



# **CUMBRIA COMMISSIONER FIRE AND RESCUE AUTHORITY**

**UNAUDITED**

**STATEMENT OF ACCOUNTS**

**2023/24**

# UNAUDITED STATEMENT OF ACCOUNTS

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**Auditor Opinion**

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## SECTION 1 – NARRATIVE REPORT

### 1.1 Introduction

The Authority must prepare and publish its Statement of Accounts annually. Their purpose is to give electors, local taxpayers, Authority Members, employees, and other interested parties clear information about the Authority's finances.

The aim is to provide information on:

- the cost of providing Authority services in 2023/24.
- how these services were paid for.
- what assets the Authority owned at the end of the financial year; and
- what was owed, to and by, the Authority at the end of the financial year.

This narrative report gives a guide to the most important matters included in the Statement of Accounts. The Statement of Accounts for the year ended 31 March 2024 have been produced by the Chief Finance Officer (S.151 Officer) and consists of the following: -

**(i) The Statement of Responsibilities for the Statement of Accounts**

This sets out the respective responsibilities of the Authority and the Chief Finance Officer (S.151 Officer) for preparing the Statement of Accounts.

**(ii) The Comprehensive Income and Expenditure Statement**

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 4.12) and the Movement in Reserves Statement. The Comprehensive Income and Expenditure Statement (CIES) is prepared in accordance with the requirements of the Code of Practice 2023/24 and is reported in the management reporting segments used by the Authority. The segments that are used throughout the accounts and include the following services.

Strategic Management	Corporate Services	Service Delivery	Response
Strategic Management	Finance	Technical Services	Response
	Estates	Fire Protection	
	Legal	Fire Prevention	
	ICT Services	Learning & Development	
	People & Talent	Operational Planning	
	Transformation		
	Safety & Assurance		
	Pensions		

**(iii) The Movement in Reserves Statement**

This Statement shows the movement from the start of the year to the end 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 'unusable reserves'. The Statement shows how the movement in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The Net

Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

**(iv) The 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 capital reserves that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

**(v) The Cash Flow Statement**

The Cash Flow statement shows the changes in cash and cash equivalents of the Authority during the reporting 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.

**(vi) Notes to the Accounts**

These explain in more detail some of the more significant entries in the core financial statements and include details of the significant Accounting Policies used in the preparation of the accounts.

**(vii) Firefighters Pension Fund Account**

This shows the total income received by the Authority from council tax and business rates and how this has been distributed to all precepting organisations it is collected for, including the Authority.

**(viii) The Annual Governance Statement**

This explains the framework within which internal control has been managed and reviewed by the Authority during the year of account.

## 1.2 About the Authority

The Police, Fire & Crime Commissioner for Cumbria (Fire & Rescue Authority) Order 2022 created a shadow Fire & Rescue Authority for the period beginning on 1st January 2023 and ending on the 1st April 2023, under section 4A of the 2004 Fire & Rescue Service Act, for the purposes of Chapter 4 (setting the precept) and Chapter 4ZA (referendums relating to council tax increases) of the Local Government Finance Act 1992.

The remainder of the Order came into force on 1st April 2023 and established a new Fire & Rescue Authority for the area covered by Cumbria County Council which dissolved on the 1st April 2023 and was replaced by two unitary authorities: Cumberland and Westmorland & Furness.

In compliance with the Code of Practice on Local Authority Accounting, the County Council balance sheet has been disaggregated as of 1 April 2023. This disaggregation provides CCFRA with its share of the opening balances and these are shown in the balance sheet comparator column for 2022/23. There are a significant number of areas within these accounts where it is not possible to show comparator information for 2022/23 as the Fire Authority only came into existence on 1 April 2024. Primarily, these areas where no comparator information is available relate to the CIES and Cash Flow Statement. Where comparator information is readily available, for example, on balance sheet items, these are shown in the relevant notes to the accounts.

**(i) Group Boundary**

The Police, Fire and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022 utilised existing legislation (Specifically Section 4A of the Fire and Rescue Services Act 2004) to create a new corporation sole; Cumbria Commissioner Fire and Rescue Authority (CCFRA), a role which is held by the Police, Fire and Commissioner, but acting as CCFRA. This legislation outlines the key responsibilities for oversight and ensuring good governance within the CCFRA.

This reflects that the government provides funding to CCFRA and is ultimately responsible for the CCFRA. As such, the CCFRA Accounts are included within the Whole of Government Accounts, which is the consolidation of over 9,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

Therefore, whilst there is some commonality within the Office of the Police, Fire and Crime Commissioner for Cumbria (OPFCC), Chief Constable and CCFRA, they are three separate corporations sole, with Fire and Police created under separate legislation and with the responsibility to set up and maintain separate "Funds" for each organisation: with separate legal responsibilities and no ability to vire funds between them. As set out by CIPFA, there is not a requirement for the CCFRA Accounts to be included within the OPFCC group accounts.

The Business Case for the Governance transfer included maintaining separate management arrangements and operational functions for each service but working towards sharing of some support services and buildings where it makes sense to provide better value for money for the public of Cumbria. This direction of travel towards shared support teams continues. The accounts of Fire and Policing are operated separately in line with the legislation.

The arrangements outlined in the legislation result in the PFCC having some influence over some policing relationships with CCFRA, and therefore there is a requirement to disclose the nature of the transactions between OPFCC and the CCFRA and this is provided within the related parties note within the statement of accounts. Most of this note relates to governance services provided by the Office of the PFCC to Fire, and charges for services and shared staff providing services to Fire and Policing.

**(ii) Vision and Values**

Our Vision is

***"A community focussed, professional and trusted fire and rescue service that makes Cumbria a safer place for all".***

In delivering this vision the Service adheres to the NFCC Code of Ethics and champions the following values.

- Putting our communities first – We put the interest of the public, the community, and service users first.

- Dignity and respect – We treat people with dignity and respect, making decisions objectively based on evidence, without discrimination or bias.
- Equality, diversity, and inclusion – We continually recognise and promote the value of equality, diversity, and inclusion, both within the fire and rescue service and the wider communities in which we serve.
- Integrity - We act with integrity including being open, honest, and consistent in everything that we do.
- Leadership - We are all positive role models, always demonstrating flexible and resilient leadership.

Cumbria Fire and Rescue Service will always prioritise attending emergency fire and rescue incidents, but the Service also plays a critical role in making our communities safer in other ways. Therefore, the key priorities for Cumbria Fire and Rescue Service are:



**(iii) Community Risk Management Plan**

The CRMP process enables the Service to be clear about the levels of risk that exist, influencing our prevention, protection and response arrangements and how we ensure we have the right people with the right skills and support to deliver our service.

The process allows us to identify opportunities to change and match our resources in the most efficient and effective way. The CRMP both demonstrates how we are delivering against the Police Fire and Crime Commissioners Fire Plan and sets the strategic framework within which further strategies within CFRS will be developed.

The current plan runs from 2024 – 2028 and contains objectives against People, Prevention, Protection, Response and a range of corporate functions.

The full CRMP can be found at: [CRMP 2024-2028](#).

**(iv) Workforce**

The breakdown of the workforce in full time equivalents as at 31 March 2024 is as follows:

Type of staff	Female	Male	Non Binary	Total
On-call	26.00	270.00		<b>296.00</b>
Corporate	44.07	22.09		<b>66.16</b>
Wholetime	42.32	185.55	1.00	<b>228.87</b>
<b>Total</b>	<b>112.39</b>	<b>477.64</b>	<b>1.00</b>	<b>591.03</b>

**(v) Governance Arrangements**

A summary of the key elements of the systems and processes that comprised the Authority's governance arrangements, are set out in the Annual Governance Statement that accompanies the Statement of Accounts.

The Annual Governance Statement provides a summary of the arrangements established by the Authority to ensure legislative requirements, governance principles and management processes are within the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Police, Fire and Crime Commissioner (PFCC) sets the priorities for the Service, identified by the public via consultation, which is then condensed into a Fire Plan and delegated to the Chief Fire Officer who decides how these priorities are achieved operationally. The PFCC is the voice of the public and ensures that residents are aware of what CFRS delivers and that any issues raised by the public are heard by the Service. As the representative of the public, the PFCC holds the Chief Fire Officer to account. The annual budget for the Service is also a responsibility of the Police, Fire and Crime Commissioner, including council tax.

**(vi) Additional Home Office Funding**

During the year, the Authority was awarded £4.4 of additional one-off support from Home Office to assist with the disaggregation from the County Council and the transition to the PFCC governance arrangements. This funding was provided as a Revenue DEL grant, however, £2m was allocated to assist with the financing of the capital programme and has been used in year towards Direct Revenue Financing.



£1.4 million was also received to support the delivery of specific projects. This included £300,000 for a new Finance System, £300,000 for a new fire specific HR system, £400,000 for condition surveys and estates strategy development and £400,000 for ICT strategy development.

























A further £1m was received specifically to address estate maintenance backlogs and statutory compliance on the estates.

At the end of 2023/24, £1.207m was utilised in the year for financing capital expenditure, £0.241m was utilised for revenue expenditure projects, with the balance of £2.952m, being placed into an earmarked reserve for use in 2024/25.

### **1.3 Non-Financial Performance**

The key achievements in 2023/24 are as follows:

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Developing the organisation	Change in Governance to a PFCC Model 	8 wholtime stations served by over 200 firefighters 
	Adopted the NFCC Fire Standards Model 	Developed a corporate governance framework 
	Employed substantial number of Corporate Staff 	Delivered an increased focus on performance 
	Reduced the reliance on temporary promotions 	Improved our social media exposure 
Protecting Local Communities	8,346 Home Safety Visits conducted across Cumbria in 2023/2024 	Delivered 89 Road Traffic Awareness sessions 
	Engaged in 1,199 community safety events 	Reduction of incidents by 8% in 2023/24 
	Significant number of referrals to other agencies 	497 fire safety audits of high and medium risk premises conducted in 2023/24 
	Attended 46 water rescue incidents 	12% reduction in accidental primary dwelling fires 
Responding to Emergencies	Significant investment in new fleet 	82% on-call engine availability (on average) across the service sector for 2023/24 
	Average 13.3 emergencies per day attended in 2023/24 	All staff continue to access training relevant to their role 
	75% of responses to primary property fires were within 10 minutes 	Worked in collaboration with partner agencies on 703 incidents 
	87% of responses to all other incidents were achieved within 15 minutes 	Responded to over 4,825 incidents 

## 1.4 Future Outlook

The overall balance sheet at the 31<sup>st</sup> March 2024 remains healthy, which is reflected in the Medium Term Financial Forecast, which sets out the revenue budget position until 2028/29 and a capital programme, which is fully funded until 2033/34, which will support delivery of the CRMP and Police, Fire and Crime Plan. The current financial position has primarily arisen as a result of positive action by CFRS to maintain stringent budgetary control and contain costs so that reserves can be built to a sustainable and resilient level.

The Medium-Term Financial Strategy and 2024/25 budget was approved in the context of the Government continuing to provide additional funding for Operation Uplift and affording Commissioners’ flexibility to raise council tax above inflation. However, this is accompanied

by increasing cost pressures particularly in light of the emergence of continued inflationary pressures throughout 2024/25.

Against this background the 2024/25 budget provides £26.994m for Cumbria Fire and Rescue Service. The longer term 10-year capital programme envisages a total investment of £26m principally across the estate, fleet and ICT.

Whilst the position shows reserves are not at the assessed minimum levels to be resilient in the short term, the MTFP includes plans to build those reserves. However, there are also uncertainties which have the potential to impact negatively on the budget in the medium term.

Financial scenario modelling continues to take place on a frequent on-going basis, together with development of a savings and efficiency plan.

## 1.5 2023/24 Budget and Medium-Term Financial Plan

The 2023/24 revenue budget was set within the context of the Authority's Medium-Term Financial Plan (MTFP). The MTFP provides the financial framework within which the Authority will seek to achieve its priorities and highlights any significant factors that will affect the future financial position of the Authority.

The MTFP considers five key Financial Principles:

- Revenue Budget Strategy
- Council Tax and Business Rates Policy
- Treasury Management
- Capital Investment

The MTFP for 2023/24 highlighted that the key risks to the Authority financially in the future were uncertainty around funding settlements, uncertainty around Service Level Agreements and further disaggregation with the Unitary authorities and pension remedy implications.

Revenue expenditure generally relates to resources which are used within a year and which are paid for from council tax, business rates, government grants, fees and charges for services and other income received by the Authority.

### Summary Service Expenditure Comparison of Budget to Actual

The table below shows a comparison of the Authority's revised budget with its performance for 2023/24. More detailed information is shown in the Comprehensive Income and Expenditure Statement on page 15.

	Budget	Provisional Outturn	Variance
	£000	£000	£000
Strategic Management	1,015	1,142	127
Corporate Services	3,468	500	(2,968)
Service Delivery	7,378	5,559	(1,819)
Response	12,822	14,485	1,663
<b>Total</b>	<b>24,683</b>	<b>21,686</b>	<b>(2,997)</b>
<b><u>Transfers to/(from) Reserves</u></b>			
General Fund Reserve	759	828	69
Pensions Admin Grant Reserve	0	(69)	(69)
Home Office Grants Reserve	0	2,952	2,952
ESMCP Reserve	0	33	33
<b>Total Transfer to/(from) Reserves</b>	<b>759</b>	<b>3,744</b>	<b>2,985</b>
Financed by:			
Revenue Support Grant	(3,211)	(3,211)	0
Precept from Collection Fund	(15,872)	(15,872)	0
Business Rate Retention	(6,359)	(6,347)	12
<b>Total Grants</b>	<b>(25,442)</b>	<b>(25,430)</b>	<b>12</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Authority has total usable reserves of £9.820million at 31 March 2024 (£5.933million at 1 April 2023), of which the total earmarked reserves held are £5.708million (£3.754million at 1 April 2023). Reserves relating to CCFRA's 25% share ownership of North-West Fire Control equate to £0.675m on 31 March 2024 (£0.515m on 1 April 2023), further details on these reserves can be found at note 4.6.

For 2023/24 the Authority was under-spent by £2.997million against the revised budget. This resulted in an increased contribution to general fund reserves in 2023/24 than expected. £2.916million has been placed into earmarked reserves and provisions to meet known commitments.

The Authority also has other unusable reserves totalling £199.361million on 31 March 2024 (£203.441million on 1 April 2024). Certain reserves are used to manage the accounting processes for assets and retirement benefits and do not represent usable resources for the Authority.

The table below sets out how the Authority's earmarked and general fund revenue reserves levels compares on 31 March 2024 to those that were forecast when it set its revenue budget in February 2023.

	Forecast 31/03/2024 £000	Outturn 31/03/2024 £000
<b>General Reserves</b>		
General Fund	3,196	3,266
<b>Earmarked Reserves</b>	<b>3,196</b>	<b>3,266</b>
PFI	1,914	1,914
Insurance	437	437
Donations	113	113
Estates	46	46
HMICFRS Inspection Reserve	45	45
Emergency Services Mobile Communications Programme	127	160
Pensions Grant	0	0
Efficiency & Transformation Reserve	41	41
Home Office Grants Reserve	0	2,159
Capital Fund	0	793
	<b>2,723</b>	<b>5,708</b>
<b>Total Usable Reserves</b>	<b>5,919</b>	<b>8,974</b>

Budget reports, including the outturn position summarised above, are prepared on a statutory basis (also referred to as the funding basis) reflecting amounts chargeable to the general fund under statutory provisions. This differs from the accounting policies (accounting basis) used in preparing the financial statements in accordance with the Code of Practice on Local Authority Accounting. Details of the adjustments made to Net Expenditure Chargeable to the General Fund (GF), to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts, are summarised in the Expenditure and Funding Analysis (see notes 4.12 - 4.14 to the financial statements).

## 1.6 Capital Expenditure and Financing

Capital expenditure relates to spending on the acquisition, creation and enhancement of non-current assets. This spending is usually paid for from borrowing, capital receipts from the sale of assets, grants and contributions and direct financing from revenue. Capital expenditure also includes items such as renovation grants, disabled facilities grants and other grants towards capital expenditure incurred by third parties.

### (i) Capital Expenditure

The Authority's revised capital programme for 2023/24 was approved at £2.337million. Overall capital spending for 2023/24, totalled £1.207million, resulting in an underspend of £1.130million. Where projects have not completed in the year, £1.528million has been reprofiled to future years and will be the responsibility of the Authority. The overall programme and financing can be summarised as follows:

	Budget	Provisional Outturn	Outturn Variance	Budget C/Fwd	Variance
	£000	£000	£000	£000	£000
<b>Capital Investment on Assets</b>					
ICT Schemes	100	0	(100)	100	0
Estates Schemes	75	155	80	(56)	24
Equipment & PPE Schemes	94	81	(13)	13	0
Fleet Schemes	2,068	971	(1,097)	1,471	374
<b>Total Capital Expenditure</b>	<b>2,337</b>	<b>1,207</b>	<b>(1,130)</b>	<b>1,528</b>	<b>398</b>
<b>Financing of Capital Expenditure</b>					
Capital Receipts	(15)	0	15	0	15
Direct Revenue Financing	(2,000)	(1,207)	793	0	793
Borrowing Requirement	(322)	0	322	0	322
<b>Total Financing</b>	<b>(2,337)</b>	<b>(1,207)</b>	<b>1,130</b>	<b>0</b>	<b>1,130</b>

## 1.7 Balance Sheet Analysis

The Balance Sheet is an important statement for the Authority as it provides details of the overall health of the Authority's finances. The following table summarises the Authority's financial position on 31 March 2024:

	01-Apr-23	31-Mar-24	Year on Year change
	£000	£000	£000
Non-current assets	51,715	52,745	(1,030)
Net current assets: debtors, stock & cash less short-term creditors & liabilities	1,000	5,410	(4,410)
Long-term liabilities & provisions	(250,223)	(247,696)	(2,527)
<b>Net Assets</b>	<b>(197,508)</b>	<b>(189,541)</b>	<b>(7,967)</b>
Represented by:			
Revenue reserves (General Fund & Earmarked)	(5,771)	(9,649)	3,878
Other useable reserves (capital)	(162)	(171)	9
Unusable reserves	203,441	199,361	4,080
<b>Total Reserves</b>	<b>197,508</b>	<b>189,541</b>	<b>7,967</b>

The Authority's holding of Property, Plant and Equipment has increased in value in the year from £51.715million to £52.745million.

### (i) Reserves & Balances

The following table shows a reconciliation between the amount of cash-backed reserves held by the Authority on 31 March and the amount of cash and investments it held at 31 March.

2022/23 £000		2023/24 £000
(1,475)	General Fund Balance	(3,266)
(162)	Capital Reserves	(171)
(3,754)	Earmarked Reserves	(5,708)
228	Collection Fund Adj Account	27
(217)	Provisions	(178)
(515)	NW Fire Contol 25% Share - GF Reserves	(675)
(27)	NW Fire Contol 25% Share - Capital Grant Unapplied	0
<b>(5,922)</b>	<b>Amount available for Investment</b>	<b>(9,971)</b>
	Investments	
288	Cash & Cash Equivalents	6,711
<b>288</b>	<b>Total Investments</b>	<b>6,711</b>
<b>(5,634)</b>	<b>Surplus Monies / (Internal Borrowing)</b>	<b>(3,260)</b>
1,239	Working Capital	(1,076)
<b>(4,395)</b>	<b>Surplus Monies / (Internal Borrowing)</b>	<b>(4,336)</b>

This table shows that at 31 March the Authority's cash balances held in investments was made up of its cash-backed reserves and balances (£9.971million) and cash held in working capital. The net position shows that £4.336million can be represented by a position of under borrowing. The actual borrowing the Authority held on 31 March was £7.5million plus £13.014m in PFI liabilities, the actual borrowing requirement the Authority had at 31 March was £23.267million (Note 4.x31. In effect the Authority is utilising its own cash balances to support its borrowing requirement.

#### (ii) Borrowing

The Authority has powers to borrow money for capital purposes under Section 1 of the Local Government Act 2003. The Authority held a balance of £7.5million of borrowing at 31 March 2024 (including accrued interest at 31 March 2024). No further borrowing was undertaken in the year.

#### (iii) Revaluation of Assets

A revaluation of all Property assets has been undertaken as at 31 March 2024. Included in the Comprehensive Income and Expenditure Statement within Services are net upward revaluations totalling £0.502million in relation to Property, Plant and Equipment.

#### (iv) Defined Benefit Pensions Asset/Liability

The Authority offers retirement pensions to its staff under a statutory scheme and also makes contributions on their behalf. Although the pension benefits are not payable until employees retire, the Authority has a commitment to make the payments and must account for them in the year in which the future entitlements are earned. This commitment is compared with the pension fund assets (investments) and the net amount is included in the accounts as an asset or liability.

At 31 March 2024, the Authority's share of plan assets in the Cumbria Local Government Pension Scheme (LGPS) exceeded the Authority's defined benefit pension obligation

(calculated in accordance with the requirements of IAS 19 and the Code of Practice on Local Authority Accounting) by £0.176m (i.e. a net pension asset). This compares with a net pension liability on 31 March 2023 of £0.192m.

Under the Code of Practice and IAS 19, measurement of a net defined benefit asset is limited to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. As there is no unconditional right to a refund, available economic benefits have been assessed with reference to reductions in future contributions and future service costs, in accordance with IFRIC 14. On 31 March 2024, as the estimated present value of minimum funding contributions exceed the estimated present value of future service costs there is therefore deemed to be no economic benefit and the asset ceiling is calculated as £3.090m.

The adjustment to the defined benefit plan asset as a result of applying the asset ceiling test is reported as part of the remeasurement of the net defined benefit pension liability/asset appearing in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

## **1.8 Cash Flows**

During 2023/24 the net change in cash and cash equivalents was £6.393million.

## **1.9 Value for Money**

The Authority recognises its responsibility to achieve Value for Money (VFM) in service delivery. It seeks to incorporate VFM principles in delivering services by taking account of costs, quality of services and the local context.

Signed:

Steven Tickner  
Chief Finance Officer (S.151 Officer)

Date: 15 January 2025



## SECTION 2 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### 2.1 The Responsibilities of the Authority

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer (S.151 Officer)
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### 2.2 The Responsibilities of the Chief Finance Officer (S.151 Officer)

The Chief Finance Officer (S.151 Officer) is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance Accountants)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer (S.151 Officer) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer (S.151 Officer) has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### 2.3 Status of the Statement of Accounts

The Statement of Accounts accompanying this statement is currently unaudited and therefore may be subject to change.

### 2.4 Certification by the Chief Financial Officer

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Signed:

Steven Tickner  
Chief Finance Officer (S.151 Officer)

Date: 15 January 2025

## SECTION 3 – FINANCIAL STATEMENTS

### 3.1 Comprehensive Income and Expenditure Statement

	Note	2023/24		
		Expenditure £000	Income £000	Net £000
Strategic Management		1,165	1	1,166
Corporate Services		7,952	(7,943)	9
Service Delivery		(230)	(127)	(357)
Response		14,848	(29)	14,819
NW Fire Control - 25% Share		1,438	(1,429)	9
<b>Cost of Services</b>	<b>4.12</b>	<b>25,173</b>	<b>(9,527)</b>	<b>15,646</b>
Other Operating Expenditure	4.9	18	0	18
Financing and Investment Income and Expenditure	4.10	12,147	(597)	11,550
Taxation and Non-Specific Grant Income	4.11	0	(27,325)	(27,325)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>4.13</b>	<b>37,338</b>	<b>(37,449)</b>	<b>(111)</b>
(Surplus) or Deficit on Revaluation of Non Current Assets	4.30			(1,225)
Remeasurements of the Net Defined Benefit Liability / (Asset)	4.19			(6,631)
<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(7,856)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(7,967)</b>

### 3.2 Movement in Reserves Statement

2023/24	Note	General Fund Balances £000	Capital Receipts Reserve £000	Capital Grant Unapplied (NWFC 25%)	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2023</b>		<b>5,744</b>	<b>162</b>	<b>27</b>	<b>5,933</b>	<b>(203,441)</b>	<b>(197,508)</b>
<b>Movement in reserves during 2023/24</b>							
Total Comprehensive Income and Expenditure		111	0		111	7,856	7,967
Adjustments between accounting basis and funding basis under regulations	4.5	3,794	9	(27)	3,776	(3,776)	0
<b>Increase/(Decrease) in Year</b>		<b>3,905</b>	<b>9</b>		<b>3,887</b>	<b>4,080</b>	<b>7,967</b>
<b>Balance at 31 March 2024</b>		<b>9,649</b>	<b>171</b>		<b>9,820</b>	<b>(199,361)</b>	<b>(189,541)</b>

### 3.3 Balance Sheet

The opening balances as at 1 April 2024, are the opening balances on the creation of CCFRA following disaggregation from Cumbria County Council.

01-Apr-24 2023			Note	31 March 2024	
£000	£000			£000	£000
43,101		Property, Plant and Equipment			
6,699		Operational Assets			
22		Land & Building	4.22	44,155	
		Vehicles & Plant	4.22	8,135	
303		Vehicles & Plant - NW Fire Control	4.22	14	
1,590		Non Operational Assets			
		Intangibles - NW Fire Control	4.22	192	
		Assets Under Construction	4.22	249	
	51,715	<i>Total Property, Plant and Equipment</i>			52,745
	<b>51,715</b>	<b>Total Long Term Assets</b>			<b>52,745</b>
		Current Assets			
	288	Cash and Cash Equivalents	4.26		6,711
	89	Cash and Cash Equivalents - NW Fire Control	4.26		59
	435	Inventories			758
4,007		Short Term Debtors	4.25	11,003	
192		Short Term Debtors - NW Fire Control	4.25	236	
56		Payments in Advance		39	
	4,255	<i>Total Short-Term Debtors</i>			11,278
	<b>5,067</b>	<b>Total Current Assets</b>			<b>18,806</b>
		Current Liabilities			
(18)		Provisions	4.29	(27)	
	(18)	<i>Total Provisions</i>			(27)
	(85)	Short Term Borrowing			(86)
	(453)	Short Term PFI Liability	4.32		(492)
(2,777)		Short Term Creditors	4.27	(12,010)	
(491)		Short Term Creditors - NW Fire Control	4.27	(412)	
(243)		Receipts in Advance	4.28	(369)	
	(3,511)	<i>Total Short-Term Creditors</i>			(12,791)
	<b>(4,067)</b>	<b>Total Current Liabilities</b>			<b>(13,396)</b>
		Long Term Liabilities			
	(4)	Long Term Creditors			0
	(7,500)	Long Term Borrowing			(7,500)
	(13,014)	Long Term PFI Liabilities	4.32		(12,522)
	(199)	Provisions	4.29		(151)
(229,578)		Other Long Term Liabilities (Pensions)	4.33		(227,523)
72		Other Long Term Liabilities - NW Fire Control	4.33		0
	<b>(250,223)</b>	<b>Total Long Term Liabilities</b>			<b>(247,696)</b>
	<b>(197,508)</b>	<b>Net Assets</b>			<b>(189,541)</b>

01-Apr-24 2023			Note	31 March 2024	
£000	£000			£000	£000
		<b>Usable Reserves</b>			
(162)		Usable Capital receipts		(171)	
(1,475)		General Fund Reserves	4.6	(3,266)	
(3,754)		Earmarked Reserves	4.6	(5,708)	
(515)		NW Fire Control - 25% Share of Reserves	4.6	(675)	
(27)		NW Fire Control - 25% Share of Capital Grant Unapplied		0	
	(5,933)	<i>Total Usable Reserves</i>			(9,820)
		<b>Unusable reserves</b>			
229,578		Pension Reserve	4.30c	227,523	
(72)		Pensions Reserve - NW Fire Control	4.30c	0	
235		Accumulated Absences Account	4.30e	497	
(15,952)		Capital Adjustment Account	4.30b	(17,265)	
428		Capital Adjustment Account - NW Fire Control	4.30b	586	
228		Collection Fund Adjustment Account	4.30d	27	
(11,004)		Revaluation Reserve	4.30a	(12,007)	
	203,441	<i>Total Unusable Reserves</i>			199,361
	<b>197,508</b>	<b>Total Reserves</b>			<b>189,541</b>

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Signed:

Steven Tickner  
Chief Finance Officer (S.151 Officer)

Date: 15 January 2025

### 3.4 Cash Flow Statement

	Note	2023/24 £000
<b>Net (surplus) or deficit on the provision of services</b>		(111)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	4.36	(8,692)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4.36	36
<b>Net cash flows (inflows)/outflows from Operating Activities</b>		<b>(8,767)</b>
Investing Activities	4.37	1,882
Financing Activities	4.37	492
<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(6,393)</b>
Cash and cash equivalents at the beginning of the reporting period		377
Cash and cash equivalents at the end of the reporting period		<b>6,770</b>

## SECTION 4 – NOTES TO THE ACCOUNTS

### 4.0 Accounting Policies

#### **4.0.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its financial position at 31 March 2024. The Accounts and Audit (England) Regulations 2015 (as amended) require the Authority to prepare for each financial year, a statement of accounts in accordance with proper practices. Under section 21(2) of the Local Government Act 2003, these practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

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

#### **4.0.2 Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **4.0.3 Cash and Cash Equivalents**

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

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

#### **4.0.4 Exceptional Items**

When items of income and expense are material and out of the ordinary, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

#### **4.0.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

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

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

#### **4.0.6 Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- amortisation of intangible non-current assets attributable to the service.

The Authority is not required to raise council tax to cover these costs but is required to make an annual contribution to reduce its overall borrowing requirement. This is known as the Minimum Revenue Provision and is calculated on an asset life basis at the start of the financial year. Depreciation, impairment losses, revaluation losses and amortisations are therefore replaced by a revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

#### **4.0.7 Employee Benefits**

##### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and flexitime, bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense in the year in which employees render service to the Authority. The CIPFA Code of Practice on Local Authority Accounting requires the Authority to recognise the amount of untaken annual leave at the 31<sup>st</sup> March as a liability which is reflected on the Balance Sheet. To ensure consistency annual leave costs have been reflected in the year in which the annual leave should have been taken.

##### **Termination Benefits**

Termination benefits are amounts payable because 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 CIES at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

##### **Retirement Benefits**

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

- The 1992, 2006, 2015 and Modified Firefighters' Pension Schemes (FPS) - these are unfunded schemes, which means that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual payments as they fall



due. The Authority is required by legislation to operate a Pension Fund, with the amounts that must be paid into or out of the Pension Fund being specified by regulation. The Authority set up a Pension Fund on 1 April 2006 from which pension payments are made and into which contributions, from the Authority and employees, are received. The Pension Fund receives a top-up grant from the Government equal to the deficit each year, with any surplus on the Pension Fund being repaid to the Government. The Pension Fund is shown separately in the Accounts.

- The Local Government Pension Scheme (LGPS) for support staff, administered by the Northamptonshire 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 because 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 because of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of the services line 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, considering 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.

On 31<sup>st</sup> March 2022, following the Sergeant and McCloud ruling for Pensions Age Discrimination, both the 1992 & 2006 schemes were closed and all members of these schemes will be transferred to the 2015 pension scheme.

### **Discretionary Benefits**

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

### **4.0.8 Events after the Balance Sheet Date**

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

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

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

### **4.0.9 Financial Instruments**

#### **Financial Liabilities**

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

#### **(i) Borrowing**

Borrowing is classed as either a long-term liability, repayable after 12 months or longer, or a current liability if it is repayable within a 12-month period. Borrowing is shown in the Balance Sheet at amortised cost using the effective interest rate that applies to the individual loans comprising the total borrowing held by the Authority. For borrowing held by the Authority, this means that the amount shown in the balance sheet represents the outstanding principal repayable to the lender (plus accrued interest) and the interest on the borrowing that is charged to the Comprehensive Income and Expenditure Statement is the amount payable in the year under the loan agreement.

#### **(ii) Creditors**

Creditors are recognised when a contractual arrangement is entered into between the Authority and a supplier to provide goods and services for an agreed price. The value of the creditors recognised in the balance sheet represents the current value of the outstanding liabilities of the Authority on 31 March as a proxy for amortised cost.

**Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

**Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

**Financial Assets Measured at Fair Value through Profit and Loss**

Financial assets that are measured at Fair Value through Profit and Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**4.0.10 Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### **4.0.11 Inventories and Long-Term Contracts**

Stocks are reflected in the balance sheet at current prices. This is a departure from the requirements of the Code and IAS 2 Inventories, which requires stocks to be shown at the lower of cost or net realisable value where they are acquired through an exchange transaction.

#### **4.0.12 Leases**

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

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

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

#### **The Authority as Lessee**

##### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### **The Authority as Lessor**

##### **Operating Leases**

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

**4.0.13 Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

De-minimis levels have been set at:

- £5,000 for expenditure on individual items of vehicles, plant, and equipment.
- £20,000 for expenditure on land, buildings, and other structures.

**Measurement**

Assets are initially measured at cost, comprising:

- the purchase prices.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Donated assets are measured initially at current value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- assets under construction – historic cost
- Operational buildings – Depreciated Replacement Cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### **Impairment**

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

<b>Asset Category</b>	<b>Rate</b>	<b>Basis</b>
Buildings	Useful Life	Straight Line
Vehicles, Plant, furniture & Equipment	Useful Life	Straight Line

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

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

### **Componentisation**

The Authority has a policy on componentisation where any asset with a Gross Book Value of more than £2.5million and is subject to depreciation will be considered for componentisation where a

component is deemed to be more than 5% of the assets value. This will primarily apply to buildings and the major components to be considered will be:

Component
Heating and Ventilation System
Electrical
Windows and External Doors
Roofing

If there is no material difference in the depreciation charge from componentising to not componentising, then the asset will not be split on the balance sheet.

#### **4.0.14 Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

##### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

##### **Contingent Assets**

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **4.0.15 Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in

the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

#### **4.0.16 VAT**

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

#### **4.0.17 Collection Fund Adjustment Account**

The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.

The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.

#### **4.0.18 Private Finance Initiative (PFI)**

Private Finance Initiative (PFI) PFI transactions are treated in the Authority's accounts in accordance with latest recommended practice of Control of Assets (IFRIC12 – Service concession arrangements).

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI scheme and the ownership of the fixed assets will pass to the Authority at the end of the contract for no additional charge, the Authority carries the fixed assets used under the contract on the Balance Sheet.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority. The amounts payable to the PFI operators each year (known as Unitary Charges) are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance costs – an interest charge of an agreed % on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs (regular planned refurbishments) – debited to the relevant service in the CIES



## 4.1 Accounting Standards that have been issued but have not yet been adopted.

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2024/25. These changes relate to:

- IAS 1 disclosure of accounting policies,
- IAS 12 deferred tax related issues,
- IFRS 7 supplier finance arrangements.

These changes are not expected to have a material impact on the Authority's Accounts, but it will be dependent on arrangements in place at that time and further details of the potential impact will be disclosed when more information becomes available.

The implementation of IFRS16 leasing changes was issued in 2016 and comes into effect from the 1 April 2024, which requires some leases previously recognised as operating leases within the Comprehensive and Income and Expenditure Statement to be recognised as an asset and liability on the Balance Sheet.

## 4.2 Critical Judgements made in applying Accounting Policies

In applying the accounting policies set out in Note 4.0, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

### **Assumptions made about the future and other major sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment (£52.745m at 31.03.2024)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. Based on remaining asset lives, it is estimated that the annual depreciation charge for operational assets will increase by £59,000 per year that useful lives of individual assets were to be reduced by 1-year. However, statutory accounting requirements mean that any increase in the depreciation charge would not impact on the General Fund.
Operational Land and Buildings - Current value	Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Significant	Significant changes in any of the unobservable inputs would result in a significantly lower or higher current value measurement of operational land

Item	Uncertainties	Effect if actual results differ from assumptions
measurements (£44.155m as at 31.03.2024)	unobservable inputs used in the current value measurement of property using the cost (DRC) approach include assumptions relating to location, physical deterioration and all relevant forms of obsolescence and optimisation.	and buildings.
LGPS Pensions Liability/Asset (£20.332m net asset at 31.03.2024 excluding the asset ceiling adjustment)	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 returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date is set out in note 4.33.

### 4.3 Joint Operation – North-West Fire Control

An assessment for Group Accounting requirements has taken place during 2023/24 in respect of NW Fire Control Limited. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12).

It has been determined that the company is governed by Joint Control since unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement, and on this basis, the Authority's 25% share of the transactions and balances of NW Fire Control Limited have been recognised within the accounts.

### 4.4 Material Items of Income and Expense

The Authority had the following items of material income and expenditure in 2023/24:

- Council tax income of £15.924m was credited to the Comprehensive Income and Expenditure Statement.
- Retained Business Rates £6.497m.
- Grant Income of £12.927m.

## **Movement in Reserves Statement**

### **4.5 Adjustments between accounting basis and funding basis under Regulations**

This note details the adjustments that are made to Total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with the proper accounting practice to the resources that are specified by statutory provision as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

#### **General Fund Balance**

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

#### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

#### **Capital Grant Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	General Fund balances	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Collection Fund Adjustment Account	Accumulated Absences Account	Total Authority Reserves
2023/24	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>											
<b>(Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:)</b>											
Pension Costs	4,668	0	0	4,668	(4,668)	0	(4,668)	0	0	0	0
Pension Costs - NW Fire Control (25% Share)	(20)	0	0	(20)	20	0	20	0	0	0	0
Council Tax and NDR	(201)	0	0	(201)	201	0	0	0	201	0	0
Holiday Pay	262	0	0	262	(262)	0	0	0	0	(262)	0
Reversal of entries included in the Surplus or Deficit on Provision of Services in relation to Capital Expenditure:											
Depreciation	1,943	0	0	1,943	(1,943)	0	0	(1,943)	0	0	0
Impairment Losses charged to CIES	(502)	0	0	(502)	502	0	0	502	0	0	0
Capital Grants and Contributions Unapplied credited to CIES	27	0	(27)	0	0	0	0	0	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>6,177</b>	<b>0</b>	<b>(27)</b>	<b>6,150</b>	<b>(6,150)</b>	<b>0</b>	<b>(4,648)</b>	<b>(1,441)</b>	<b>201</b>	<b>(262)</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>											
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(9)	9	0	0	0	0	0	0	0	0	0
Statutory Provision for the repayment of debt - (Minimum revenue provision)	(1,167)	0	0	(1,167)	1,167	0	0	1,167	0	0	0
Capital Expenditure Financed from Revenue Balances	(1,207)	0	0	(1,207)	1,207	0	0	1,207	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(2,383)</b>	<b>9</b>	<b>0</b>	<b>(2,374)</b>	<b>2,374</b>	<b>0</b>	<b>0</b>	<b>2,374</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustment between Capital Adjustment Account (CAA) and Revaluation Reserve for depreciation that is related to the revaluation balance rather than Historic Cost.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(222)</b>	<b>0</b>	<b>222</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Adjustments</b>	<b>3,794</b>	<b>9</b>	<b>(27)</b>	<b>3,776</b>	<b>(3,776)</b>	<b>(222)</b>	<b>(4,648)</b>	<b>1,155</b>	<b>201</b>	<b>(262)</b>	<b>0</b>

## 4.6 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

	Balance 1 April 2023 £000	Transfers Between Reserves 2023/24 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance 31 March 2024 £000
<b>Capital:</b>					
Capital Fund	0	0	0	793	793
<b>Total Capital Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>793</b>	<b>793</b>
<b>Revenue</b>					
Insurance Reserve	437	0	0	0	437
Estates Reserve	46	0	0	0	46
Decarbonisation	16	(16)	0	0	0
People Management - Learning & Development	15	(15)	0	0	0
People Management - HR Ops Recruitment	4	(4)	0	0	0
Transformation and Innovation Fund	4	(4)	0	0	0
Financial Volatility Reserve	666	(666)	0	0	0
Long Term Investment Reserve	51	(51)	0	0	0
Volatility Reserve	204	(204)	0	0	0
Strengthening Short-Term Capacity	2	(2)	0	0	0
Local Tax Guarantee Grant - BR	6	(6)	0	0	0
Local Tax Guarantee Grant - CT	39	(39)	0	0	0
PFI Reserve	1,914	0	0	0	1,914
Donations (Young Firefighters and other)	113	0	0	0	113
Fire Pension Admin Grant	69	0	(69)	0	0
NHS Covid Grant	41	(41)	0	0	0
ESMCP (Emergency Services Mobile Com)	127	0	0	33	160
Home Office Grants	0	0	0	2,159	2,159
HMICFRS Inspection Reserve	0	45	0	0	45
Efficiency and Transformation Reserve	0	41	0	0	41
<b>Total Revenue Reserves</b>	<b>3,754</b>	<b>(962)</b>	<b>(69)</b>	<b>2,192</b>	<b>4,915</b>
<b>Total Earmarked Reserves</b>	<b>3,754</b>	<b>(962)</b>	<b>(69)</b>	<b>2,985</b>	<b>5,708</b>
<b>General Reserves</b>					
General Fund	1,475	963	0	828	3,266
<b>Total General Fund Balances</b>	<b>5,229</b>	<b>1</b>	<b>(69)</b>	<b>3,813</b>	<b>8,974</b>
<b>NW Fire Control - 25% Share - General Fund</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>675</b>
<b>Total Usable Reserves</b>	<b>5,744</b>	<b>1</b>	<b>(96)</b>	<b>3,973</b>	<b>9,649</b>
<b>NW Fire Control - 25% Share - Capital Grant Unapplied</b>	<b>27</b>	<b>0</b>	<b>(27)</b>	<b>0</b>	<b>0</b>

## 4.7 Nature and Purpose of Usable Reserves

The Authority is required to maintain several reserves under the provisions of the Code. The reserves and their broad functions are as follows.

**(a) Earmarked Reserves**

This balance represents monies available to support revenue spending but which the Authority have earmarked for specific purposes. Further details on individual earmarked reserves are contained within the Authority's Medium-Term Financial Plan, available upon request from the Chief Finance Officer.

**(b) General Fund Balances**

This balance represents the cumulative surplus available to the Authority to support revenue spending and which has not been earmarked for a specific purpose.

**(c) Capital Grants Unapplied**

This represents capital grants that have been received and recognised in the Comprehensive Income and Expenditure Statement, but which have yet to be applied to finance capital expenditure.

**(d) Usable Capital Receipts Reserve**

Capital reserves are not allowed to be used for revenue purposes and in certain cases can only be used for specific statutory purposes. The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

An explanation of Unusable Reserves is detailed in Note 4.30.

## Comprehensive Income and Expenditure

### 4.8 Exceptional Items – HO Grant received

	<b>2023/24</b>
	<b>£000</b>
Home Office Grants - Transitional Support	(4,400)
<b>Total</b>	<b>(4,400)</b>

### 4.9 Other Operating Expenditure

	<b>Note</b>	<b>2023/24</b>
		<b>£000</b>
(Gains)/Losses on disposal of non-current assets	4.20	(9)
NW Fire Control - Release of Capital Grant unapplied	4.14	27
<b>Total</b>		<b>18</b>

### 4.10 Financing and Investment Income and Expenditure

	<b>Note</b>	<b>2023/24</b>
		<b>£000</b>
Interest payable and similar charges		1,452
Net Interest on the defined benefit liability (pension assets)		10,695
Interest receivable and similar income		(597)
<b>Total</b>		<b>11,550</b>

### 4.11 Taxation and Non-Specific Grant Income

	<b>Note</b>	<b>2023/24</b>
		<b>£000</b>
Council Tax Income		(15,924)
Non-Domestic Rates		(6,497)
Non-Ring-fenced Government Grants	4.17	(4,895)
Recognised Capital Grants & Contributions	4.20	(9)
<b>Total</b>		<b>(27,325)</b>

## 4.12 Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	<b>Net Expenditure Chargeable to General Fund £000</b>	<b>Adjustments between Funding and Accounting Basis £000</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement £000</b>
Strategic Management	1,142	24	1,166
Corporate Services	500	(491)	9
Service Delivery	5,559	(5,916)	(357)
Response	14,485	334	14,819
NW Fire Control - 25% Share	0	9	9
<b>Net Cost of Services</b>	<b>21,686</b>	<b>(6,040)</b>	<b>15,646</b>
<b>Other Income &amp; Expenditure</b>	<b>0</b>	<b>(15,757)</b>	<b>(15,757)</b>
<b>Surplus or Deficit</b>	<b>21,686</b>	<b>(21,797)</b>	<b>(111)</b>
<b>Opening General Fund Balances</b>	<b>5,744</b>		
<b>Less/Plus Surplus or (Deficit) on General Fund</b>	<b>111</b>		
<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>3,794</b>		
<b>Closing General Fund Balance at 31 March</b>	<b>9,649</b>		



## 4.13 Adjustments between Funding and Accounting Basis

2023/24				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note a) £000	Net change for the Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments £000
Strategic Management	0	0	24	24
Corporate Services	1,283	(32)	(1,742)	(491)
Service Delivery	0	(6,017)	101	(5,916)
Response	0	0	334	334
NW Fire Control	158	4	(153)	9
<b>Net Cost of Services</b>	<b>1,441</b>	<b>(6,045)</b>	<b>(1,436)</b>	<b>(6,040)</b>
Other Operating Expenditure	0	0	(15,757)	(15,757)
<b>Other income and expenditure funded from Expenditure and</b>	<b>0</b>	<b>0</b>	<b>(15,757)</b>	<b>(15,757)</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on Provision of Services</b>	<b>1,441</b>	<b>(6,045)</b>	<b>(17,193)</b>	<b>(21,797)</b>

### (a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- **Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e.. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxations and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### (b) Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For Services** this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

- **For Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### (c) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and Investment Income and Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and Non-Specific Grant Income and Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in the future Surpluses or Deficits on the Collection Fund.
- **For Services** this represents adjustments to expenditure to reflect timing differences associated with the recognition of the costs of short-term paid absences (holiday pay).

## 4.14 Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

	Note	2023/24 £000
<b>Expenditure</b>		
Employee Benefit expenses		26,183
Other Service expenses		8,262
Depreciation, amortisation and impairment		1,441
Interest payments		1,452
Gains on the disposal of assets		0
<b>Total Expenditure</b>		<b>37,338</b>
<b>Income</b>		
Fee, charge and other service income		(1,522)
Interest and Investment Income		(597)
Income from Council Tax, Non-Domestic Rates		(22,421)
Grants, Contributions and Reimbursements		(12,927)
NW Fire Control - Recognise release of capital grant unapplied		27
Gain or loss on disposal of non current assets		(9)
<b>Total Income</b>		<b>(37,449)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>		<b>(111)</b>

## 4.15 Officers' Remuneration

The Accounts and Audit Regulations 2015 require that local authorities disclose details of the number of employees whose remuneration exceeds £50,000 in bands of £5,000. The table below includes senior employees who are also subject to additional disclosure below. Remuneration includes any payments made on termination of employment but does not include pension contributions.

The Accounts and Audit Regulations 2015 also now requires that local authorities disclose the individual remuneration details of senior employees by job title for several categories if their annual salary is above £50,000. For disclosure, senior employees are defined by the Authority as Director level and above.

Remuneration Banding (incl Termination Payments)	Number of Employees		
	2023/24		
	Fire Officers	Fire Staff	Total
Between £50,000 and £54,999	9	2	11
Between £55,000 and £59,999	7	1	8
Between £60,000 and £64,999	11	1	12
Between £65,000 and £69,999	2	0	2
Between £70,000 and £74,999	3	1	4
Between £75,000 and £79,999	1	0	1
Between £80,000 and £84,999	2	0	2
Between £85,000 and £89,999	0	0	0
Between £90,000 and £94,999	0	0	0
Between £95,000 and £99,999	0	0	0
Between £100,000 and £104,999	0	0	0
Between £105,000 and £109,999	1	0	1
Between £110,000 and £114,999	0	0	0
Between £115,000 and £119,999	0	0	0
Between £120,000 and £124,999	0	0	0
Between £120,000 and £124,999	0	0	0
Between £125,000 and £129,999	1	0	1
Between £130,000 and £134,999	0	0	0
Between £135,000 and £139,999	0	0	0
Between £140,000 and £144,999	1	0	1
<b>Total Number of Employees (Including Senior Employees)</b>	<b>38</b>	<b>5</b>	<b>43</b>

Post	Note	Salaries (including Allowances)	Payments for loss of employment	Benefits in Kind (e.g car allowance)	Total Remuneration excluding pension contributions	Pension	Total
2023/24		£000	£000	£000	£000	£000	£000
Chief Fire Officer	1	44	0	0	44	13	57
Assistant Chief Fire Officer / Chief Fire Officer	2	140	0	0	140	32	172
Deputy Chief Fire Officer		128	0	0	128	37	165
Area Manager / Assistant Chief Fire Officer	3	107	0	0	107	24	131
Area Manager (Head of Response)		85	0	0	85	24	109
Area Manager (NWFC Project)		81	0	0	81	23	104
Area Manager (Head of Preparedness)		79	0	0	79	21	100
Head of People and Talent		74	0	0	74	13	87
Head of Safety and Assurance		64	0	0	64	12	76
Transformation Project Lead		58	0	0	58	11	69
<b>Total</b>		<b>860</b>	<b>0</b>	<b>0</b>	<b>860</b>	<b>210</b>	<b>1,070</b>

Note 1: Chief Fire Officer retired on 09/07/23

Note 2: Appointed as Chief Fire Officer 09/07/23. Previously Assistant Chief Fire Officer

Note 3: Appointed as temporary Assistant Chief Fire Officer 09/07/23, Previously Area Manager

**Exit Packages**

There were no exit packages awarded in the year.

**4.16 External Audit Costs**

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

	2023/24 £000
Fees payable to the external auditor with regard to external audit services carried out by the appointed auditors	101
Rebate from Public Sector Audit Appointments in year	(14)
<b>Total</b>	<b>87</b>

## 4.17 Grants, Contributions and Reimbursement Income

The Authority credited the following grants, contributions and reimbursements to the Comprehensive Income and Expenditure Statement in 2023/24:

	<b>2023/24</b> <b>£000</b>
<b>Credited to Taxation and Non Specific Grant Income</b>	
<b>Non Ringfenced Government Grants</b>	
Revenue Support Grant	3,211
Business Rate Multiplier Cap	992
Rural Services Delivery Grant	409
Services Grant	283
<b>Total</b>	<b>4,895</b>
<b>Grants - Credited to Services</b>	
Home Office Grants	4,400
PFI Grant	1,654
Pensions Grant	1,255
New Dimensions	101
Firelink	78
JESO Grant	26
Levy Account Surplus	59
Fire Protection Grant	58
Safer Streets	56
ESMCP Grant	33
Other Grants	8
<b>Total</b>	<b>7,728</b>
NW Fire Control - 25% Share recognised	304
<b>Total Grants, Contributions and Reimbursements</b>	<b>12,927</b>

## 4.18 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 will allow 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.

IPSAS 20 Related Party Disclosures, based on IAS 24, requires CCFRA to disclose material transactions and outstanding balances with related parties – bodies or individuals that have the potential to control or influence CCFRA or to be controlled or influenced by CCFRA. Central Government has effective control over the general operations of both CCFRA and the OPFCC. It is responsible for providing the statutory framework within which CCFRA and the OPFCC operates, together with funding in the form of general or specific grants.

The Chief Finance Officer (s.151) and Joint Head of Estates of the OPFCC undertake these roles for the PFCC and also within CCFRA, and all OPFCC staff support the governance of

CCFRA. The costs are reviewed annually as part of the budget setting process and in 2023/24, the sum of £103,000 was charged to CCFRA for this support.

CCFRA collaborate and deliver mutual aid arrangements to and from other Fire Authorities. They collaborate with Lancashire, Cheshire and Greater Manchester for the control room and system.

The OPFCC maintains a register of business interests and key members of staff in the OPFCC and CCFRA Chief Officers and the JAC members are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the OPFCC and CCFRA. All returns were received and reviewed by the S151 Officer and no disclosures are required.

On 31 March 2024, the Authority owed £1.820m to Cumberland Council, £5.990m to Westmorland and Furness Council and was owed £4.731m from Cumberland Council and £0.511m from Westmorland and Furness Council. These relate primarily to transactions required to balance off the services provided to/from the Authority by the unitary council's and amounts due to/from the Authority in relation to disaggregation of the County Council balance sheet.

#### **Local Authority Controlled Company – NW Fire Control Limited**

NW Fire control Limited is a company limited by guarantee with the responsibility for Fire and Rescue Service mobilisation for the North West region. The company registration number is 06314891. The Company has four members - Cheshire, Cumbria, Greater Manchester and Lancashire Fire & Rescue Authorities (FRAs). The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors, who are Councillors appointed to their respective FRAs. All directors have equal voting rights. In 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire control Limited. The cost of the service is charged out to the four FRAs on an agreed pro rata basis set out in a Service Level Agreement.

An assessment for Group Accounting requirements has taken place during 2023/24 in respect of NW Fire control Limited. in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS10, 11 & 12).

It has been determined that the company is governed by Joint Control as unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement and as such group accounts are not required.

The Company's Financial Statements can be obtained from Companies House with the deadline for submission as 31st December 2024 for the final audited 2023/24 accounts.

Below shows the key Information from the Draft Financial Statements of NW Fire Control Limited:

Key Information	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Total assets less Current Liabilities	356	351
Net assets*	356	638
Surplus/(deficit) Before Taxation	85	(627)
Surplus/(deficit) After Taxation	84	(634)
Balance owed to CCFRA	0	0
Balance owed by CCFRA	159	2
Invoices raised by NW Fire Control to CFRS	516	454
Invoices raised by CFRS to NW Fire Control	0	0

## 4.19 Pension Costs

### **Participation in pension schemes**

On 1 April 2015 a new Firefighters' Pension Scheme was introduced, and the following notes include the data for the three schemes combined, 2015, 2006 and 1992. Employees' and employers' contributions into the Firefighters' Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund. Government grant is payable to cover any shortfall on the Pension Fund account.

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is a funded defined benefits scheme administered by Westmorland and Furness Council. The Authority and employees pay contributions to the LGPS Pension Fund, calculated at a level intended to balance the pension liability with investment assets. In 2023/24, the rate of contributions payable by employees range from 5.5% to 12.5% depending on the salary band of the employee. The Authority contributes at the rate prescribed by the Fund's actuary.

### **Transactions relating to retirement benefits**

The Authority recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the funding needs of the Authority are based upon the cash payable in the year, so the real cost of retirement benefits is reversed out after Net Operating Expenditure. The following transactions have been made during the year:

	Local Govt. Pension Scheme	Fire Fighters Pension Scheme	Total	Total NW Fire Control
	31-Mar-24	31-Mar-24	31-Mar-24	31-Mar-24
	£000	£000	£000	£000
<b>Income and Expenditure Account</b>				
<b>Cost of Services</b>				
Current Service Cost	402	2,918	3,320	112
Past Service Cost (including Settlements and Curtailments)	6	420	426	0
<b>Other Operating Expenditure</b>				
Administration Expenses	18	0	18	0
<b>Financing and Investment Income and Expenditure</b>				
Net Interest Expense	(88)	10,787	10,699	(4)
<b>Total defined benefit cost recognised in Income and Expenditure Account</b>	<b>338</b>	<b>14,125</b>	<b>14,463</b>	<b>108</b>
Return on plan assets (excluding the amount included in the net interest expense)	(796)	0	(796)	(50)
Actuarial gains and losses arising on changes in demographic assumptions	(255)	(4,540)	(4,795)	(20)
Actuarial gains and losses arising on changes in financial assumptions	(314)	(3,665)	(3,979)	(254)
Other	154	1,402	1,556	99
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(1,211)</b>	<b>(6,803)</b>	<b>(8,014)</b>	<b>(225)</b>
<b>Net Charge to the CIES</b>	<b>(873)</b>	<b>7,322</b>	<b>6,449</b>	<b>(117)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made for retirement benefits in accordance with IAS19	(338)	(14,125)	(14,463)	(108)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contribution payable to scheme (LGPS)/Retirement Benefits payable to pensioners (FPS)	434	9,361	9,795	128
<b>Contribution (to) / From Pensions Reserve</b>	<b>96</b>	<b>(4,764)</b>	<b>(4,668)</b>	<b>20</b>



## 4.20 Gains/Losses on Sale of Property, Plant and Equipment

The Comprehensive Income and Expenditure Statement includes gains and losses from the sale of Authority assets. The value of the gains and losses for the year 2023/24 is as follows:

2022/23 £000		2023/24 £000
0	Vehicles, Plant and Equipment	(9)
<b>0</b>	<b>Total</b>	<b>(9)</b>

## 4.21 Revaluations Charged to CIES

During 2023/24 the value of Non-Current Assets that were revalued and charged to the surplus/deficit on Provision of Services within the Comprehensive Income and Expenditure Statement were £0.502million. Movements in other Property, Plant and Equipment are shown in the Comprehensive Income and Expenditure Account within Net cost of Services. The table below shows the service line that all revaluations were originally charged to.

	2023/24 £000
Corporate Services	502
<b>Total Included in Net Cost of Services</b>	<b>502</b>

**Balance Sheet****4.22 Property Plant and Equipment**

2023/24	Other Land & Buildings £000	Vehicles Equip & Plant £000	Assets under Constr £000	NW Fire Control (25% Share) £000	Total £000
<b>Cost or Valuation</b>					
Valuation as at 1 April 2023	43,101	16,108	1,590	1,230	62,029
Additions/Enhancements	156	802	249	39	1,246
Disposals	0	(375)	0	0	(375)
Reclassifications	0	1,590	(1,590)	0	0
Revaluations Taken to Revaluation Reserve	625	0	0	0	625
Revaluations Charged to Surplus/Deficit on Provision of Services 2023/24	273	0	0	0	273
Valuation as at 31 March 2024	44,155	18,125	249	1,269	63,798
<b>Depreciation</b>					
Accumulated Dep'n at 1 April 2023	0	(9,409)	0	(905)	(10,314)
Depreciation Charge to CIES 2023/24	(829)	(956)	0	(158)	(1,943)
Depreciation on Disposals	0	375	0	0	375
Depreciation w/out to Revaluation Reserve	600	0	0	0	600
Depreciation w/out to Surplus/Deficit on Provision of Services	229	0	0	0	229
Accumulated Dep'n at 31 March 2024	0	(9,990)	0	(1,063)	(11,053)
<b>Net Book Value at 31 March 2024</b>	<b>44,155</b>	<b>8,135</b>	<b>249</b>	<b>206</b>	<b>52,745</b>
<b>Net Book Value at 1 April 2023</b>	<b>43,101</b>	<b>6,699</b>	<b>1,590</b>	<b>325</b>	<b>51,715</b>
<b>Nature of Asset holding</b>					
Owned	23,585	8,135	249	325	32,294
PFI	20,570	0	0	0	20,570
	<b>44,155</b>	<b>8,135</b>	<b>249</b>	<b>325</b>	<b>52,864</b>
<b>Historic Cost Valuation</b>					
Net Book Value 31 March 2024	32,174	8,135	249	0	40,558
Net Book Value 1 April 2023	32,174	6,699	1,590	0	40,463

**(a) Depreciation**

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

Asset Category	Rate	Basis
Buildings	21 – 60 Years	Straight Line
Vehicles, Plant, Furniture & Equipment	1 – 15 Years	Straight Line

**(b) Effects of Changes in Estimates**

In 2023/24, the Authority made no material changes to its processes and techniques for making accounting estimates for Property, Plant and Equipment.

**4.23 Bases of Valuation**

From 1 April 1994 all the Authority's property, plant and equipment have been valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Details of the valuation bases applied are set out in Note 4.0 (Statement of Accounting Policies).

Valuations are carried out via an annual revaluation programme. Valuations for 2023/24 were carried out by Frances Hay MRICS Principal of Valuation Office Agency as at 31 March 2024. Vehicles, Plant and Equipment assets are held at Historic Cost and are not subject to revaluations. All assets subject to revaluation were revalued as at 31 March 2024.

The table below shows the number and types of asset the Authority reports on its balance sheet:

	<b>31 March 2024</b>
Fire Stations	38
Plant, Furniture & Equipment	37
Vehicles	178

## 4.24 Financial Instruments

### (a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

#### Financial Assets

	Non Current		Current		Total 31-Mar 2024 £000
	Investments 31-Mar 2024 £000	Debtors 31-Mar 2024 £000	Investments 31-Mar 2024 £000	Debtors 31-Mar 2024 £000	
	<b>2023/24</b>				
Amortised Cost	0	0	6,770	5,248	<b>12,018</b>
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>6,770</b>	<b>5,248</b>	<b>12,018</b>
Non IFRS9 Financial Assets	0	0	0	5,991	5,991
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6,770</b>	<b>11,239</b>	<b>18,009</b>

N.B Current investments includes cash and cash equivalents

**Financial Liabilities**

	Non Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000	31-Mar 2024 £000
<b>2023/24</b>					
Amortised Cost	(20,022)	0	(578)	(9,132)	<b>(29,732)</b>
<b>Total Financial Liabilities</b>	<b>(20,022)</b>	<b>0</b>	<b>(578)</b>	<b>(9,132)</b>	<b>(29,732)</b>
Non IFRS9 Financial Liabilities	0	0	0	(3,290)	<b>(3,290)</b>
<b>Total</b>	<b>(20,022)</b>	<b>0</b>	<b>(578)</b>	<b>(12,422)</b>	<b>(33,022)</b>

**(b) Income, Expense, Gains and Losses**

	2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
<b>Net (Gains)/Losses on:</b>		
Financial Assets measured at Amortised Cost	(74)	0
<b>Total Net (Gains)/Losses</b>	<b>(74)</b>	<b>0</b>
<b>Interest Revenue:</b>		
Financial Assets measured at Amortised Cost	(597)	0
<b>Total Interest Revenue</b>	<b>(597)</b>	<b>0</b>
<b>Interest Expense:</b>		
Financial Liabilities measured at Amortised Cost	1,452	0
<b>Total Interest Expense</b>	<b>1,452</b>	<b>0</b>

**(c) Fair Value of Assets & Liabilities carried at Amortised Cost**

The carrying amount financial assets and financial liabilities whose carrying value does not approximate fair value are calculated as follows:

- The Authority has based its fair value report on the borrowing/deposit rate for the same financial instrument from a comparable lender;
- A consistent approach has been applied to assets and liabilities;
- Estimated fair values have been calculated using the equivalent market interest rates as at 31 March 2024;
- Early repayment or impairment is not recognised; and
- The fair value of operational liabilities and receivables is taken to be the invoiced or billed amount;

	31 March 2024	
	Carrying Amount	Fair Value
	£000	£000
Financial Liabilities held at amortised cost	(20,600)	(22,988)
Short Term Operational Creditors	(9,132)	(9,132)
<b>Total</b>	<b>(29,732)</b>	<b>(32,120)</b>

The fair value is less than the carrying amount in 2023/24 because the Authority's loan portfolio includes fixed rate loans where the interest rate payable is less than the rates available for similar loans at the Balance Sheet date.

	31 March 2024	
	Carrying Amount	Fair Value
	£000	£000
Short Term Debtors	5,248	5,248
Cash & Cash Equivalent	6,770	6,770
<b>Total</b>	<b>12,018</b>	<b>12,018</b>

Short Term Debtors and Creditors are carried at cost as this is a fair approximation of their value.

#### (d) Risks arising from Financial Instruments

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

- **credit risk** – the possibility that other parties might fail to pay amounts due to the Authority.
- **liquidity risk** – the possibility that the Authority might not have funds available to meet its payment commitments; and
- **market risk** – the possibility that a financial loss might arise for the Authority because of movements in interest rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance team, under policies approved by Authority in the Annual Treasury Management Strategy Statement. The Authority also maintains Treasury Management Practices (TMP's) that provide written principles for overall risk management as well as specific areas covering interest rate risk, credit risk and the investment of surplus cash.

#### (e) Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposure from the Authority's customers. This risk is minimised through the annual investment strategy.

#### Credit Risk Management Practices

The Authority's credit risk management practices are set out in section 10 and appendix B of the Treasury Management Strategy Statement.

This risk is minimised through the application of policies set out in the annual Treasury Management Strategy Statement (TMSS), which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's ratings services. The annual TMSS (approved by the Commissioner in February 2023), also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria as set out in the 2023/24 TMSS in respect of financial assets held by the Commissioner are detailed below:

Financial Asset Category	Minimum Criteria	Maximum Investment
Deposits with major UK and non-UK Banks and Building Societies (Unsecured)	A- The maximum duration of investments varies according to the credit rating. The only exception to this is the NatWest bank (Currently BBB+) which provides the day-to-day banking services to the Commissioner.	Maximum per institution or Group £2m (varies according to credit rating). Maximum of all deposits £20m.
Deposits with major UK and non-UK Banks and Building Societies (Secured)	A- The maximum duration of investments varies according to the credit rating.	Maximum per institution or Group £4m (varies according to credit rating). Maximum of all deposits £20m.
Deposits with Money Market Funds/Pooled Funds	Long Term: AAA	£4m per fund. Maximum of all deposits £20m.
Deposits with Government (includes HM Treasury and other Local Authorities)	Not credit rated but are legally required to set a balanced budget.	£4m per Local Authority, unlimited with HM Treasury. Maximum of all deposits – No Limit.

The Authority's maximum exposure to credit risk in relation to its investments in banks, building societies and other Local Authorities of £4m at the balance sheet date cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2024 that this was likely to happen.

#### **Amounts arising from Expected Credit Losses**

The following analysis summarises the Authority's potential maximum credit risk exposure, based on the experience gathered over the last five financial years, on the level of default on loans and receivables and adjusted for current market conditions:

	Value at 31 March 2024 £000	% Default based on previous experience	% Default adjusted for current market conditions	Estimated maximum exposure to default £000
Deposits with banks and other financial institutions	6,770	Nil	Nil	0
Gross Operational Debtors	6,587	n/a	9.06%	597
				<b>597</b>

In determining expected credit losses for trade receivables, the Authority utilises the lifetime expected credit loss measurement basis under the simplified approach as per the Code of Practice. This approach determines the age of debts and applies the historical likelihood of debt recovery for debts of similar ages.

During the period the movement on the bad debt provision that related to customers including Council Tax and Business Rates was as follows:

	2023/24 £000
Opening Balance	671
Write Offs in Year (Decrease)/Increase to Provisions	0 (74)
<b>Closing Balance</b>	<b>597</b>

#### (f) Liquidity Risk

As the Authority has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. A more pertinent risk is that the Authority will be required to replenish a significant proportion of its internal borrowings at a time of unfavourable interest rates. At the balance sheet date, the Authority is confident that it has adequate working capital principally as a result of its reserves to mitigate this risk. Nevertheless, prevailing money market rates are regularly monitored with a view to ensuring that long term debt financing decisions are made at the optimum time.

All operational liabilities are due to be repaid within one year.

#### (g) Market Risk

The Authority is exposed to some risk due to movements in interest rates on its loans and investments. These potential risks are:

- An increase in interest rates will result in a fall in the fair value of borrowings and investments.
- A decrease in interest rates will result in a rise in the fair value of borrowings and investments.

- The value of interest received from investments will rise or fall depending on increases and decreases in interest rates and will impact on the Comprehensive Income and Expenditure Statement.

As all of the Authority's existing borrowings and investments have been placed at fixed rates, this risk has to a large extent been minimised.

Borrowings and investments are carried in the Balance Sheet at fair value, so nominal gains and losses on fixed rate financial instruments have no impact on the Comprehensive Income and Expenditure Statement.

The Authority carries out its borrowing and investment function within parameters set out in its Treasury Management Strategy, which assesses interest rate exposure to feed into the budget process. Forecasts are updated regularly throughout the year, which allows any significant changes to interest rates to be reflected in current budget projections.

The Treasury Management Strategy also advises on the limits for new variable and fixed-rate borrowing for the year. No new external long-term borrowing was undertaken in 2023/24.

#### 4.25 Short Term Debtors

2022/23 £000		2023/24 £000
2,526	Central Government Bodies	4,348
801	Other Local Authorities	5,603
1,543	Bodies external to government	1,885
(671)	Expected Credit Losses (Bad Debt Provisions)	(597)
<b>4,199</b>	<b>Total</b>	<b>11,239</b>

#### 4.26 Cash and Cash Equivalents

2022/23 £000		2023/24 £000
288	Cash and Bank	101
0	Short Term Investments with maturity of less than 3 months	6,610
89	Cash Held by North West Fire Control (25% share)	59
<b>377</b>	<b>Total</b>	<b>6,770</b>



## 4.27 Short and Long-Term Creditors

2022/23 £000		2023/24 £000
(365)	Central Government Bodies	(64)
(743)	Other Local Authorities	(9,726)
(1,423)	Other Entities and Individuals	(1,684)
(491)	NW Fire Control - 25% Share	(412)
(245)	Employee Benefits	(536)
<b>(3,267)</b>	<b>Total</b>	<b>(12,422)</b>

N.B There are significant balances owed and owing to other local authorities primarily in respect of amounts owed following local government reorganisation and the continued use of hosted services, shared arrangements and disaggregation of the County Council balance sheet

## 4.28 Receipts in Advance

2022/23 £000		2023/24 £000
(9)	Central Government Bodies	(82)
(4)	Other Local Authorities	(78)
(230)	Other Entities and Individuals	(209)
<b>(243)</b>	<b>Total Revenue Receipts in Advance</b>	<b>(369)</b>

## 4.29 Provisions

The movement in the level of provisions held by the Authority during 2023/24 is as follows: -

	1 April 2023	Additions in year	Used in year	Unused Amounts reversed	31 March 2024
	£000	£000	£000	£000	£000
Insurance Liabilities (under 1 year)	(18)	(11)	2	0	(27)
Insurance Liabilities (over 1 year)	(119)	0	26	30	(63)
<b>Total</b>	<b>(137)</b>	<b>(11)</b>	<b>28</b>	<b>30</b>	<b>(90)</b>
Business Rate Appeals (CCFRA Share)	(80)	(78)	64	6	(88)
<b>Total (All Provisions)</b>	<b>(217)</b>	<b>(89)</b>	<b>92</b>	<b>36</b>	<b>(178)</b>
<b>Split as:</b>					
Falling due within 1 year	(18)	(11)	2	0	(27)
Falling due after 1 year	(199)	(78)	90	36	(151)

**(i) Insurance Claims**

The Authority has established a provision totalling £0.090m to meet insurance claims arising from public liability, employer's liability, motor vehicle and other claims. This figure is based on the estimated gross value of claims against the Authority at 31 March 2024 and the insurance provision will therefore cover this value in full.

**Other Provisions****a. Business Rate Retention Appeals**

An appeals provision has been established in accordance with the new scheme. The Authority share of the outstanding appeals is £0.088m.

**4.30 Unusable reserves****(a) Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2023/24 £000
<b>Balance at 1 April</b>	<b>11,004</b>
Upward Revaluation of Assets	1,229
Downward Revaluation of assets and impairment losses not charged to the Surplus/Deficit on Provision of Services	(4)
<b>Surplus or (Deficit) on Revaluation of Non Current Assets not posted to the Surplus or Deficit on Provision of Services</b>	<b>1,225</b>
Difference between Fair Value Depreciation and Historic Cost Depreciation	0
Accumulated gains on assets sold or scrapped	(222)
<b>Balance at 31 March</b>	<b>12,007</b>

**(b) Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisitions, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction, and enhancement.

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

Note 4.5 provides details of the source of all the transactions posted to the Account.

	<b>2023/24</b> <b>£000</b>
<b>Balance at 1 April</b>	<b>15,524</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
Charges for depreciation and impairment of non-current assets	(1,943)
Revaluation losses on Property, Plant and Equipment	502
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	0
	<b>(1,441)</b>
Adjusting Amounts written out of the Revaluation reserve	222
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(1,219)</b>
	<b>14,305</b>
Capital Financing Applied in the year	
Statutory provision for the financing of capital investment charged against the General Fund	1,167
Capital expenditure charged against the General Fund	1,207
	<b>2,374</b>
<b>Balance at 31 March</b>	<b>16,679</b>

**(c) Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

	2023/24 £000	NWFC 2023/24 £000
<b>Balance at 1 April</b>	<b>(229,578)</b>	<b>72</b>
Remeasurements of the net defined benefit (liability)/asset	8,014	225
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(14,463)	(108)
Employer's pensions contributions and direct payments to pensioners payable in the year	9,795	128
Effect of Asset Ceiling	(1,291)	(317)
<b>Balance at 31 March</b>	<b>(227,523)</b>	<b>0</b>

**(d) Collection Fund Adjustment Account**

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

	2023/24 £000
<b>Balance at 1 April</b>	<b>(228)</b>
Amount by which council tax income and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	201
<b>Balance at 31 March</b>	<b>(27)</b>

**(e) Accumulated Absences Account**

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

	2023/24 £000
<b>Balance at 1 April</b>	(235)
Settlement or cancellation of accrual made at the end of the previous period	235
Amounts Accrued at the end of the year - prepayments	39
Amounts accrued at the end of the current year - amounts owed	(536)
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements	(262)
<b>Balance at 31 March</b>	(497)

#### 4.31 Capital Expenditure and Capital Financing

	2023/24 £000
Opening Capital Financing Requirement	24,434
<b>Capital Expenditure</b>	
Property, Plant and Equipment	1,207
	<b>1,207</b>
<b>Sources of Finance</b>	
Revenue Financing & Reserves	(1,207)
Minimum Revenue Provision	(1,167)
	<b>(2,374)</b>
<b>Closing Capital Financing Requirement</b>	<b>23,267</b>
<b>Explanation of Movements in year</b>	
Increase in underlying need to borrow (unsupported by Government Finance Assistance)	0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(1,167)</b>

#### 4.32 PFI

The Authority is involved in a PFI project, with Merseyside and Lancashire Fire and Rescue Authorities, to provide sixteen new fire stations, five of which are in Cumbria. The basis of the partnership is set out in a joint working agreement. Contracts were signed between Balfour Beatty Fire and Rescue NW Ltd in February 2011, with construction commencing in 2011/12 and completion in 2013/14. The cost to the Authority of the Cumbria element of the contract is expected to be £40m. At the end of the concession period the fire stations will be transferred to

the Authority's ownership. The contract will run for 25 years from the date of final handover, and the Authority pays a unitary payment. The stations built in Cumbria are:

- Carlisle - 2 sites - Carlisle East and Carlisle West.
- Workington – includes the Locality Headquarters.
- Penrith - includes the Council's Resilience Unit and Fire & Rescue Service Headquarters and Learning & Development Department.
- Patterdale.

### Movement on PFI Assets

Fire Station PFI	2023/24 £000
<b>Cost or Valuation</b>	
Valuation as at 1 April 2023	19,967
Additions / Enhancements	99
Revaluation (decreases) recognised in Revaluation Reserve	458
Revaluation (decreases) recognised in the Surplus/Deficit on Provision of Services	46
<b>Valuation as at 31 March 2024</b>	<b>20,570</b>
<b>Depreciation</b>	
Accumulated Dep'n at 1 April 2023	0
Depreciation Charge to CIES 2023/24	(401)
Accumulated Depreciation Written out to Gross Carrying Amount	401
Accumulated Dep'n at 31 March 2024	0
<b>Net Book Value at 31 March 2024</b>	<b>20,570</b>
<b>Net Book Value at 1 April 2023</b>	<b>19,050</b>

### Movement on PFI Liabilities

2022/23 £000	Fire Station PFI	2023/24 £000
(13,886)	Balance outstanding at start of year	(13,467)
419	Payments During Year	453
<b>(13,467)</b>	<b>Balance outstanding at end of year</b>	<b>(13,014)</b>

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
<b>2023/24</b>				
Payable within 1-year	767	492	1,226	<b>2,485</b>
Payable within 2-5 Years	3,302	2,417	4,514	<b>10,233</b>
Payable within 6-10 Years	4,711	4,366	4,434	<b>13,511</b>
Payable within 11-15 Years	4,720	5,377	2,121	<b>12,218</b>
<b>Total</b>	<b>13,500</b>	<b>12,652</b>	<b>12,295</b>	<b>38,447</b>

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
<b>2022/23</b>				
Payable within 1-year	696	453	1,234	<b>2,383</b>
Payable within 2-5 Years	2,987	2,230	4,585	<b>9,802</b>
Payable within 6-10 Years	4,262	4,024	4,623	<b>12,909</b>
Payable within 11-15 Years	4,945	6,057	2,725	<b>13,727</b>
Payable within 16-20 years	383	703	15	<b>1,101</b>
<b>Total</b>	<b>13,273</b>	<b>13,467</b>	<b>13,182</b>	<b>39,922</b>

### 4.33 Disclosure of Net Pension Assets and Liabilities

#### Assets and liabilities in relation to retirement benefits

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 payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two defined benefit pension schemes:

- the Local Government Pension Scheme for civilian employees, administered by Westmorland and Furness Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2022 which has changed the level of contributions from 2023/24.

Reconciliation of asset and benefit obligation:



	LGPS Pension Scheme	Firefighters Pension Scheme	Total	NWFC 25% Share Total
	31-Mar-24	31-Mar-24	31-Mar-24	31-Mar-24
	£000	£000	£000	£000
<b>Opening Defined Benefit Obligation</b>	<b>(19,948)</b>	<b>(229,386)</b>	<b>(249,334)</b>	<b>(3,175)</b>
Current Service Cost	(402)	2,918	2,516	(112)
Interest Cost	(941)	(10,787)	(11,728)	(153)
Contribution by Scheme Participants	(148)	(1,553)	(1,701)	(40)
<b>Actuarial Gains and Losses:</b>				
Arising from changes in demographic assumptions	255	4,540	4,795	20
Arising from changes in financial assumptions	314	3,665	3,979	254
Return on assets			0	
Other	(154)	(1,402)	(1,556)	(99)
Curtailments, Settlements and past Service Costs	(6)	(420)	(426)	0
Benefits paid	798	10,914	11,712	52
<b>Closing Defined Benefit Obligation</b>	<b>(20,232)</b>	<b>(221,511)</b>	<b>(241,743)</b>	<b>(3,253)</b>

Reconciliation of opening and closing balances of the fair value of scheme assets:

	LGPS Pension Scheme	Firefighters	Total	NWFC 25% Share
	31-Mar-24	31-Mar-24	31-Mar-24	31-Mar-24
	£000	£000	£000	£000
<b>Opening Fair Value of Employer Assets</b>	<b>21,555</b>	<b>0</b>	<b>21,555</b>	<b>3,246</b>
Return on Plan Assets, excluding the amount included in the net interest costs	796	0	796	50
Administration Expenses	(18)	0	(18)	0
Interest income on Plan assets	1,029	0	1,029	157
Benefits Paid	(798)	(10,914)	(11,712)	(52)
Contributions from Employer	434	9,361	9,795	128
Contributions by scheme participants	148	1,553	1,701	40
<b>Closing Fair Value of Employer Assets</b>	<b>23,146</b>	<b>0</b>	<b>23,146</b>	<b>3,569</b>

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.

### Scheme history

	Local Government Pension Scheme 01-Apr-23 £000	Fire Fighters Pension Scheme 01-Apr-23 £000	Total 01-Apr-23 £000	Local Government Pension Scheme 31-Mar-24 £000	Fire Fighters Pension Scheme 31-Mar-24 £000	Total 31-Mar-24 £000
Present value of the defined benefit obligation	(19,948)	(229,386)	<b>(249,334)</b>	(20,232)	(227,347)	<b>(247,579)</b>
Fair value of plan assets	21,555	0	<b>21,555</b>	23,146	0	<b>23,146</b>
<b>Net Liability arising from defined benefit obligation</b>	<b>1,607</b>	<b>(229,386)</b>	<b>(227,779)</b>	<b>2,914</b>	<b>(227,347)</b>	<b>(224,433)</b>
<b>Effect of Asset Ceiling</b>	<b>(1,799)</b>	<b>0</b>	<b>(1,799)</b>	<b>(3,090)</b>	<b>0</b>	<b>(3,090)</b>
<b>Net Liability arising from defined benefit obligation</b>	<b>(192)</b>	<b>(229,386)</b>	<b>(229,578)</b>	<b>(176)</b>	<b>(227,347)</b>	<b>(227,523)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £227.523million has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the surplus on the local government scheme will be made taken into account when setting future contribution rates, as assessed by the scheme actuary; and
- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

**Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The annual Fire Authority budget will make allowance for the firefighter's pension scheme payments based on an estimate of when such payments fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

The actuary has assessed both the Firefighters' scheme and the Local Government Pension Scheme (LPGS) liabilities. The main assumptions used in their calculations are as follows:

	Local Government Pension Scheme 31-Mar-24 %	Fire Fighters Pension Scheme 31-Mar-24 %
Rate of inflation	2.70	2.70
Rate of increase in salaries	4.20	
Rate of increase in pensions	2.80	2.80
Rate for discounting scheme liabilities	4.90	4.80
Rate of revaluation of CARE pensions		3.95

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Local Government Pension Scheme 31-Mar-24	Fire Fighters Pension Scheme 31-Mar-24
<b>Longevity at 65 for current pensioners (age 60 for Fire):</b>		
Male	21.5	25.3
Female	23.9	25.3
<b>Longevity at 65 for future pensioners (age 60 for Fire):</b>		
Male	22.8	27.3
Female	25.7	27.3

2023/24		+0.5% p.a. discount Rate	+0.25% p.a. inflation	+0.25% Pay Growth	Increase in Life Expectancy	+/-1% change in 2023/24 investment returns	
		£000	£000	£000	£000	£000 +1%	£000 -1%
0	Liability	(18,772)	21,004	(20,342)	(20,701)	0	0
0	Assets	0	0	0	0	0	0
<b>0</b>	<b>Deficit / (Surplus)</b>	<b>(18,772)</b>	<b>21,004</b>	<b>(20,342)</b>	<b>(20,701)</b>	<b>0</b>	<b>0</b>
385	Projected Service Cost for Next Year	335	413	385	395	385	385
(154)	Projected Net Interest Cost for Next Year	(248)	(115)	(147)	(130)	(165)	(142)

The Fire Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

01-Apr-23		31-Mar-24
£000		£000
582	Cash and Cash Equivalents	393
3,018	Debt Securities Bonds	3,055
1,660	Property	1,713
7,890	Private Equity	8,958
8,405	Other Assets	9,027
<b>21,555</b>	<b>Total Assets</b>	<b>23,146</b>

#### 4.34 Contingent Assets and Liabilities

The items below are classified as contingent assets or liabilities:

(a) **Special retained members (Matthews)**

In November 2018 a ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case.

This options exercise has now commenced and will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters.

The Authority have now written to all affected members and this exercise will continue into 2024/25. No members have received a remedy payment during 2023/24 and the actuary has incorporated the estimated liability as part of the actuarial valuation.

The Home Office have undertaken a detailed exercise and have estimated the distribution of eligible members between FRAs based on eligible firefighter estimates collected through the December 2023 survey of FRAs, with gaps filled using the July 2022 survey (if available) or the 2020 valuation data breakdown of overall retained active members for each FRA. The total Matthews cashflows have been split by looking at the proportion of eligible members for each FRA in this distribution. The Authority received a payment of £9.300m in July 2024 as part of the annual pension top-up payment as this pension liability will be fully funded by Government.

**(b) Age Discrimination and the McCloud Sargeant judgement**

In 2014 and 2015 the government set out reforms to public sector pensions, allowing older workers to stay in their existing schemes while younger members moved to new ones. In 2018 the Court of Appeal ruled that the reforms discriminated against younger members of the schemes. The government accepted the judgment and agreed to make changes to all public service pension schemes the McCloud/Sargeant remedy.

Due to delays in implementing remedy, it is expected that the McCloud/Sargeant remedy contribution compensation payments to members, projected to occur in 2023-24 will fall into 2024-25. Similar to the above Matthews case, the Home Office have undertaken a detailed exercise and have estimated the distribution to eligible members between FRAs. The Authority received a payment of £1.170m in July 2024 as part of the annual pension top-up payment as this pension liability will be fully funded by Government.

**(c) Airwaves contract**

The Competition Appeal Tribunal (the Tribunal) took the decision in December 2023 to uphold the Competition and Markets Authority (CMA)'s decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges.

Motorola has lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal (CoA), but in the meantime has commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities including all Fire and Rescue Authorities (FRA) in England.

Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied.

As a result, and on the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice FRAs in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire who have kindly agreed to hold the total credit that relates to Fire England until a final court decision is reached. Any monies remaining with Buckinghamshire Fire after the conclusion of the legal process will be shared between all FRAs in England based on their percentage share of the credit, if ultimately Motorola are unsuccessful in their court application. As at 31 March 2024 Cumbria Commissioner's Fire and Rescue Authority's share of the credit is estimated to be £0.096m.

## 4.35 Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 15 January 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions

existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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**Cash-Flow Statement****4.36 Cash Flow Statement – Operating Activities**

	<b>2023/24</b> <b>£000</b>
(Surplus) / Deficit on the Provision of Services	<b>(111)</b>
<b>Adjustments to the net surplus or deficit on the provision of services for non cash movements</b>	
Depreciation and downward revaluation charges	(1,441)
Carrying amount of non current assets sold	0
Pension (IAS 19)	(4,648)
Increase/(decrease) in inventories	323
Increase/(decrease) in debtors	7,002
(Increase)/decrease in creditors	(9,941)
Other non-cash items charged to net surplus/deficit on provision of services	13
	<b>(8,692)</b>
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
Proceeds from short term and long term investments	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	9
Capital Grants charged to Comprehensive Income and Expenditure	27
	<b>36</b>
<b>Net Cash Flow from Operating Activities</b>	<b>(8,767)</b>
<b>Shown within Net Cash Flow from Operating Activities</b>	
Interest Payable	191
Interest Receivable	(575)
	<b>(384)</b>

**4.37 Cash Flow Statement – Investing and Financing Activities**

	<b>2023/24</b> <b>£000</b>
<b>Investing Activities</b>	
Purchase of Property, Plant and Equipment,	1,871
Proceeds from the sale of Property, Plant and Equipment	(9)
Other Receipts from Investing Activities	20
<b>Net Cash Flows from Investing Activities</b>	<b>1,882</b>
<b>Financing Activities</b>	
Repayments of short and long term borrowing	492
<b>Net Cash Flows from financing Activities</b>	<b>492</b>

## SECTION 5 – SUPPLEMENTARY FINANCIAL STATEMENTS

### 5.1 Firefighters' Pension Fund Account

2022/23		Note	2023/24
£000			£000
	<b><u>Income to the Fund</u></b>		
	<b>Contributions Receivable</b>		
(3,135)	From Employer		(3,345)
(1,440)	From Members	9	(1,543)
	<b>Transfers in</b>		
(58)	Individual transfers in from other schemes		(41)
<b>(4,633)</b>	<b>TOTAL INCOME</b>		<b>(4,929)</b>
	<b><u>Expenditure by the Fund</u></b>		
	<b>Benefits Payable</b>		
7,486	Pensions including ill health		8,382
1,816	Commutations and lump sum retirement benefits		2,400
<b>9,302</b>			<b>10,782</b>
	<b>Payments to and on account of leavers</b>		
64	Individual transfers out to other schemes		79
<b>9,366</b>	<b>TOTAL EXPENDITURE</b>		<b>10,861</b>
<b>4,733</b>	<b>Net amount payable for the year</b>		<b>5,932</b>
(4,733)	<b>Top up grant receivable from Central Government</b>	10	(5,932)
<b>0</b>	<b>Net Fund position for year</b>		<b>0</b>



2022/23	Net Current Assets and Liabilities	Note	2023/24
£000			£000
1,479	Top Up grant receivable/(received) from Central Government		1,967
606	Prepaid Pensions		646
(2,085)	Amount Owing to/(owed by) Cumbria Fire & Rescue		(2,613)
<b>0</b>	<b>Total</b>		<b>0</b>

## NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

### Notes to the Firefighters Pension Fund Statement

1. This statement has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain.
2. Three pension schemes operate within the Fund, the 1992 scheme, the 2006 scheme, and the 2015 scheme
3. The Fund is administered and managed according to the statutory requirements set out in the 1992, 2006, and 2015 scheme legislation.
4. The Firefighters Pension Schemes are unfunded and as such have no investment assets. They are funded through employee and employer contributions and Government grant.
5. All firefighter pension related benefits are charged to the Firefighters Pension Fund Account with the exception of costs relating to non-member retirement on ill health grounds and all costs relating to injury pensions, which are charged to the Fire Service Operating Account (revenue).
6. The Fund Account captures income and liabilities relevant to the period shown and therefore does not take account of liabilities to pay pensions and other benefits after the period end.
7. Normal Employer contributions are made as follows:
  - 2015 scheme 28.8% of pensionable pay in 2023-24 (this rate is increasing to 37.6% in 2024-25)

There have been no active Employer contributions being made to either the 1992 or 2006 schemes since all members transitioned into the 2015 scheme on 1 April 2022.
8. For any retirement on ill health grounds the Fire Service is required to make a payment to the Pension Fund from its revenue account. This is payable over 3 years. There were 0 retirements of scheme members on ill health grounds
9. Members contributions, for all Fire pensions schemes, changed to having banded contribution rates in 2013/14. The bandings for the active 2015 scheme are as follows:

<b>2015 scheme members</b>	
<b>Pensionable Pay</b>	<b>FPS 2015</b>
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
£142,501 or more	14.5

10. These accounts have been prepared on an accruals basis.

**SECTION 6 – ANNUAL GOVERNANCE STATEMENT**



Cumbria Commissioner Fire & Rescue Authority

Annual Governance Statement – Good Governance Principles 2023-24

## Introduction and Scope of Responsibilities

The Police, Fire and Crime Commissioner for Cumbria (the Commissioner) in his capacity as Cumbria Commissioner Fire & Rescue Authority is responsible for ensuring business is carried out in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance ('The Code'). The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions.

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

### REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2023/24 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2023/24 financial year. This is the standard against which all local government bodies, including fire, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Head of Internal Audit, as set out in his annual report.

- A review of the effectiveness of the Joint Audit Committee against CIPFA guidance on Audit Committees for Fire.

The following Annual Governance Statement demonstrates how the Commissioner has complied with the governance framework set out within The Code to meet each of the seven governance principles. The Annual Governance Statement is published alongside the Statement of Accounts and also incorporates an action plan of planned future improvements for governance arrangements.

The RAG ratings in the table below show where we were with the requirements for 2023/24.

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**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>A1: Behaving with Integrity and demonstrating strong commitment to ethical values.</b>				
	We ensure that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> <li>▪ Members of the Joint Ethics and Integrity Panel and the Joint Audit Committee all sign a Code of Conduct as part of their appointment and induction process.</li> <li>▪ The Fire and Rescue Service locally and nationally through the National Fire Chiefs' Council has adopted the Core Code of Ethics which consists of five ethical principles. The principles underpin our commitment to serving the communities of Cumbria.</li> <li>▪ The Fire &amp; Rescue Service regularly communicates the core code of ethics to all staff and expected behaviours.</li> </ul>		
	We take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority is compliant with the CIPFA Statement on the role of the Chief Financial Officer in Local Government. The Chief Finance Officer performs the duties of the S151 Officer, and it is their role to ensure the proper administration of the Authority's financial affairs. The Chief Finance Officer is a qualified accountant and is supported by a Finance Team that includes a number of professionally qualified finance officers.</li> </ul>		
	We lead by example and use standard operating principles or values as a framework for decision making and other actions.	<ul style="list-style-type: none"> <li>▪ CCFRA and CFRS have a robust decision-making process embedded within its Corporate Governance Framework. This framework includes the delegations of each key officer.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> <li>▪ In accordance with the CIPFA guidance, the Chief Finance Officer is a key member of the Fire &amp; Rescue Service Senior Leadership Team, helping to develop and implement strategy and to resource and deliver the Authority’s strategic objectives sustainably and in the public interest. They are also actively involved in all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the Fire &amp; Rescue Authority’s financial strategy. The Chief Finance Officer leads on the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</li> <li>▪ The Chief Executive of the OPFCC is the Monitoring Officer for the Fire &amp; Rescue Authority as set out in section 5 of the Local Government and Housing Act 1989, whose role is to advise on the rule of law and ensure decision-making is legally sound.</li> <li>▪ The Chief Fire Officer is the Head of Paid Service for the Fire &amp; Rescue Authority and is responsible for the coordination and discharge of the Fire &amp; Rescue Service staff.</li> <li>▪ The Ethics &amp; Integrity Panel carry out the role of a ‘standards committee’ across the Fire &amp; Rescue Service and act as a critical friend, providing advice and guidance to help the Fire &amp; Rescue Authority and Fire &amp; Rescue Service to maintain high standards of integrity and ethical working.</li> </ul>		
We demonstrate how we communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has introduced a new Workforce Complaints procedure, making it easier for staff to raise issues and have access to welfare officers who can support them. The Service has also updated its Whistleblowing Policy. CCFRA</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>on a regular basis to ensure that they are operating effectively</p>	<p>reports on the effectiveness of these arrangements on an annual basis to the Joint Audit Committee. The Service has an Anti-Money Laundering Policy and Guidance document, also Anti-Fraud and Corruption arrangements, which includes mechanisms for confidential reporting and whistleblowing. These arrangements are reported to the Joint Audit Committee on a bi-annual basis. CFRS website has information on how members of the public can make complaints regarding different staff, officers, members and volunteers.</p> <ul style="list-style-type: none"> <li>▪ In 2022, HMICFRS conducted its second assessment of Cumbria Fire &amp; Rescue Service. The assessment examined how effective and efficient the Service is and how well it looks after its people. The inspectors rated the Service as 'requires improvement' overall for looking after its people. Throughout 2023/2024, the Service has worked hard to reinforce those areas it was found to be good in and has worked towards an improvement plan to address those areas it was not. This is being monitored through internal governance arrangements, both within the Service and the Fire &amp; Rescue Authority.</li> <li>▪ In Autumn 2023, HMICFRS undertook a thematic inspection of the handling of misconduct in fire and rescue services. The inspection was undertaken across a number of Fire &amp; Rescue Services and a generic report was published on 1<sup>st</sup> August 2024. The report details 15 recommendations for services to adopt. Cumbria Fire &amp; Rescue Service has carried out an initial gap analysis of their processes and approach against the recommendations. This is being monitored through an internal governance board chaired by the Police, Fire &amp; Crime Commissioner.</li> </ul>		



Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>A2: Demonstrating strong commitment to ethical values</b>				
Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	<ul style="list-style-type: none"> <li>▪ The Ethics and Integrity Panel provides advice and guidance to help the Fire &amp; Rescue Authority and Fire &amp; Rescue Service to maintain high standards of integrity and ethical working. During 2023/24 the Panel have carried out dip sample processes and thematic inspections across different areas of business within fire including, adherence with public complaints, fire misconduct and staff misconduct cases, grievances, civil claims, DBS checks and recruitment processes, all of which were found to support high standards of ethics and integrity.</li> <li>▪ The Ethics and Integrity Panel continues to monitor and reports on some specific areas of activity, such as complaint handling and misconduct cases, in relation to ethical issues.</li> </ul>			
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has invested in Leadership Training across all levels of management in the Service, which specifically included the core code of ethics. Watch visits have also been undertaken, providing an opportunity to make sure values and behaviours are understood and demonstrated by all staff.</li> <li>▪ The Service also regularly communicates the core code of ethics to all staff, along with expected behaviours.</li> <li>▪ The Service has developed and issued a ‘how to complain’ poster to all stations, advertising a Crimestoppers anonymous line available to raise complaints. This reporting line has been introduced to give staff the confidence to report issues if there are other reasons making them feel reluctant to do so.</li> </ul>			
Developing and maintaining robust	<ul style="list-style-type: none"> <li>▪ When the Service was part of Cumbria County Council, it did not</li> </ul>			

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	policies and procedures which place emphasis on agreed ethical values	<p>have fire specific policies and procedures meaning a number of opportunities were missed to ensure that staff were working within a policy framework specifically focussed on fire. The change in Governance has meant during the last year, the Service has undertaken an extensive review of its policies and procedures ensuring they are fit for purpose and place emphasis on the core code of conduct and ethical values important to the Service.</p> <ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has a sustainable Procurement and Commissioning Strategy which provides a framework that ensures the Service obtains optimum value for money in all of its procurement and commissioning activity that supports the principles and priorities of sustainable development.</li> </ul>		
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	<ul style="list-style-type: none"> <li>▪ The new Procurement Act 2023 will change the way public procurement is regulated in the UK. The Act is due to go live in February 2024. The Fire &amp; Rescue Authority will review its policies and procedures to align with the requirements of the Act.</li> <li>▪ Work is progressing to a shared Procurement function with Cumbria Constabulary that will look to enable joint contractual arrangements between Policing and Fire to improve efficiencies. This will ensure that all contractors are appropriately vetted to the standard required by Policing.</li> </ul>		
<b>A3</b>	<b>Respecting the rule of law</b>			
	We ensure staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a Service Level Agreement with both unitary councils to deliver legal support to the Fire Authority</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
regulations		<p>and Fire &amp; Rescue Service on all legal matters.</p> <ul style="list-style-type: none"> <li>▪ The Chief Executive of the OPFCC is the Monitoring Officer for the Fire &amp; Rescue Authority and has specific legal requirements in legislation for ensuring legality for investigating any suspected instances of failure to comply with these requirements and for reporting any such instances to the PFCC, JAC or the Police, Fire &amp; Crime Panel.</li> </ul>		
We create conditions to ensure that statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has a Corporate Governance Framework and Decision-Making processes. These both provide guidance on expected behaviours to ensure integrity, transparency and excellent standards of ethical behaviours in accordance with legislative and regulatory requirements. The Joint Audit Committee. Is responsible for reviewing these on an annual basis.</li> <li>▪ Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government is reported through the annual governance statement which accompanies the annual statement of accounts.</li> </ul>		
We strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholder		<ul style="list-style-type: none"> <li>▪ Legal advice is provided to the Fire &amp; Rescue Authority and the Fire &amp; Rescue Service by the unitary council's Legal Services Departments. If necessary, legal advice can be sought from other legal bodies.</li> <li>▪ Legal considerations are included in reports.</li> </ul>		
We deal with breaches of legal and regulatory provisions effectively.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service investigates all instances of Fraud, Corruption and Whistleblowing and the Chief Finance Officer, the PFCC and the Monitoring Officer have specific responsibilities for ensuring both organisations comply</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>effectively with legal and regulatory provisions.</p> <ul style="list-style-type: none"> <li>▪ Policies are in place for Anti-Fraud &amp; Corruption, and Anti-Money Laundering.</li> <li>▪ Mechanisms exist to ensure that the Fire &amp; Rescue Service is compliant with Health and Safety Legislation. The Service has systems in place to support the reporting and investigations of all accidents and near misses. This helps in limiting potential for recurrence, learn from incidents and create a safer environment with a positive Health and Safety culture.</li> </ul>		
<p>We ensure corruption and misuse of power are dealt with effectively.</p>		<ul style="list-style-type: none"> <li>▪ Anti-Fraud &amp; Corruption arrangements were last reviewed in 2023/2024 and presented to the Joint Audit Committee who concluded that the arrangements were effective.</li> <li>▪ The Fire &amp; Rescue Service provides annual reports to the Committee on the effectiveness of the arrangements.</li> </ul>		

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>B1</b>	<b>Openness</b>			
<p>We ensure there is an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service produces an Annual Report detailing what it has delivered and achieved in the previous 12 months.</li> <li>▪ An Annual Statement of Assurance is also prepared, agreed and published.</li> <li>▪ The Service has an established process for receiving and responding to Freedom of Information Requests, Environmental Information Requests and Subject Access Requests in line with specified timescales.</li> <li>▪ The OPFCC and Fire &amp; Rescue Service websites are used to publish a wide range of policy and information about the Service, making this easily accessible to the public.</li> <li>▪ The PFCC chairs a Public Accountability Conference every quarter whereby he holds the Chief Fire Officer and their Chief Officer Team to account. These meetings are open to the public. All agendas and presentations are available on the OPFCC website. The minutes of the meeting are also published to transparently demonstrate the PFCC holding the Chief Fire Officer to account in line with the PFCC's statutory role.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority and Fire &amp; Rescue Service has a robust decision-making policy. Decisions made by the PFCC are published on the OPFCC website.</li> <li>▪ To promote openness and transparency, all Public Accountability Conferences are open to members of the press and public to attend, with all minutes arising from them being published subsequently.</li> </ul>		
	<p>We provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders.</p>	<ul style="list-style-type: none"> <li>▪ A decision template has been developed for the Fire &amp; Rescue Authority and the Fire &amp; Rescue Service to use. There is a requirement to include all information, rationales, risks and legal issues and the scheme of delegation highlights the required sign-off.</li> <li>▪ Minutes from meetings illustrate discussions and rationales for decisions made.</li> <li>▪ There are agreed timescales for the publication of information (including minutes and decisions).</li> </ul>		
	<p>We use formal and informal consultation and engagement to determine the most appropriate and effective interventions or courses of action.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a Communication and Engagement Strategy</li> <li>▪ During 2023, the Fire &amp; Rescue Authority and Fire &amp; Rescue Service consulted with the public on the priorities in the Fire &amp; Rescue Plan and Community Risk Management Plan (CRMP). Consultation included both staff and public. The results of the consultation were reported to the Police, Fire &amp; Crime Panel to aid their decision when approving the Plan.</li> <li>▪ Where required, we consult on any new proposals as a result of action within the CRMP. Mechanisms also exist for risk to be</li> </ul>	<p>Work to be carried out on the development of a Communication and Engagement Strategy during 2024/2025.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>raised with the Service through a number of channels.</p> <ul style="list-style-type: none"> <li>▪ The PFCC also undertook public consultation to inform the setting of the Fire &amp; Rescue Service percept for 2023/2024.</li> <li>▪ The Fire &amp; Rescue Service engages with various groups, organisations, and people throughout the year, organises community engagement events providing updates on the work of the Service. This also enables the public to ask the Service questions and provide feedback.</li> </ul>		
<b>B2</b>	<b>Engaging comprehensively with institutional stakeholders</b>			
Effectively engage with stakeholders to develop formal and informal partnerships to allow recourses to be used efficiently		<ul style="list-style-type: none"> <li>▪ The Commissioner in his capacity as the Fire Authority is actively engaged with a wide range of bodies to encourage a multi-agency approach to matters within his remit. For example, he chairs Safer Cumbria (a strategic board) that has responsibility for delivery of the Serious Violence Duty. The Fire &amp; Rescue Service is a statutory partner of Safer Cumbria and recognises its wider responsibilities to help reduce serious violence.</li> </ul>		
We develop formal and informal partnerships to allow for resources to be used efficiently and outcomes achieved more effectively.		<ul style="list-style-type: none"> <li>▪ Working in partnership with others is one of the key parts of the Authority's ethos. For example, the Commissioner chairs a Blue Light Collaboration board which has brought together the police and fire estates function into a single shared service.</li> <li>▪ The Fire &amp; Rescue Service works closely with a wide range of partners; local authorities, NHS, policing, third sector</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>organisations, etc. to deliver interventions on a number of areas such as Water Safety, Road Traffic Collisions (RTCS), Safeguarding and Modern Slavery.</p> <ul style="list-style-type: none"> <li>▪ Over the last twelve months, the Fire &amp; Rescue Service has worked with Cumbria Constabulary through the Cumbria Road Safety Partnership to ensure activity is targeted effectively and efficiently.</li> <li>▪ Cumbria Constabulary has introduced ‘Right Care, Right Person’ where a large number of incidents that they previously dealt with, are now picked up by a range of partner agencies, including the Fire &amp; Rescue Service. The Service has worked with the Constabulary to ensure consistency in approach to providing the right care to the right person.</li> </ul>		
We ensure that partnerships are based on trust, shared commitment to change, a culture that promotes and accepts challenge and the added value of partnership working is explicit.		<ul style="list-style-type: none"> <li>• Partnerships we engage with are regularly reviewed. Our core code of ethics ensures that we engage with partnerships in good faith, ready to work with partners to deliver for the people of Cumbria.</li> </ul>		
<b>B3</b>	<b>Engaging stakeholders effectively including citizens and service users</b>			
We are clear on the types of issues we will consult with or involve stakeholders or service users to ensure service provision is contributing towards the achievement of intended outcomes.		<ul style="list-style-type: none"> <li>▪ The PFCC leads the Safer Cumbria partnership which provides strategic input into key strategies and plans that support the joint delivery of priority outcomes critical to Cumbria.</li> <li>▪ During 2023/2024 engagement included visits to several Fire Stations and attendance at On-Call Appreciation events.</li> <li>▪ The Fire &amp; Rescue Authority launched public consultation on the proposal to increase the fire part of the council tax precept for 2024/2025 by 3p a week for a Band A property. 74% of the</li> </ul>		



Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>respondents (125) agreed with raising council tax.</p> <ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority logs all quality-of-service issues that are raised with the Commissioner, these are tracked and escalated with the Chief Fire Officer where appropriate.</li> </ul>		
<p>We ensure that communication methods are effective and that we are clear about our roles with regard to community engagement.</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a Communication and Engagement Strategy. The Service regularly works with the PFCCs Office to ensure its engagement is fit for purpose.</li> <li>▪ For large engagement such as the CRMP, the Service regularly reviews who and how it will consult with the public and partners.</li> </ul>		
<p>We collect and evaluate the views and experiences of communities, service users and organisations</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority logs all quality-of-service issues that are raised with the Commissioner, these are tracked and escalated with the Chief Fire Officer where appropriate. Quality of Service Issues raised with the Chief Fire Officer are addressed within Service.</li> <li>▪ The CRMP reflects the Service’s risk profile and considers key areas of risk and demand across the County. This process enables the Service to be clear about the levels of risk that exist, influencing prevention, protection and response arrangements. In 2023, CFRS went through a comprehensive process to develop a CRMP to covers the years 2024-2028. This process involved the creation of a comprehensive Risk Based Evidence Profile using the latest available data and a comprehensive engagement programme.</li> </ul>		
<p>We implement effective feedback mechanisms to demonstrate how views</p>		<ul style="list-style-type: none"> <li>▪ All correspondence sent to the Fire &amp; Rescue Authority receives</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>have been taken into account, whilst balancing competing demands.</p>	<p>an individual and tailored response.</p> <ul style="list-style-type: none"> <li>▪ Regular feedback is provided to staff and the Rep bodies in the course of Service delivery.</li> </ul>		
	<p>We take into account the interests of future generations of taxpayers and service users.</p>	<ul style="list-style-type: none"> <li>▪ A 5-year Medium Term Financial Forecast is produced along with a longer-term Capital investment strategy to account for and consider future events that would impact on taxpayers and service users.</li> <li>▪ Budget consultation is undertaken annually and is open to all interested parties to respond to.</li> <li>▪ The Fire &amp; Rescue Authority holds the Chief Fire Officer to account through its internal governance boards and Public Accountability Conferences to ensure value for money from service provision.</li> </ul>		

**Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>C1</b>	<b>Defining outcomes</b>			
<p>We have a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions</p>		<ul style="list-style-type: none"> <li>▪ A Fire &amp; Rescue Plan, drawing on the results of public consultation and a strategic analysis of the community safety trends, emerging issues and partner agency feedback, is prepared for each Commissioner’s term of office. This document underpins the overarching ambitions for the Fire &amp; Rescue Authority which is supported by the Fire &amp; Rescue Service CRMP. The CRMP explains the approach the Service will take to support the Plan and sets out the planned activity to deliver and achieve the intended outcomes.</li> <li>▪ The OPFCC is an established office that works beyond governance and scrutiny to ensure that there is a longer-term strategic direction around all aspects of fire and community safety and that when put into practical terms enables or influences delivery against the priorities.</li> <li>▪ Performance indicators are agreed and reported to the PFCC, the Fire Senior Leadership Team and the public, showing how effectively the priorities are being delivered.</li> <li>▪ A new CRMP was published in 2024 and takes into consideration feedback from the public.</li> <li>▪ A new Police, Fire and Crime Plan will be launched in 2024/2025, detailing the new Commissioner’s priorities for his term in office.</li> </ul>	<p>A new Police, Fire &amp; Crime Plan has been developed following the new Commissioner taking up his role in May 2024.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	<ul style="list-style-type: none"> <li>▪ CFRS publishes its CRMP to show direction of travel over the next four years.</li> <li>▪ The Fire &amp; Rescue Service responds to all FOIs that it receives and has a publication scheme.</li> <li>▪ The Fire &amp; Rescue Authority publishes its Fire &amp; Rescue Plan with an annual report identifying achievements throughout the year.</li> </ul>		
	<p>We deliver defined outcomes on a sustainable basis within the resources that will be available</p>	<ul style="list-style-type: none"> <li>▪ Public Accountability Conferences support the Fire &amp; Rescue Authority to monitor performance and budget progression. During 2023/2024 thematic reports presented at the meetings provided assurance on how the Fire &amp; Rescue Service responds to its demand across Cumbria, delivery against HMICFRS recommendations and health and safety in the workplace. In addition, reports were also received covering financial monitoring, and fire and community safety data.</li> <li>▪ An internal Fire Executive Board helps to drive and monitor the efficiency and effectiveness of the Fire &amp; Rescue Authority and Fire &amp; Rescue Service. It is the forum whereby the Commissioner can maintain oversight of the totality of the fire and rescue service in Cumbria. It enables senior officers from the Fire &amp; Rescue Authority and the Service to work together to review key issues/challenges affecting service delivery, and identify solutions, including how resources can be used.</li> <li>▪ A Medium-Term financial Plan (MTFP) is produced annually, reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>any funding shortfalls to ensure sustainability. The MTFP is supplemented by a Capital Strategy and Reserves Strategy.</p> <ul style="list-style-type: none"> <li>▪ The 2023/2024 budget, council tax levels and MTFP, alongside the Capital, Reserves and Treasury Management Strategies were considered by the PFCC in proposing and setting the level of fire precept.</li> <li>▪ During 2023/2024, the Police, Fire and Crime Panel has continued to facilitate effective scrutiny of the Fire &amp; Rescue Service budget.</li> <li>▪ His Majesty’s Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) Inspections further supports the Fire &amp; Rescue Authority in identifying areas that are working well and those that would benefit from improvement. This supports the Authority in holding the Chief Fire Officer to account for performance of the service. All reports are publicly available.</li> <li>▪ Regular news and social media posts published by both the Fire &amp; Rescue Authority and Service inform communities of how effectively the Service is performing.</li> </ul>		
We identify and manage risks to the achievement of outcomes.		<ul style="list-style-type: none"> <li>▪ Performance is reported through quarterly Public Accountability Conferences and regularly via the Fire Executive Board and Fire Senior Leadership Team.</li> <li>▪ The Fire &amp; Rescue Authority and the Fire &amp; Rescue Service undertake a continuous review of its risk management responsibilities by ensuring that it maintains an up-to-date Operational Risk Register and Strategic Risk Register. This is reported quarterly via the Fire Executive Board.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>C2</b>	<b>Sustainable economic, social and environmental benefits</b>			
<p>We consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking service provision decisions</p>	<ul style="list-style-type: none"> <li>▪ A Capital Investment Strategy is in place, focused on future use, with links to the Medium-Term Financial Forecast and compliant with the Prudential Code. This has been revised to ensure compliance with the new requirements linking capital investment decisions with the Prudential Code and Treasury Management investment decisions.</li> <li>▪ Equality Impact Assessments are carried out on policies and procedures. This assesses the impact of any changes that may affect staff, stakeholders and the public.</li> <li>▪ Risk management processes are in place and reviewed regularly.</li> <li>▪ The Section 151 officer sits at the Senior Leadership Team and is involved in all formal decision-making processes for expenditure, including those that relate to any changes to programmes, policies and procedures. This helps to ensure value for money is achieved within a balanced and sustainable budget.</li> </ul>	<p>The Fire &amp; Rescue Service has implemented a timeline to review all policies and procedures, which transferred from the County Council when it dissolved. This will include a review of all supporting equality impact assessments.</p>		
<p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints</p>	<ul style="list-style-type: none"> <li>▪ The Corporate Governance Framework provides the basis for decision-making and set outs the key roles and responsibilities of statutory officers.</li> <li>▪ The Fire &amp; Rescue Authority publishes on the Commissioner’s website:                             <ul style="list-style-type: none"> <li>○ Committee/Panel agendas and reports</li> <li>○ Minutes of meetings</li> </ul> </li> </ul>			

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> <li>○ CCFRA decisions</li> <li>▪ Where necessary, advice is sought from Finance and Legal Services before any decision is made. All decision papers include a section where potential risk implications are identified, i.e., legal, human resource, equality, IT, etc.</li> <li>▪ The Fire &amp; Rescue Authority and Fire &amp; Rescue Service has introduced a process to allow all key decisions to be logged.</li> </ul>		
<p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority and Fire &amp; Rescue Service decisions are required to be on decision paper to ensure that all issues are identified, and risk assessed. All decision papers are submitted for consideration to either the OPFCC Executive Team or the Fire Senior Leadership Team.</li> </ul>		
<p>We ensure that there is fair access to services</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service resources are distributed so that it can respond in regard to risk and demand.</li> <li>▪ Access to Home Fire Safety Visits is risk based and prioritises high risk individuals.</li> <li>▪ Prevention material and awareness raising is delivered countywide based on need.</li> </ul>		

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>D1</b>	<b>Determining interventions</b>			
We ensure that decision makers receive objective and rigorous analysis, including achieved & intended outcomes and their associated risks.	<ul style="list-style-type: none"> <li>▪ The Corporate Governance Framework includes a decision-making framework which ensures that all decisions are supported by all the relevant information, including financial, legal and other appropriate professional advice. Decisions are formally recorded and published subject to confidentiality requirements. There are formal arrangements in place to monitor against outcomes associated with decision making, performance and financial management against the Fire &amp; Rescue Authority and Fire &amp; Rescue Service. Monitoring arrangements and their frequencies are contained within the Fire &amp; Rescue Authority Accountability Framework. This framework enables detailed scrutiny against agreed and expected outcomes and allows for robust challenge and necessary intervention by the PFCC if the actions are not delivering the expected outcome.</li> <li>▪ The creation of a new finance team and the introduction of a new finance system means that the Fire &amp; Rescue Authority and Fire &amp; Rescue Service benefits from a focussed and knowledgeable set up that facilitates informed decision making.</li> </ul>			



Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required to prioritise competing demands.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the priorities (mid-year review of MTFP will take into account any revisions to priorities).</li> <li>▪ There is an annual budget consultation involving the public, local businesses, and staff. Further stakeholder engagement with the public is achieved through social media messaging and promotion of specific consultations and surveys.</li> </ul>		
<p><b>D2: Planning interventions</b></p>				
	<p>We establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. Ensuring that they are flexible and agile to adapt delivery outputs and changing circumstances.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority administers an internal Executive Board for Fire which is chaired by the Commissioner to make decisions.</li> <li>▪ The Fire &amp; Rescue Service has in place a board structure that ensures the Services delivered across Cumbria are fit for purpose.</li> <li>▪ The Fire &amp; Rescue Service have robust business continuity plans in place. The Service's approach to business continuity includes regular testing of its plans, both in isolation and with partners, thus ensuring resilience. If the Service does come under pressure, there is a degradation plan in place that allows for the prioritisation of resources to protect the most vulnerable. This is also tested regularly.</li> </ul>		
	<p>We engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p>	<ul style="list-style-type: none"> <li>▪ During the last year, the Fire &amp; Rescue Authority and Fire &amp; Rescue Service have continued to build on existing collaboration and partnerships to address priorities in the Fire &amp; Rescue Plan. Projects have included:</li> </ul>	<p>During 2024/2025, the Service Level Agreements with the unitary authority have been reviewed to drive further efficiencies and</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<ul style="list-style-type: none"> <li>▪ Working closely with the new Community Safety Partnerships in each of the Local Authority areas.</li> <li>▪ Formed a Blue Light Transformation Board to explore collaboration opportunities between fire and policing. This has resulted in the appointment of a new Joint Head of Estates which has led to improved joint working between the Fire &amp; Rescue Service, Cumbria Constabulary and the OPFCC.</li> <li>▪ We have recently taken the lead in the Water Safety Partnership and Road Traffic Collision Partnership, ensuring activity is targeted and intelligence led. These are both excellent examples of how the Service can add real value and support the communities we serve.</li> <li>▪ In the last 12 months, the Fire &amp; Rescue Service has carried out 140 exercises with a variety of partners including the Local Resilience Forum, Sellafield, NWAS, Mountain Rescue and the Coastguard. Exercising plays a vital role in maintaining the skills of our crews and prepares them to work with partnership agencies in the event of any major incident. This also enables all partnerships to assess and advise on any improvements to operational delivery where necessary.</li> <li>▪ One of the legacies of the Local Government Reform process was the Fire &amp; Rescue Service currently has several Service Level Agreements with the unitary authorities. The Fire &amp; Rescue Service is working diligently to review these to drive efficiencies and ensure that any future delivery arrangements meet the needs of the Service.</li> </ul>	<p>ensure any future arrangements meet the requirements of the Service.</p>	
<p>We consider and monitor risks facing each partner when working collaboratively including shared risks.</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service identifies risks with both unitary authorities, through contract management of the Service Level Agreements and project management processes. There is an escalation process to the operational and strategic risks registers</li> </ul>	<p>Appropriate mechanisms will need to be agreed with the OPFCC and Constabulary to identify and</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>which are monitored by the Fire Executive Board and Senior Leadership Team.</p>	<p>monitor risks of any new collaboration arrangements as and when they are implemented.</p>	
<p>We have established performance indicators to identify how the performance of services and projects is to be measured.</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has established an internal governance board to help drive and monitor the efficiency and effectiveness of the Fire Service. It is the forum whereby the Fire &amp; Rescue Authority can maintain oversight of the totality of fire across Cumbria. Performance against budgets is monitored, which examines the progress against planned activity and spend against sets budgets. A quarterly performance report against a suite a key performance indicators is also provided highlighting any current issues or emerging trends.</li> <li>▪ During the course of 2023/24, the Fire &amp; Rescue Authority held the <u>Chief Fire Officer to account through Public Accountability Conferences</u>. Through this forum, the Fire &amp; Rescue Authority received assurance from the Fire Service across several areas of performance. In the February meeting, the Fire &amp; Rescue Authority approved the budget for Cumbria Fire &amp; Rescue Service.</li> <li>▪ The Commissioner in his capacity as the Fire Authority holds regular one-to-one meetings with the Chief Fire Officer. These internal meetings allow the Commissioner and the Chief Fire Officer to discuss strategic and financial issues, national considerations, HMICFRS and anything else that is relevant to the successful delivery of the fire service in Cumbria. This forum allows for full and frank conversations in a confidential environment.</li> <li>▪ The Fire &amp; Rescue Service carried out a review of its key</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>performance indicators to ensure they were relevant and measurable. Performance is discussed monthly at a number of boards across the Service, and any exceptions raised through the Fire &amp; Rescue Authority Accountability Framework</p>		
<p>We inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p>		<ul style="list-style-type: none"> <li>▪ There is a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the priorities (annual review of MTFP will take into account any revised corporate priorities).</li> <li>▪ There is an annual budget consultation involving the public, local businesses, and staff. Further stakeholder engagement with the public is achieved through social media messaging and promotion of specific consultations and surveys.</li> <li>▪ The budget for 2023/2024 has been balanced, however savings will be required from 2025/2026 onwards.</li> <li>▪ Against this background, modelling of a range of financial scenarios through the Medium-Term Financial Planning process, undertaken by the Fire &amp; Rescue Authority, have continued to inform wider business planning and develop savings proposals, as a means of balancing the budget over the medium term.</li> </ul>		
<p><b>D3</b></p>	<p><b>Optimising Achievement of Intended Outcomes</b></p>			
<p>We ensure that the services we commission achieve social value</p>		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a Sustainable Procurement and Commissioning Strategy.</li> <li>▪ A shared procurement function is in development with Cumbria Constabulary which will take on the approach to social value for Fire as it has done for Policing.</li> </ul>	<p>The Fire &amp; Rescue Service needs to ensure, through appropriate representation, that any regional or national frameworks achieve social value.</p>	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is <i>“the additional benefit to the community .....over and above the direct purchasing of goods, services and outcomes”</i>.</p>	<ul style="list-style-type: none"> <li>▪ The Sustainable Procurement and Commissioning Strategy ensures best value is achieved. This strategy is supported by the financial regulations and contract standing orders embed within the Corporate Governance Framework.</li> </ul>	<p>The Fire &amp; Rescue Service, in collaboration with the Fire &amp; Rescue Authority, should put in place a mechanism for monitoring social value benefits as part of contract monitoring.</p>	
	<p>We ensure the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has a Medium-Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to organisational priorities. The budget is prepared on zero-based budget principles.</li> <li>▪ The MTFP is reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address any funding shortfalls to ensure sustainability. This is reported to the Fire Executive Board. The MTFP is supplemented by a Capital Strategy and Reserves Strategy.</li> </ul>		

**Core Principle E: Develop the capacity and capability of CCFRA / CFRS Staff to be effective and to deliver services effectively**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>E1: Developing CCFRA / CFRS capacity</b>				
	<p>We review our operations, performance and use of assets on a regular basis to ensure their continued effectiveness.</p>	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service carries out a wide range of assurance functions that ensure we can review our performance and improve where possible. A key part of the Service’s assurance includes Operational Assurance, Debriefs and Exercising. Another key area of focus is to ensure that we work effectively with our multi-agency partners under the Joint Emergency Service Interoperability Principles (JESIP). This approach is reinforced through the service using learning from inquests to inform policy, procedural reviews and to advise on any improvement to operational equipment where necessary. Operational Assurance is used to promote workforce learning by identifying examples of good practice and where improvements can be made in the delivery of the Service. This is captured through the Incident Monitoring processes. This work not only supports local learning but includes reporting through the national sector learning portals; Joint Organisational Learning (JOL) and the National Operational Learning (NOL).</li> <li>▪ Financial performance is regularly reported to the Fire Executive Board and is aligned with the budget planning process. In addition, the Police, Fire and Crime Panel continues to facilitate effective scrutiny of the Fire &amp; Rescue</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		Service budget at its quarterly meeting.		
We recognise the benefits of partnership and collaborative working where added value can be achieved.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service does not operate in isolation. It has in place Section 13/16 arrangements with our five neighbouring services that allow for mutual aid to be received and delivered. It also has access to a range of national assets if needed to resolve incidents.</li> <li>▪ The Service works with other Northwest Services to share risk information on a regular basis and one of the areas where it is currently collaborating on is the impact of contaminants.</li> </ul>	The Fire & Rescue Authority has established an Executive Board – Working Together to explore further collaboration opportunities between fire and policing.	
We develop and maintain an effective workforce plan to enhance the strategic allocation of resources.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a three-year Learning &amp; Development Plan (2024-2027). The Workforce Development Group meets monthly to address needs in vacancies, recruitment, skills, development and succession planning.</li> </ul>	Ensure a detailed Workforce Development Plan properly aligns to the Medium-Term Financial Plan.	
<b>E2</b>	<b>Developing the capability of CCFRA/ CFRS leadership</b>			
We develop the capabilities of senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service is a learning organisation and takes every opportunity to allow staff to develop. To that end a comprehensive 360-degree process has been introduced. All senior leaders have undergone this process and taken onboard the feedback. The Chief Finance Officer continues to receive support from the Police and Crime Commissioner’s Treasurer’s Society (PaCCTS) and the associated technical information service.</li> <li>▪ The Chief Finance Officer is also a member of the NFCC Fire Finance Network for all aspects affecting the Fire</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		sector. <ul style="list-style-type: none"> <li>▪ A number of senior managers have completed the Executive Leadership Programme (ELP).</li> </ul>		
	We ensure the Commissioner and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of Commissioner’s objectives	<ul style="list-style-type: none"> <li>▪ The roles and responsibilities of the PFCC and his Executive Team are set out in the Corporate Governance Framework.</li> </ul>		
<b>E3</b>	<b>Developing the capability of staff within CCFRA/CFRS</b>			
	We develop the capability of staff within the Fire & Rescue Authority and Fire & Rescue Service	<ul style="list-style-type: none"> <li>▪ The Workforce Development Group allows the Service to have informed discussions about the workforce and the training it needs to develop. The group also supports the identification and encouragement of talent, helping individuals to put their skills to best use by the Service.</li> <li>• The Fire &amp; Rescue Service has also reviewed its promotion processes to ensure the right people with the right skills are promoted.</li> </ul>		
	We hold staff to account through regular performance reviews which take into account training or development needs	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has an appraisal process that reviews performance and considers the training needs and career aspirations of staff.</li> </ul>		
	We ensure that there are arrangements to maintain the health and wellbeing of the workforce, both physical and mental wellbeing.	<ul style="list-style-type: none"> <li>▪ The Service consults its employees on matters affecting health and safety, providing information instruction and training to all employees. In addition, the service has systems in place to support the reporting and investigation</li> </ul>		



Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>of all accidents and near misses. This helps in limiting the potential for recurrence, learning from incidents and creation of a safer environment with a positive health and safety culture.</p> <ul style="list-style-type: none"> <li>▪ The Service works with its Human Resources Team and the Occupational Health Team to promote and support the wellbeing of staff. The Service has a programme of health and wellbeing campaigns and has developed a cohort of mental health trainers and first aiders, thereby providing all staff with access to support for physical and mental wellbeing.</li> </ul>		
<b>E4</b>	<b>Developing the capability of members and volunteers appointed by the OPFCC</b>			
<p>We develop the capability of appointed members and volunteers to assist them in performing their roles.</p>		<ul style="list-style-type: none"> <li>▪ Development sessions for the Joint Audit Committee members were held over the year. A formal review of the Committee’s effectiveness was carried out and published as part of the meeting papers in September 2023.</li> <li>▪ 360-degree appraisals of senior officers were undertaken in June 2024.</li> <li>▪ Throughout the year the Ethics and Integrity Panel has carried out a diverse range of thematic sessions. Prior to each of these they are provided with information to assist them understand the business area and officers/staff at the session provide further information. The Panel membership has a diverse range of backgrounds, skills and knowledge which assists with the different business areas.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG

**Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>F1</b>	<b>Managing Risk</b>			
	We recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making.	<ul style="list-style-type: none"> <li>▪ The OPFCC has a Risk Management Strategy which is reviewed on a three-year cyclical basis and was last reviewed in 2023. This was presented to the Joint Audit Committee in November 2023 who gave their approval.</li> <li>▪ The Fire &amp; Rescue Service also has a risk management policy.</li> <li>▪ The Fire Executive Board receives quarterly risk updates from both the Fire &amp; Rescue Authority and Service, ensuring the PFCC is fully sighted. This provides organisational assurance that the Authority and Service’s current risk exposure is being managed and suitable controls and mitigations are in place.</li> </ul>		
	We implement robust and integrated risk management arrangements ensuring that they are work effectively.	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority Strategic and Operational risks are reviewed by staff on a quarterly basis. Each risk is scored based on probability and level of impact, and the outcome is rated using a Red, Amber or Green (RAG</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>status). Updates are then reported to the Executive Team Gold for oversight and scrutiny at the Fire Executive Board.</p> <ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority’s strategic risk management arrangements are reported to the Joint Audit Committee on a six-monthly basis.</li> <li>▪ The Fire &amp; Rescue Service strategic risks are reviewed by staff on a regular basis. Updates are then reported to the Fire Senior Leadership Team for oversight and scrutiny as well as the Fire Executive Board.</li> </ul>		
We ensure that responsibilities for managing individual risks are clearly allocated.		<ul style="list-style-type: none"> <li>▪ Each risk identified by the Fire &amp; Rescue Authority and the Service identify the risk holder and the overall risk manager for that area of business.</li> </ul>		
<b>F2</b>	<b>Managing Performance</b>			
We ensure we monitor service delivery effectively by securing reports (including financial information) on service delivery, plans and progress towards outcome achievement.		<ul style="list-style-type: none"> <li>▪ The Chief Fire Officer is held to account for delivery of fire objectives through Public Accountability Conferences (PACs). The dates for these meetings are agreed 12 months in advance.</li> <li>▪ During 2023/2024 thematic reports presented at the Public Accountability Conferences provided assurance on how the Fire Service’s responds to its demand across Cumbria, delivery against HMICFRS recommendations and health and safety in the workplace. In addition, reports were also received covering financial monitoring, and fire and community safety data.</li> <li>▪ At the Public Accountability Conference in February, the Fire</li> </ul>	The Public Accountability Conference arrangements will be reviewed to ensure they provide the Fire Authority with the right level of assurance and scrutiny on how well Fire is performing.	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>&amp; Rescue Authority approved the budget for fire.</p> <ul style="list-style-type: none"> <li>▪ Detailed financial reports are presented to, and scrutinised by, the Fire Executive Board. The reports include full details of performance against budget for the key reporting areas namely; revenue, capital, cash, reserves, and delivery of efficiencies and savings. Quarterly reports are also presented to and challenged by the Police, Fire and Crime Panel.</li> <li>▪ Performance reports are presented to the Fire Senior Leadership Team on a regular basis, performance information is available to all staff via a range of Power BI dashboards and exceptions are raised by the Head of Safety and Assurance where necessary.</li> <li>▪ Relevant HMICFRS inspections (local, regional and national) and other regulatory reports are reviewed and monitored through the Fire Executive Board.</li> <li>▪ The Commissioner, in his capacity as the Fire Authority holds regular one-to-one meetings with the Chief Fire Officer.</li> </ul>		
<b>F2</b>	<b>Robust Internal Control</b>			
We evaluate and monitor the Corporate Governance Framework, risk management arrangements and internal control on a regular basis		<ul style="list-style-type: none"> <li>▪ A full review of the Corporate Governance Framework was carried out in 2024 to harmonise the requirements between the Fire Authority, Constabulary and the OPFCC. This ensures commonality of requirements around governance and controls across the Commissioners portfolio.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	We ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> <li>▪ Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan.</li> </ul>		
	We ensure effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> <li>▪ Robust arrangements for Anti-Fraud and Corruption are in place. These were presented to the Joint Audit Committee in November 2023 and approved.</li> <li>▪ The Fire &amp; Rescue Authority provides an annual report to the Joint Audit Committee on the effectiveness of these arrangements.</li> </ul>		
<b>F3</b>	<b>Managing Data</b>			
	We ensure there are effective arrangements for the safe collection, storage, use and sharing of data.	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a Data Protection policy and guidance to support staff in receipting, storing and deleting data as appropriate.</li> <li>▪ The Service also has an Information Governance Officer and a range of policies to ensure that data is shared, stored and managed in line with its requirements.</li> </ul>		
	Where information is shared with other organisations we ensure there are effective arrangements for data sharing in place.	<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Service has a number of information sharing agreements with partner agencies.</li> <li>▪ Members of the Ethics and Integrity Panel and our volunteers all sign confidentiality agreements to cover any information they are made aware of as part of their respective roles.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>F4</b>	<b>Strong Public Financial Management</b>			
Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.		<ul style="list-style-type: none"> <li>▪ The Fire &amp; Rescue Authority has a duty to comply with the key principles contained within the revised CIPFA statement of the 'Role of the Chief Financial Officer in Local Government' and the CCFRA continues to comply with 5 key principles of the CIPFA statement.</li> <li>▪ The CFRS Chief Finance Officer (S151 Officer) is a qualified accountant and is a key member of the CFRS Senior Leadership Team and as such, has direct access to the Chief Fire Officer. The Chief Finance Officer is supported by a capable and resourced finance team in the Fire &amp; Rescue Service, who support the proper administration of the financial affairs, including leading the promotion and delivery of good financial management to safeguard public money at all times; to ensure the effective, efficient and economic use of resources; and to ensure that the short and long term implications of all material business decisions are fully considered and aligned to the Medium Term Financial Plan.</li> <li>▪ The main controls for financial management are set out in the Corporate Governance Framework – these are the Budget and Policy Framework and the Financial Regulations. These cover the arrangements for Financial Management, Financial Planning, Risk Management and Control of Resources, Financial Systems and Procedures and External arrangements. The Fire &amp; Rescue Authority also complies with the Prudential Framework for Local Authority Finance.</li> </ul>		

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
	<p>We ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</p>	<ul style="list-style-type: none"> <li>▪ Financial implications and impact on service delivery is reported to Executive Team Gold, Fire Executive Board and Police, Fire and Crime Panel.</li> <li>▪ An Expenditure Management Group is held monthly with budget managers and looks at management accounts performance, forecast spend, capital and efficiencies.</li> <li>▪ Internal Audits undertaken in 2023/24 provided reasonable assurance.</li> </ul>		

UNAUDITED

**Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
<b>G1</b>	<b>Implementing good practice in transparency</b>			
We report at least annually on performance, value for money and the stewardship of its resources.		<ul style="list-style-type: none"> <li>Throughout the year the Fire &amp; Rescue Authority has published regular financial monitoring information in a short and succinct format that aims to increase the transparency and accessibility of financial information. The outturn reports were presented to Police, Fire and Crime Panel in September 2024</li> <li>An Annual Report is published in the autumn of each year.</li> </ul>	Annual Report has been developed and published in autumn 2024.	
We ensure robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)		<ul style="list-style-type: none"> <li>Annual governance statement prepared annually including opinion by internal audit service on controls in place.</li> <li>Annual Governance Statement presented to and approved by Joint Audit Committee, which includes (if necessary) an action plan to address any significant control weaknesses.</li> <li>Annual governance statement prepared annually including opinion by internal audit service on controls in place. Annual Governance Statement presented to and approved by the Joint Audit Committee. Formally signed off by the Commissioner, Chief Executive and S151 Officer</li> </ul>		
<b>G2</b>	<b>Implementing good practices in reporting</b>			
We provide assurance on the work carried out by CCFRA/CFRS.		<ul style="list-style-type: none"> <li>The Fire &amp; Rescue Authority will publish an Annual Report in autumn. The report will highlight key challenges and</li> </ul>		



Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		<p>achievements from the year and includes performance and financial information set out in a simple but informative way.</p> <ul style="list-style-type: none"> <li>▪ An updated Code of Corporate Governance has been prepared for 2023/2024 in line with the 2016 CIPFA/Solace Good Governance Framework for Local Government.</li> <li>▪ A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2023/24.</li> </ul>		
We report on our performance, value for money and stewardship of our resources.		<ul style="list-style-type: none"> <li>▪ CFRS activities, performance and achievements will be published in an Annual Report in the autumn.</li> <li>▪ The annual statement of accounts is presented to the Joint Audit Committee for scrutiny and is subsequently published on the OPFCC’s website.</li> </ul>	The Annual Report will be published in the autumn.	
<b>G3</b>	<b>Assurance and effective accountability</b>			
We ensure that recommendations for corrective action made by external audit are acted upon.		<ul style="list-style-type: none"> <li>▪ Recommendations made by both internal and external audit are monitored through Executive Board Fire and the Senior Leadership Team, and are scrutinised by the Joint Audit Committee.</li> </ul>		
We ensure an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.		<ul style="list-style-type: none"> <li>▪ A review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2023/24.</li> <li>▪ Implementation of recommendations arising from the</li> </ul>	Action plan has been put in place with internal audit provider to ensure performance and quality of internal audits are to the required standard. Confirmation of compliance with PSIAS has been received.	

Details	How We Meet these Principles	Evidence	Improvements/Updates	RAG
		internal audit plan, external audit reports and HMICFRS are monitored by the Joint Audit Committee.		

**Signed on behalf of Cumbria Commissioner Fire and Rescue Authority**

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David Allen  
 Cumbria Commissioner Fire and Rescue Authority  
 Police Fire and Crime Commissioner

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Steven Tickner  
 Chief Finance Officer of Cumbria Commissioner Fire and Rescue Authority

Date: 15 January 2025

**SECTION 7 - FINANCIAL ABBREVIATIONS USED IN THIS DOCUMENT**

<b>AGS</b>	<b>Annual Governance Statement</b>
<b>CAA</b>	<b>Capital Adjustment Account</b>
<b>CFR</b>	<b>Capital Financing Requirement</b>
<b>CIPFA</b>	<b>Chartered Institute of Public Finance and Accountancy</b>
<b>CIES</b>	<b>Comprehensive Income and Expenditure Statement</b>
<b>FRS</b>	<b>Financial Reporting Standards</b>
<b>IIA</b>	<b>Institute of Internal Auditors</b>
<b>IAS</b>	<b>International Accounting Standards</b>
<b>ISA</b>	<b>International Standards in Auditing</b>
<b>IFRS</b>	<b>International Financial Reporting Standards</b>
<b>LASAAC</b>	<b>Local Authority (Scotland) Accounts Advisory Committee</b>
<b>LGPS</b>	<b>Local Government Pension Scheme</b>
<b>MTFP</b>	<b>Medium Term Financial Plan</b>
<b>MRP</b>	<b>Minimum Revenue Provision</b>
<b>NNDR</b>	<b>National Non-Domestic Rates</b>
<b>PPE</b>	<b>Property, Plant and Equipment</b>
<b>PSIAS</b>	<b>Public Sector Internal Auditing Standards</b>
<b>RSG</b>	<b>Revenue Support Grant</b>
<b>SeRCOP</b>	<b>Service Reporting Code of Practice</b>
<b>VFM</b>	<b>Value of Money</b>