtors				
Financial Assets (including Trade Debtors and General and Other Debtors and Long Term Debtors)			3,032	2,831
Total Debtors	-	-	3,032	2,831
Borrowings at Amortised Cost				
Financial Liabilities at Amortised Cost	(17,004)	(13,848)	(931)	(736)
Total Borrowings at Amortised Cost	(17,004)	(13,848)	(931)	(736)
Creditors				
Financial Liabilities Carried at Contract Amount			(1,755)	(1,721)
Total Creditors	-	-	(1,755)	(1,721)

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

		31 March	
		2021	2020
		£'000	£'000
Financial Liabilities			
Current			
Creditors		(1,755)	(1,721)
Public Works Loans Board Loans and Finance Leases		(931)	(736)
		<u>(2,686)</u>	<u>(2,457)</u>
Long Term			
Public Works Loans Board Loans		(16,069)	(12,896)
Finance Leases		(935)	(952)
		<u>(17,004)</u>	<u>(13,848)</u>
		<u>(19,690)</u>	<u>(16,305)</u>
Financial Assets			
Current			
Debtors		3,032	2,831
Investments		7,000	5,004
		<u>10,032</u>	<u>7,835</u>

Gains and losses recognised in the Comprehensive Income and Expenditure Account for 2020/21 in relation to financial instruments are made up as follows:

	2020/21				2019/20			
	Financial Liabilities	Financial Assets		Total	Financial Liabilities	Financial Assets		Total
	Measured at amortised cost	Loans and Receivables	Available for sale Assets		Measured at amortised cost	Loans and Receivables	Available for sale Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	(633)	-	-	(633)	(727)	-	-	(727)
Loss on derecognition	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Interest payable and similar charges	(633)	-	-	(633)	(727)	-	-	(727)
Interest income	-	12	-	12	-	69	-	69
Losses on revaluation	-	-	-	-	-	-	-	-
Amounts recycled to the Income and Expenditure Account after impairment	-	-	-	-	-	-	-	-
Interest and investment income	-	12	-	12	-	69	-	69
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	(633)	12	-	(621)	(727)	69	-	(658)

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 2021, 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 127/21. 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:

	<u>31 March 2021</u>		<u>31 March 2020</u>	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	(16,896)	(18,605)	(14,584)	(15,102)
Loans and Receivables	7,000	7,000	5,004	5,004

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 2021	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2021	Estimated maximum exposure to default and uncollectability 31 March 2021
	£'000	%	%	£'000
Deposits with banks and financial institutions	7,000	0.00	0.00	-
Bonds	-	0.00	0.00	-
Customers	1,404	0.43	0.43	6
	<u>8,404</u>			<u>6</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 £94k of the £1.404m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2021 £'000	31 March 2020 £'000
Less than three months	58	2
Three to six months	36	29
Six months to one year	-	-
More than one year	-	-
	<u>94</u>	<u>31</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 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31 March 2021 £'000	31 March 2020 £'000
Decrease in Fair Value of fixed rate investment assets	-	-
Increase in Fair Value of fixed rate borrowing liabilities	1,222	861

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.

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

	2020/21 £000s	2019/20 £000s
Other Operating Expenditure		
(Profit)/Loss on the disposal of assets	161	379
Total Other Operating Expenditure	161	379
Financing and Investment Income and Expenditure		
Interest Payable	633	727
Interest Receivable	(12)	(69)
Net interest cost on the net defined pension liability		
- Firefighters' Pension Scheme	13,740	15,840
- Local Government Pension Scheme	137	271
Total Financing and Investment Income and Expenditure	14,498	16,769
Taxation and Non Specific Grant Income		
Council Tax Payers	24,254	23,390
General Government Grants (See breakdown below)	3,641	2,552
Localised Business Rates	3,909	3,811
National Non Domestic Rates and Revenue Support Grant	17,120	16,655
Total Taxation and Non Specific Grant Income	48,924	46,408
General Government Grants		
Additional Pensions Grant	2,543	2,543
COVID19 Funding	1,098	9
	3,641	2,552

Precepts

The Authority, at its meeting on 10 February 2020, set a precept for 2020/21 equivalent to a Band D Council Tax of £86.63. Precepts and Collection Fund balances received from the four constituent Authorities for 2020/21 are as follows:

	Precepts 2020/21 £'000	Collection Fund Residual 2019/20 £'000	Surplus/(Deficit) 31 March 2021 £'000	Total 2020/21 £'000
Kingston upon Hull City Council				-
East Riding of Yorkshire Council				-
North East Lincolnshire Council				-
North Lincolnshire Council				-
	-	-	-	-

	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	152	10,073
North East Lincolnshire Council	3,673	30	83	3,786
North Lincolnshire Council	4,200	12	(19)	4,193
	22,993	39	358	23,390

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 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: Chad Chadwick, Phil Davison, John Dennis, 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 2020/21 is shown in note 13. During 2020/21 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 2020/21 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 2020/21; the value of the supplies to HFR Solutions was £0.2m (£0.3m during 2019/20), HFR Solutions supplied goods and services to the Authority with a negligible value (negligible in 2019/20) and made under normal commercial terms. £0.1m was owed to the Authority at 31 March 2021 (£0.1m was outstanding at 31 March 2020).

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 2020/21 with a value of £1.2m (£1.2m during 2019/20) 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 2020/21 with a value of £3.0m (£2.2m during 2019/20). The Authority supplied goods and services to Humberside Police during 2020/21 with a value of £0.4m (£0.2m during 2019/20).

The Authority retains joint control of Emergency Services Fleet Management (Humberside) Ltd with Humberside Police on a 50/50 split. The Authority's share of the net assets and reserves for 2020/21 are £0.1m (£0.6m 2019/20) and have been consolidated into the Financial Statements of the Authority. These amounts are taken from the Emergency Services Fleet Management (Humberside) Ltd draft accounts at 31 March 2021.

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 2020/21 was £128,430 (2019/20 was £131,022).

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					
	2020/21			2019/20		
	Operational	Non Operational	Total	Operational	Non Operational	Total
£150-154,999	1	-	1	-	-	-
£145-149,999	-	-	-	1	-	1
£140-144,999	-	-	-	-	-	-
£135-139,999	-	-	-	-	-	-
£130-134,999	-	-	-	-	-	-
£125-129,999	1	-	1	1	-	1
£120-124,999	-	-	-	-	-	-
£115-119,999	-	-	-	-	-	-
£110-114,999	-	-	-	-	-	-
£105-109,999	-	1	1	-	1	1
£100-104,999	-	-	-	-	-	-
£95-99,999	-	-	-	-	-	-
£90-94,999	-	-	-	-	-	-
£85-89,999	-	1	1	-	-	-
£80-84,999	3	-	3	3	-	3
£75-79,999	1	-	1	-	-	-
£70-74,999	-	-	-	2	1	3
£65-69,999	4	-	4	1	-	1
£60-64,999	10	3	13	9	-	9
£55-59,999	20	1	21	12	2	14
£50-54,999	17	3	20	25	1	26
	57	9	66	54	5	59

The remuneration paid to senior officers whose salary is as follows:

Disclosure for 2020/21

Post Title	Salary (Including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding employer's pension contributions 2020/21	Employer's pension contributions 2020/21	Total Remuneration including employer's pension contributions 2020/21
Chief Fire Officer & Chief Executive - Chris Blacksell	150,281	-	150,281	-	150,281
Deputy Chief Fire Officer & Director of Service Delivery - (1 April 2020 - 2 November 2020)	86,248	-	86,248	28,155	114,403
Deputy Chief Fire Officer & Director of Service Delivery - (5 December 2020 - 31 March 2021)	41,006	-	41,006	-	41,006
Executive Director of Corporate Services & S151 Officer *	105,197	1,671	106,868	19,453	126,321
Director of Service Delivery Support	84,171	-	84,171	24,018	108,189
Director of Service Improvement	83,402	-	83,402	24,018	107,420
Director of Service Delivery	83,402	-	83,402	24,018	107,420
Director of People & Development - (1 April 2020 - 31 July 2020)	86,168	629	86,797	-	86,797
Area Manager Projects - (1 April 2020 - 20 January 2021)	59,198	-	59,198	15,031	74,229
Director of People and Development - (01 April 2020 - 31 December 2020)	54,481	659	55,140	9,103	64,243
Director of People and Development - (21 January 2021 - 31 March 2021)	16,286	-	16,286	3,530	19,816
	849,840	2,959	852,799	147,325	1,000,124

*This post is shared with Humberside PCC

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
Temporary 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
	738,636	3,072	741,708	145,578	887,286

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

The number of employee compulsory and voluntary exit packages agreed with total cost per band and total cost of the redundancies are set out below:

Exit Package Cost Band	2020/21			Total Cost (£'000)	2019/20			Total Cost (£'000)
	Number of Compulsory Redundancies	Number of Other Agreed Departures	Total Number of Exit Packages by Cost Band		Number of Compulsory Redundancies	Number of Other Agreed Departures	Total Number of Exit Packages by Cost Band	
£100,001 - £150,000	-	1	1	102	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	1	1	63	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£20,001 - £20,000	-	-	-	-	-	-	-	-
£0 - £20,000	-	-	-	-	-	-	-	-
Total Cost in Bandings	-	2	2	165	-	-	-	-

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 2020/21 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 2020/21 the Authority incurred £25k in Audit fees (£25k in 2019/20) from Mazars relating to external audit.

Prior Period Adjustments

There have been no prior period adjustments during 2020/21.

Events After The Balance Sheet Date

There have been no events either adjusting or non adjusting after 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 4 years at £60k per annum.

16. Cash Flow notes

Movements in Cash and Cash Equivalents

	31 March 2021 £'000	31 March 2020 £'000	Movement £'000
Bank In Hand/(Overdrawn)	1,266	114	1,152
	1,266	202	1,152

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

	2020/21 £'000	2019/20 £'000
Depreciation/Amortisation & Impairment	4,606	3,159
Increase/(decrease) in Creditors	136	2,045
(Increase)/decrease in Debtors	(870)	(682)
(Increase)/decrease in Inventories	105	(68)
Increase/(decrease) in Provisions	127	-
Movement in Pension Liability	22,447	25,959
Carrying amount of non-current assets held for sale, sold or de-recognised	226	388
	26,777	30,802

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

	2020/21 £'000	2019/20 £'000
Proceeds from short-term and long-term investments		
Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	(65)	(9)
Any other items for which the cash effects are investing or financing cash flows		
	(65)	(9)

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

	2020/21 £'000	2019/20 £'000
Interest Received	12	69
Interest Paid	(633)	(727)
	(621)	(658)

Cash Flow Statement – Cash Flows from Investing Activities

	2020/21 £'000	2019/20 £'000
Payments to acquire property, plant and equipment, investment property and intangible assets	(3,203)	(2,260)
Opening Capital Creditors	(891)	(115)
Closing Capital Creditors	1,280	891
Purchase of short term investments	(2,000)	(503)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	65	9
Net cash flows from investing activities	(4,749)	(1,978)

Cash Flow Statement – Financing Activities

	2020/21	2019/20
	£'000	£'000
Cash receipts of short and long-term borrowing	4,000	
Appropriation to/from Collection Fund Adjustment Account		
Repayments of short and long-term borrowing	(632)	(1,385)
Principal on Finance Leases	(15)	(2)
Net cash flows from financing activities	3,353	(1,387)

Government Grants

An analysis of other Government grants received during 2020/21 is given in note 11 of the notes to the Financial Statements.



HUMBERSIDE
Fire & Rescue Service

Humberside Fire Authority Pension Fund Account 2020/21

FIREFIGHTERS' PENSION FUND ACCOUNT

The following table analyses movements on the Fund for the year 2020/21

2019/20		2020/21
£'000s		£'000s
	Contributions receivable:	
(5,839)	Employers' contributions receivable	(5,788)
(2,541)	Firefighters' contributions	(2,490)
<u>(8,380)</u>		<u>(8,278)</u>
<u>(238)</u>	Transfers in from other authorities	<u>(89)</u>
	Benefits payable:	
16,122	Pensions	16,649
5,040	Commutations & lump sum retirement benefits	3,391
<u>21,162</u>		<u>20,040</u>
	Payments to and on account leavers	
72	Transfers out to other authorities	-
<u>12,616</u>	Net amount payable for the year	<u>11,673</u>
<u>(12,616)</u>	Top-up grant receivable to the Firefighters' Pension Fund	<u>(11,673)</u>
-	Fund Account balance	-

	<u>Net Assets Statement</u>	
2019/20		2020/21
	Current Assets	
3,141	Home Office grant debtor	3,822
1,423	Pensions Paid in Advance	1,443
	Current Liabilities	
(4,564)	Humberside Fire Authority	(5,265)
<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	31/3/2021 1992 FPS	31/3/2021 2006 NFPS	31/3/2021 Modified Pension Scheme	31/3/2021 2015 FPS	31/3/2020 1992 FPS	31/3/2020 2006 NFPS	31/3/2020 Modified Pension Scheme	31/3/2020 2015 FPS
Contributors	34	6	27	641	53	7	36	627
Deferred Pensioners	45	111	7	134	48	113	11	98
Pensioners	977	13	72	19	972	18	58	11

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 2021 and the Comprehensive Income and Expenditure for the year ended 31 March 2021.

.....

Chris Blacksell – Chief Fire Officer/Chief Executive

.....

Councillor John Briggs – Chair

.....

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

23rd July 2021 (authorised for issue date)

Appendix 1

Revenue Variance Analysis

2019/20		2020/21		
		Revised Estimate	Actual	Variance
£'000	Expenditure	£'000	£'000	£'000
38,526	Employees	39,099	38,834	(265)
2,728	Premises	2,823	2,671	(152)
661	Transport	1,480	1,232	(248)
3,845	Supplies and Services	4,210	3,731	(479)
149	Support Services	204	257	53
3,112	Capital Charges	1,983	4,619	2,636
49,021	Total Expenditure	49,799	51,344	1,545
(2,132)	Income	(979)	(2,090)	(1,111)
46,889	Net Expenditure	48,820	49,254	434
727	Interest Payable	661	633	(28)
(69)	Interest Receivable	(60)	(12)	48
(1,903)	Accounting Adjustments	29	(3,118)	(3,147)
699	Contributions to / (from) Reserves	(539)	1,596	2,135
46,343	Net Budget Requirement	48,910	48,352	(558)
(2,552)	General Government Grant	(3,641)	(3,641)	-
(3,811)	Business Rates	(3,915)	(3,909)	6
(16,830)	NNDR	(17,104)	(17,119)	(15)
(23,270)	Precepts	(24,250)	(24,254)	(4)
(120)	Net (Surplus)/Deficit	-	(571)	(571)

£'000	Movement on the General Fund	£'000
(120)	(Surplus)/Deficit as above	(571)
(400)	Reserve Movements as per Fire Authority	-
13	Budgeted Transfer From General Reserve	(44)
(507)	(Surplus)/Deficit on the General Fund in the Year	(615)

	Overspend / (Underspend) £'000
Employees	(265)
a) Lower pay award than anticipated for greybook staff	
b) Lower call out costs for on-call staff	
c) A number of vacant support role posts	
d) Higher level of ill health contributions than originally anticipated	
e) Additional spend on agency staff to cover the vacant support roles	
Premises	(152)
Lower Business Rate charges on our properties	
Transport	(248)
a) Free fuel provided by BP during the COVID-19 pandemic	
b) Lower spend on officer travel as training courses and meetings moved to a virtual delivery	
Supplies and Services	(479)
a) Uniform replacement programme has slipped into 2021/22	
b) Lower spend on issue, cleaning, repairs and replacement of PPE	
c) Lower spend on smoke alarms and hydrant maintenance	
Support Services	53
Conclusion of the mesothelioma claim which is partly offset by additional income	
Asset Rental Interest	2,636
Impairment and depreciation of the estate has caused this variance (offset with accounting adjustment note)	
Income	(1,111)
a) Additional grant income received from Government in relation to Protection, Grenfell and COVID-19	
b) Insurance income received in relation to the meothelioma claim	
c) Funding of the Road Safety Team has been received	
d) Additional income in relation to secondments	
Accounting Adjustments	(3,147)
a) Impairment and depreciation of the estate (offset with asset rental interest note)	
b) Change in method used to calculate the Authority's Minimum Revenue Provision (MRP)	
Contribution to Reserves	2,135
Transfer to reserves to fund future year spend on the following:	
a) Uniform replacement programme (offset with note on supplies and services)	
b) Grant income in relation to Protection, Grenfell and COVID-19 (offset with note on income)	
c) Transferring the saving on MRP (offset with accounting adjustments note)	
d) Replacement boats	
e) East Coast and Hertfordshire Control Room Consortium anticipated part contribution of infrastructure replacement costs	

Appendix 2

Capital Expenditure Breakdown and Variance Analysis

Project	2020/21		
	Revised Estimate	Actual	Variance
	£'000	£'000	£'000
Buildings			
Invest to Save	402	195	(207)
Goole	387	-	(387)
Scunthorpe	513	510	(3)
Clough Road Training	657	675	18
Bridlington	500	398	(102)
BA Training Refurbishment	18	-	(18)
HQ OTC	16	5	(11)
HQ Minor Capital Works	-	10	10
Calvert Lane	100	-	(100)
Capital Furniture and Fixtures	86	78	(8)
Dignity Works	170	146	(24)
Co-Location	97	-	(97)
Howden	395	5	(390)
Other Minor Capital Schemes	54	-	(54)
Vehicles			
Operational	372	299	(73)
Support	487	54	(433)
Plant & Equipment			
IT Equipment	820	719	(101)
PPE	1,400	-	(1,400)
Equipment	380	109	(271)
	6,854	3,203	(3,651)

Analysis of the most significant capital variances:

	Overspend/ (Underspend) £'000
Howden Work anticipated to be completed during 2021/22	(390)
Goole Work anticipated to be completed during 2021/22	(387)
Invest to Save Work anticipated to be completed during 2021/22	(207)
Vehicles Some vehicles have slipped into 2021/22	(506)
Plant & Equipment The rollout of replacement PPE has slipped into 2020/21	(1,400)

Appendix 3

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 4

Feedback form

Humberside Fire Authority

STATEMENT OF ACCOUNTS 2020/21 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 2022 into the 2021/22 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

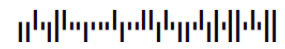
☐

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**ANNUAL GOVERNANCE STATEMENT 2020/21****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 applicable to Members, 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. The HFA has approved and adopted a set of Principles of Good Conduct for employees.
5. 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

6. 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.
7. 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.
8. 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.
9. The governance framework has been in place at the HFA for the year ended 31 March 2021 and up to the date of approval of the Annual Performance Report and Statement of Accounts.

The Governance Framework 2020/21

10. 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.
 - 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 Corporate Services 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. Strategic Plan 2021/24 was approved by HFA in December 2020 following consultation.

- 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. IRMP refresh for 2021/24 was approved by HFA in December 2020 following consultation.
- 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 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.

- q) A Service Improvement Plan has been developed to ensure that improvement areas across the Service are documented, evidenced and regularly reviewed.
- r) Member and Officer Development Programmes. During 2020/21 Officers undertook a facilitated supportive leadership development programme. 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.
- s) 8 scheduled Member Days to support Member development and awareness conducted as remote sessions during Covid-19 restrictions.
- t) An approved Treasury Management Policy and Prudential Indicators.
- u) 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.
- v) A Protective Marking Scheme (based upon the Her Majesty's Government Security Framework).
- w) Implementation of a 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 and Priorities were consulted upon during 2020.

- x) Aligned 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.
- y) Retention of the Customer Service Excellence Award, conducted in February each year.
- z) Annual Performance and Quarterly Performance Reports to HFA are published on our Website.
- aa) 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 2020/21 and also had a training input session.
- bb) 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.
- cc) Member Champions continue to support functional areas and are invited to attend local District performance meetings and to meet with Directors.
- dd) Consultation on our Council Tax Precept for 2020/21 drew a significant number of responses from our community (2572). This allowed Fire Authority Members to make an informed decision on this matter.
- ee) In line with legislative requirements HFRS published its Gender Pay Gap Report by the end of March 2021.

Review of Effectiveness

- 11. 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.
- 12. HFA reviews the effectiveness of the GAS Committee and receives an Annual Report at the HFA Annual General Meeting. A review of the size and role of the GAS Committee was conducted at the HFA Meeting 7 December 2020, membership was reduced from seven to five (upon the completion of terms of office). The HFA Constitution was amended to reflect changes.
- 13. The GAS Committee has continued its scrutiny programme during 2020/21, including the scrutiny of the Effectiveness of the Protection Risk-Based Targeting Strategy, Development and Delivery Plans to Support the Health and Wellbeing of Staff, Safety Protection - Engagement with the Commercial/Business Community and Diversity and Recruitment - Progress and Plans.
- 14. The induction and training of new Members during 2020/21 has further enabled Members to discharge the functions of the HFA.

15. During the 2020/21 financial year, the HFA and Committees met as follows:
- * HFA 9 occasions;
 - * GAS Committee 7 occasions;
 - * Pension Board 2 occasions.
- * The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 came into force on 4th April 2020. Subsequently all meetings of the Authority and Committees were held remotely.
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:
- a. The work of Senior Officers;
 - b. The work of Internal Audit;
 - c. Corporate Risk and Opportunity Management;
 - d. Performance information;
 - e. 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 2020/21. The following areas were covered:
- Health & Safety
 - Business Safety
 - Performance Management
 - Arson Prevention
 - Workforce Planning
 - Key Financial Controls
 - ICT Cyber Security
 - HR - Absence Management
 - National Operational Guidance (NOG)
- In response to the Covid-19 pandemic reviews were conducted remotely.
19. A full self-assessment has been undertaken against the criteria contained within the CIPFA Financial Management Code. The self-assessment shows the Authority to be almost fully compliant with only two areas of partial compliance that will be developed in 2021/22. These are the further development of objective measures to assess the risks to financial sustainability and the embedding of our option appraisal methodology. These two areas are included in the Action Plan for further work in 2021/22. Full compliance against the code is mandatory from 1 April 2022 with the coming year as a transition towards that compliance.

20. The overall Head of Internal Audit opinion for the period 1 April 2020 to 31 March 2021 provides Reasonable Assurance.
21. 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.
22. A comprehensive Assurance Map for the Service has been developed to help inform the work of SLT, the GAS Committee and Internal Audit.
23. 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 2020/21

24. 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. There was no use of RIPA or requests for covert surveillance during 2020/21.
25. 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 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.
 - 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.

26. 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 2021/22. 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.
27. Two Whistleblowing complaints were received by the Monitoring Officer during 2020/21 and were dealt with in accordance with the Whistleblowing Policy. An action plan has been developed to address discrepancies in the requirements for officer declarations of business interests, compared to the requirements placed on Members. The HFA Constitution will be reviewed and amended accordingly.

Action Plan

28. Strategic Risk and Opportunity Register
The action points outlined below are included within our Strategic Risk and Opportunity Register and Action Plan, progress will be monitored throughout 2021/22.
- Incorporation of the Humberside PCC onto the HFA, including any arising changes to governance arrangements and mechanism for PCC to produce Business Case to take over governance of Fire and Rescue.
 - Impact of EU Exit. (Complete)
 - Continued Scenario Planning to mitigate the effect of any further reductions or challenges on finances.
 - Impact of firefighter pension remedy implementation.
 - Cyber Security threats.
 - HMICFRS arising issues.
 - Emergency Services Network.
 - Grenfell Inquiry Outcomes.
 - LGPS Exit Pay Cap.
 - Covid Staff Shortages.
 - Environmental Sustainability.
29. COVID-19 Pandemic.
Influenza Management Business Continuity Plans implemented enabling a very good level of Service to be maintained. This includes Influenza Management Team (IMT) and Business Interruption Management Team (BIMT) Meetings. A separate Covid-19 Risk Register has been produced. Widespread support is being provided to NHS partners and Local Authorities co-ordinated via the Local Resilience Forum. HMICFRS conducted a themed inspection of the HFA and Service response to Covid-19 resulting in a positive assessment of the decisions taken, actions implemented and contributions made by staff.
30. CIPFA Financial Management Code
Further development of objective measures to assess the risks to financial sustainability and embedding of our option appraisal methodology will be developed during 2021/22.

Conclusions

31. This Annual Governance Statement for 2020/21 provides Members with a high level of assurance for the Authority's governance arrangements.

Signed



.....
Chair of the Authority



.....
Chief Fire Officer & Chief Executive



.....
S.151 Officer



.....
Secretary & Monitoring Officer

TREASURY MANAGEMENT ANNUAL REPORT 2020/21

SUMMARY

1. This report provides Members with a review of the Authority's treasury management activity and Prudential Indicators for the year 2020/21.
2. The report shows full compliance with the Authority's Prudential Indicators for 2020/21.

RECOMMENDATIONS

3. That Members take assurance from the treasury management activities undertaken during 2020/21 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 2020/21 financial year in line with the requirements of the Code.

INVESTMENT ACTIVITY

7. The Authority's temporary investments totalled £7.0m as at 31 March 2021.

Table 1 – Investment income earned 2020/21

Interest Earned 2020/21	Rate of return 2020/21	Benchmark return 2020/21*	Difference (+ favourable)
£12,155	0.17%	(0.07%)	0.24%

* Benchmark set as 7 day compounded LIBID

8. Interest earned during 2020/21 was £48k lower than originally budgeted for in respect of investment activity for the year, due to lower 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 £15.2m for 2020/21, on which £546k of interest was payable. The Authority repaid £634k of PWLB debt upon maturity and took £4.0m of new borrowings during the year. Closing PWLB debt at 31 March 2021 was £16.9m.

PRUDENTIAL INDICATORS

12. Appendix 1 details the agreed Prudential Indicators for 2020/21 and the actual figures for 2020/21.
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 2021 was £7.3m below the agreed Operational Boundary for 2020/21 and the maturity structure for both borrowing and investments remain within the approved upper and lower limits. Subsequent borrowing or re-scheduling during 2021/22 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 2020/21 and Minimum Revenue Provision (MRP) for 2020/21' – Report to Fire Authority March 2020.
CIPFA Code of Practice on Treasury Management 2009

RECOMMENDATION RESTATED

25. That Members take assurance from the treasury management activities undertaken during 2020/21 and the Prudential Indicators as outlined in paragraphs 14 and 15 and detailed in Appendix 1.

M RANSOM

Officer Contact: Martyn Ransom
Head of Finance

☎ 01482 567176

Humberside Fire & Rescue Service
Summergroves Way
Kingston upon Hull

SE
24 May 2021

Prudential Indicators 2020/21

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:

	2020/21 Revised £k	2020/21 Actual £k	2021/22 Estimate £k	2022/23 Estimate £k	2023/24 Estimate £k
Total Capital expenditure	6,854	3,203	7,028	1,487	2,750

The underspend against the revised 2020/21 budget reflects slippage across a number of capital schemes as reported to Members in the 2020/21 Annual Accounts report.

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2020/21 and estimates for future years are as follows:

	Revised Estimate 31/03/21 £k	Actual 31/03/21 £k	Estimate 31/03/22 £k	Estimate 31/03/23 £k	Estimate 31/03/24 £k
Underlying Capital Financing Requirement	19,354	18,557	23,408	22,191	22,189
Other Long Term Liabilities	951	951	936	919	900
Total Capital Financing Requirement	20,305	19,508	24,344	23,110	23,089

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 2020/21 and future years are as follows:

	2020/21 Revised £k	2020/21 Actual £k	2021/22 Estimate £k	2022/23 Estimate £k	2023/24 Estimate £k
Total Core Funds	11,345	13,782	12,000	10,423	9,816
Expected Investments	4,388	7,000	3,390	2,931	2,327

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.

	2020/21 Authorised Limit £k	Actual as at 31/03/21 £k	2021/22 Authorised Limit £k	2022/23 Authorised Limit £k	2023/24 Authorised Limit £k
Borrowing	21,600	16,896	21,600	21,600	21,600
Other Long Term Liabilities	3,500	951	3,500	3,500	3,500
	25,100	17,847	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 2020/21 and subsequent three-year period as approved by Members compared to the actual level of borrowing as at 31 March 2021.

	2020/21 Authorised Limit £k	Actual as at 31/03/21 £k	2021/22 Authorised Limit £k	2022/23 Authorised Limit £k	2023/24 Authorised Limit £k
Borrowing	27,600	16,896	27,600	27,600	27,600
Other Long Term Liabilities	3,500	951	3,500	3,500	3,500
	31,100	17,847	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: -

	2020/21 Estimate %	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Ratio of Financial Costs to Net Revenue Stream	5.56	4.77	6.23	6.14	6.05

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 31/03/21	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	4.89	15	0
12 months and within 24 months	5.33	15	0
24 months and within 5 years	18.76	30	0
5 years and within 10 years	41.43	60	0
10 years and above	29.59	80	0

The S.151 Officer confirms that the maturity structure of external debt as at 31 March 2021 is within the upper and lower limits approved by the Authority.

Governance, Audit and Scrutiny Committee
14 June 2021

**Report by the Director of Service
Improvement and Monitoring Officer**

DRAFT ANTI-FRAUD AND CORRUPTION STATEMENT 2020/21

REPORT EXECUTIVE SUMMARY

An annual Anti-Fraud and Corruption Statement is produced in response to recommendations within an Internal Audit review of Counter Fraud Arrangements conducted during 2016/17. The Statement covers key actions taken throughout the reporting year to provide an assurance of the processes in place.

The Governance Audit and Scrutiny Committee conducted Scrutiny of anti-fraud and corruption measures in 2018.

RECOMMENDATIONS

1. Members are asked to review the draft Anti-Fraud and Corruption Statement 2020/21 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, by Mersey Internal Audit, during the third quarter of 2016/17. Related Service Policies are reviewed annually, in conjunction with the GAS Committee. These include:

- Whistleblowing
- Anti- Bribery
- Anti - Money Laundering
- Anti-Fraud and Corruption

Members also receive assurances through the Annual Governance Statement.

3. The outcomes of the audit review, including a number of recommendations and agreed actions, were reported to the GAS Committee 10 April 2017. A specific recommendation was received that the Chief Fire Officer and Chief Executive should publish a formal statement of the Fire Authority's commitment to anti-fraud, bribery and corruption measures. The Statement, based upon the Audit Commission checklist for councillors and others responsible for governance, is included at Appendix A.

STRATEGIC PLAN COMPATIBILITY

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

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

5. None arising directly.

LEGAL IMPLICATIONS

6. None arising directly.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

7. None arising directly.

CORPORATE RISK MANAGEMENT IMPLICATIONS

8. None directly arising

HEALTH AND SAFETY IMPLICATIONS

9. None directly arising.

COMMUNICATION ACTIONS ARISING

10. This Statement will be published on the HFRS website following approval by the Fire Authority.

DETAILS OF CONSULTATION AND/OR COLLABORATION

11. The Strategic Leadership Team and members of the Governance, Audit and Scrutiny Committee have been consulted in the preparation of this Statement.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

12. Nil.

RECOMMENDATIONS RESTATED

13. Members are asked to review the draft Anti-Fraud and Corruption Statement for 2020/21 and make any recommendations to the Fire Authority as necessary.

N MCKINIRIY

Officer Contact: Simon Rhodes ☎ 01482 567479
Head of Corporate Assurance

14 June 2021

**HUMBERSIDE FIRE AUTHORITY
DRAFT ANTI-FRAUD AND CORRUPTION STATEMENT 2020/21**

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 2020/21

6. Existing policies and strategies are reviewed on an ongoing basis and annually in conjunction with the Governance Audit and Scrutiny Committee. Those listed below are current within HFRS:
 - a) Anti-Fraud & Corruption Policy
 - b) Whistleblowing Policy
 - c) Anti-Bribery Policy
 - d) Anti-Money Laundering Policy
7. Following an internal review, TIAA were commissioned to carry out an investigation into the suspected misappropriation of items of equipment. This investigation was carried out between January and April 2021.
8. Two Whistleblowing complaints were received by the Monitoring Officer during 2020/21 and were dealt with in accordance with the Whistleblowing Policy. Arising actions have been published in the Transparency area of the HFRS Website.
9. There has been no other attempted fraud, bribery or corruption identified during 2020/21. However, the organisation remains vigilant and constantly reviews the operating environment.

Assurance

10. The Authority has comprehensive crime insurance arrangements in place. This cover is for all employees and third parties up to £500k.
11. Two Members of the GAS Committee have responsibility to represent GAS on independent scrutiny of measures to combating fraud across the Authority.
12. Arrangements are in place to utilise Internal Audit if required to investigate suspected cases of fraud.
13. We periodically draw to the attention of staff the relevant policies. This is usually through messages in payslips and entries in internal communications.
14. 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).
15. We challenge ourselves through Internal and External audit provision to ensure our procedures are robust and current.
16. 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 2020/21.
17. 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

Governance, Audit and Scrutiny Committee 14 June 2021	Report by the Monitoring Officer/Secretary
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GAS COMMITTEE SCRUTINY PROGRAMME 2021/22

REPORT EXECUTIVE SUMMARY

This paper summarises the Governance, Audit and Scrutiny Committee's Scrutiny Programme 2021/22. Each year, the Committee will programme six specific, defined scrutiny items complete with scopes in order that relevant officers can focus their reports. Appendix 1 to this report will serve as a point of reference for report-writers and as a 'living document' during the year for the Committee as it considers the scopes for its scrutiny items.

RECOMMENDATIONS

1. That Members consider and approve the Scrutiny Programme 2021/22.

PUBLIC SCRUTINY PROCESS

2. Public scrutiny is a corporate process undertaken by the GAS Committee, appointed by the Fire Authority for its breadth of professional experience.
3. Six areas for scrutiny were identified by the Committee for its 2021/22 programme:
 - Anti-Bullying Campaign (Assessing the Issue)
 - Promotion Within Uniformed Roles
 - Implementation of the NFCC Code of Ethics
 - Management of Risk Information by On-Call Fire Stations
 - Workforce Monitoring and Planning (Revision of Workforce Plan)
 - Anti-Bullying Campaign (Progress Update)

STRATEGIC PLAN COMPATIBILITY

6. This paper supports the achievement of Strategic Plan 2021-24 through the provision of independent scrutiny of activity.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

7. Independent scrutiny contributes towards efficiency review activity.

LEGAL IMPLICATIONS

8. None directly arising.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

9. None directly arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

10. Scrutiny of performance provides an assurance that arising risks are being mitigated.

HEALTH AND SAFETY IMPLICATIONS

11. None directly arising.

COMMUNICATION ACTIONS ARISING

12. GAS Committee papers are publicly available via the HFRS Website.

DETAILS OF CONSULTATION AND/OR COLLABORATION

13. SLT regarding scrutiny topics.

RECOMMENDATIONS RESTATED

14. That Members consider and approve the Scrutiny Programme 2021/22.

Officer Contact: Samm Campbell ☎ 01482 393205
 Committee Manager

 Mathew Buckley ☎ 01482 567174
 Secretary/Monitoring Officer

Humberside Fire & Rescue Service
Summergroves Way
Kingston upon Hull

SC
May 2021

GAS Committee Scrutiny Programme 2021/22		
Meeting Date	Responsible Officer	Item and Scope
5 July 2021	Director of People and Development	Anti-Bullying Campaign (Assessing the Issue) <ul style="list-style-type: none"> • How does the Service define bullying (what guidance has informed its policies etc)? • To what extent is bullying an issue within the Service? • How does the Service measure and understand its organisational culture and bullying in its workforce? • What have staff surveys shown with regard to bullying? • How many staff surveys have been conducted since the Service's last inspection by HMICFRS? • Is the Service confident that its anti-bullying campaign has/will improve its culture?
6 September 2021	Director of People and Development	Promotion Within Uniformed Roles <ul style="list-style-type: none"> • How does the Service manage promotions within uniformed roles? • How has this process changed across the last 20 years? • What regard has been given to public sector and sector-specific best practice/guidance? • Does the promotion process fit with the Workforce Plan and with the Service's strategy on positive action?
15 November 2021	Director of Service Improvement	Implementation of the NFCC Code of Ethics <ul style="list-style-type: none"> • How has the NFCC Code of Ethics changed the Service? • How has the Service approached its implementation?

24 January 2022	Director of Service Delivery	Management of Risk Information by On-Call Fire Stations <ul style="list-style-type: none"> • What processes are used to maintain accurate risk information by On-Call fire stations. • How is the Service assured that these processes are in line with best practice?
21 February 2022	Director of People and Development	Workforce Monitoring and Planning (Revision of Workforce Plan) <ul style="list-style-type: none"> • What changes has the Service made to its Workforce Plan? • To what extent has the Service's strategy on positive action affected both the Plan and its workforce? • Update in relation to the Committee's recommendations of 12 April 2021: <ul style="list-style-type: none"> (a) That the Service's future Positive Action Strategy and Framework be applied consistently; (b) that the Service ensure that its employees fully understand its Positive Action Strategy and Framework; (c) that the Service gather improved data in order to understand the makeup of its workforce in comparison to local demographics and other fire and rescue services; (d) that the Service improve its exit interview process to understand why employees leave the Service, and (e) that the Committee be updated about to the Service's progress in relation to the revision of its workforce plan and the recommendations of the associated internal audit report. • How does the Service balance external and internal recruitment? • How does this balance compare at different levels of seniority within the organisation?
11 April 2022	Director of People and Development	Anti-Bullying Campaign (Progress Update) <ul style="list-style-type: none"> • How has the Services anti-bullying campaign progressed? • How does the Service know progress has been made? • What have the Service's measures of organisational culture and bullying shown?