SOUTH YORKSHIRE FIRE & RESCUE

STATEMENT OF ACCOUNTS

2017/18

South Yorkshire
FIRE & RESCUE

STATEMENT OF ACCOUNTS 2017/18

CONTENTS

SECTION 1 - INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH YORKSHIRE FIRE & RESCUE AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of South Yorkshire Fire and Rescue Authority ('the Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the accounting policies in note one.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information in the Statement of Accounts

The Treasurer is responsible for the other information presented in the Statement of Accounts together with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements.

Treasurer's responsibilities

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, South Yorkshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether South Yorkshire Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether South Yorkshire Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the financial statements of South Yorkshire Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Clare Partridge
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

South Yorkshire Fire & Rescue Authority

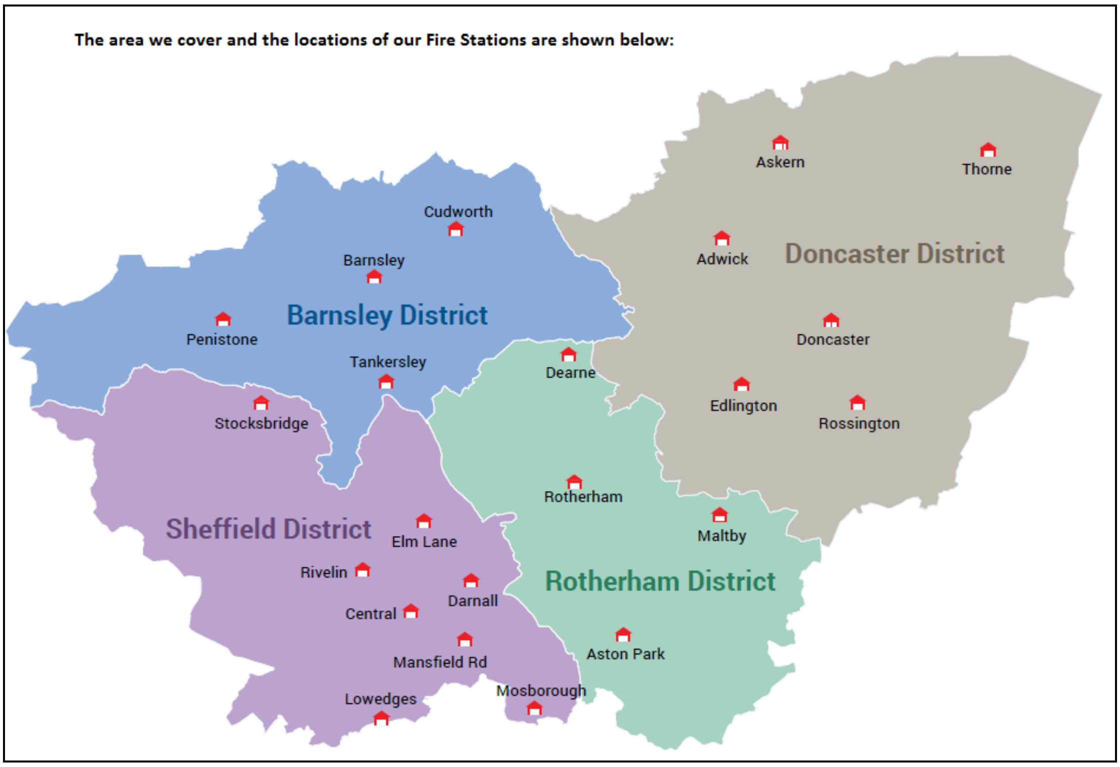
2017/18 Narrative Report

Introduction and Contents

This narrative report aims to outline the Authority's performance for the 2017/18 financial year in context with the financial information contained within this Statement of Accounts.

The report will cover:

Introducing South Yorkshire



Demographic Profile of South Yorkshire

South Yorkshire consists of four metropolitan boroughs- Barnsley, Doncaster, Rotherham and Sheffield. The county's current population is 1.374 million.

Not only is our population size increasing, but like many other parts of the country it is also ageing, with the proportion of people age 65 and over projected to increase from 22% in 2012 to 31% in 2037. The proportion of people over 75 years of age is predicted to increase by 101% over the same period.

South Yorkshire's population is dispersed over an area of 1,552 square kilometres. Our population density remains at 885 people per square kilometre compared with an average for England of 417 people per square kilometre.

South Yorkshire occupies a pivotal position as a national hub of activity. It has a unique geographic advantage which has a national hinge-point with its connections both east-west and north-south between the northern cities and the rest of the UK and internationally. With a population of over 1.3 million, South Yorkshire has great economic and social potential. It contains one airport, a network of motorways, many heritage sites and various major river systems.

We use information to identify the people, areas and groups that are more likely to be at risk from fire and other emergencies. This allows us to use our resources as effectively as possible to reduce risk in the community. In particular, we use data relating to deprivation, age and lifestyle to inform our decision making.

Almost two thirds of South Yorkshire are in the bottom half of the most deprived areas in England, according to the Index of Multiple Deprivation. There is a degree of uncertainty regarding future housing and commercial developments but it is thought that by 2026, at least 50,000 new homes will have been built in South Yorkshire.

Diversity is considered within our Diversity in the Community Handbook. Our Community Risk Profile explains how the risk of fire is different for different parts of South Yorkshire.

Key Facts

Sheffield (population 569,737) **Key Facts:** Area of 142 square miles M1 Motorway Fourth-largest city in England Major sporting venues including English Institute of Sport Major universities Meadowhall Shopping Centre For more details on Sheffield visit the Council website at: www.sheffield.gov.uk	**Doncaster** (population 304,813) **Key Facts:** Area of 219 square miles M18 Motorway and A1(M) Robin Hood Airport Frenchgate Shopping Centre Doncaster Racecourse The Dome Leisure Centre For more details on Doncaster visit the Council website at: www.doncaster.gov.uk
Rotherham (population 260,786) **Key Facts:** Area of 110 square miles M1 Motorway Parkgate Shopping Centre Magna Science Adventure For more details on Rotherham visit the Council website at: www.rotherham.gov.uk	**Barnsley** (population 239,319) **Key Facts:** Area of 127 square miles M1 Motorway, Dearne Valley Parkway (A630) Alhambra Shopping Centre Barnsley Civic Centre For more details on Barnsley visit the Council website at: www.barnsley.gov.uk

Introducing South Yorkshire Fire & Rescue Authority

Our Strategy

All fire and rescue authorities must provide a plan which sets out the steps they will take and resources they need to improve public safety, reduce fires and save lives. This is known as an Integrated Risk Management Plan (IRMP). Our latest plan, which covers the period 2017-20, was published in April 2017.

We have undertaken a process to consider the whole range of foreseeable fire and rescue related risks and developed this plan to explain how we plan to protect our communities and respond to emergency incidents. This document also serves as our corporate plan and sets our direction and priorities for the next three years, making it clear what we want to achieve between 2017 and 2020.

The issues and changes described in this plan have been considered alongside similar strategic plans produced by our partners including those of our local authority partners, public health agencies and the South Yorkshire Police and Crime Commissioner's Police and Crime Plan.

The period covered by this plan matches the period covered by our Efficiency Plan. Submitted to and approved by Government in 2016, our Efficiency Plan explains the steps we will take to meet requirements set by the Government to secure a three year, fixed funding settlement. It covers areas such as managing the availability of our resources to more flexibly meet our demand, greater use of retained firefighters, collaboration with other emergency services and the publication of information to make our work more transparent.

Our plans serve to reassure the public that we remain absolutely committed to providing our communities with a first-class Fire and Rescue Service. We will need to use the money available to us to target our resources in the areas of greatest risk and work hard to prevent emergencies from happening in the first place. We will continue to respond effectively to emergencies when we are needed.

OUR STRATEGIC & OPERATIONAL PLANS	http://www.syfire.gov.uk/performance/strategic-plans/

Our Vision

'Working for a Safer South Yorkshire'

Our Values

We have adopted a set of core organisational values depicted by the acronym **PRIDE**.

These complement our Priorities, shown in the hose reel diagram on the following page, and have been informed by consultation feedback and discussions with a variety of staff groups. The staff groups produced a list of suggestions, which were distilled down to just five, which we believe capture the essence of our values.

Our values are:

Professional
Reliable
Inclusive
Dedicated
Efficient

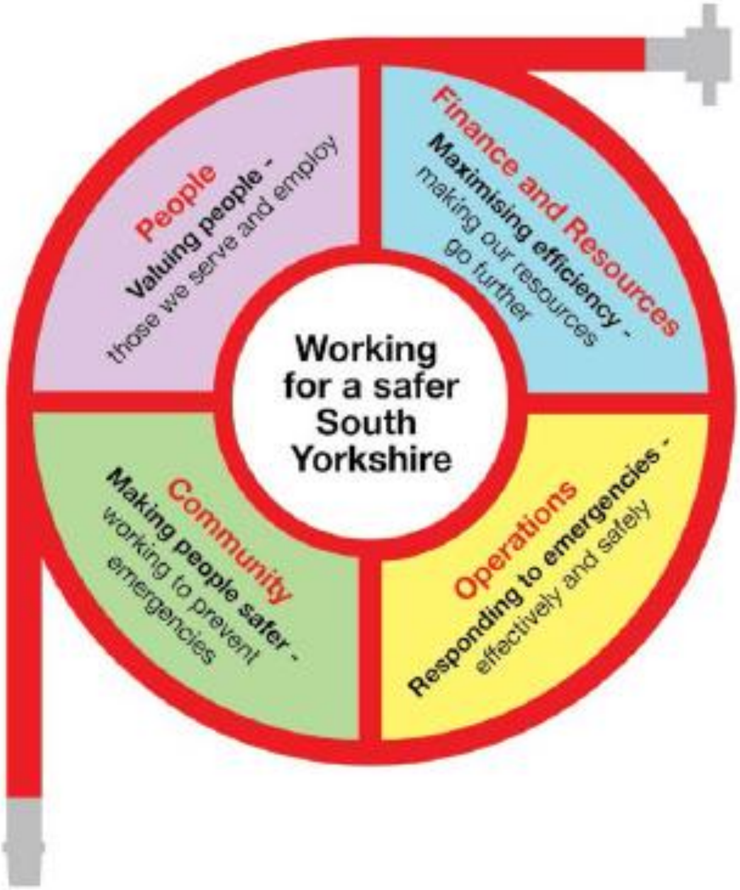
Our Priorities

Our priorities have been developed following consultation with staff and the public, along with input from officers and Elected Members.

These priorities form our Strategic and Operational Plan and provide the framework by which we manage the Service, through business planning, performance management, measurement of outcomes and evaluation.

Our priorities are widely publicised and regularly reinforced within the Service. This ensures that all members of staff are aware of them and are able to take individual responsibility for their own contribution to the range and quality of the services that we provide, regardless of the specific role that they perform.

The hose reel logo (below) shows our four priority areas:



Our 2017/18 Corporate Performance

2017/18 Revenue Budget Management Overview

Executive Overview:

The Authority budgeted for an increase in general reserves of £1.2M which consisted of a net budget of £48.4M and corporate funding of £49.6M.

Actual net expenditure for the year was £50.2M compared to corporate income received of £49.9M, which results in an overall reduction in reserves of £0.3M.

Earmarked reserves totalling £2.6M were utilised to fund schemes during 2017/18 and a further £0.2M has been earmarked for schemes set for completion in the 2018/19 financial year.

Individual quarterly revenue monitoring reports for 2017/18 can be accessed via the links below:

Period	Date Presented to Fire Authority	Fire Authority Reference	Link to Fire Authority Meeting
Quarter 1	24th July 2017	Item 14	Quarter 1 Outturn Report
July 2017	18th September 2017	Item 12	July Outturn Report
Quarter 2	27th November 2017	Item 13	Quarter 2 Outturn Report
Quarter 3	17th February 2018	Item 17	Quarter 3 Outturn Report
Final Accounts	25th June 2018	Item 21	Final Outturn Report

Net Revenue Expenditure 2017/18

The table below shows the financial performance of the Authority, displayed against the subjective income / expenditure headings.

Management Accounts	Actual Income / Expenditure
	£000s
Employee Costs	38,188
Premises Costs	3,004
Transport Costs	990
Supplies & Services Costs	4,346
Capital Financing Costs	4,255
Other Costs	743
Gross Expenditure	**51,526**
Income	(1,337)
Gross Income	**(1,337)**
Net Expenditure	**50,189**
Corporate Funding	**(49,867)**
Overall (Increase) / Decrease in Reserves	**322**

Corporate Funding

The South Yorkshire Fire & Rescue Authority received non-specific, corporate income totalling £49.9 Million in 2017/18. The table and the chart overleaf show the respective values and proportions.

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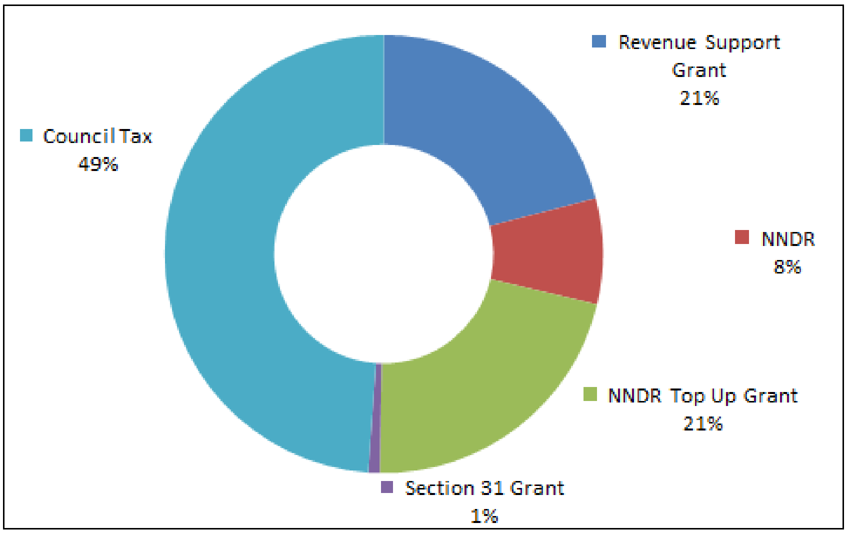
	£000s
Revenue Support Grant	10,422
NNDR	3,888
NNDR Top Up Grant	10,774
Section 31 Grant	418
Council Tax	24,365
Total	**49,867**



Reserves Analysis

The table below shows the movement on the General Fund Reserves in the 2017/18 financial year:

General Fund Reserves:	£000s	
Balance Brought Forward as at 1st April 2017	**3,781**	
2017/18 Actual Net Revenue Expenditure	(50,189)	
2017/18 Corporate Funding	49,867	
Reprioritisation of Reserves	220	
2017/18 Net Use of Reserves	2,438	
Balance Carried Forward as at 31st March 2018	**6,117**	Note 7

The table below shows the movement on the Earmarked Reserves in the 2017/18 financial year:

Earmarked Reserves:	£000s	
Balance Brought Forward as at 1st April 2017	**21,058**	
2017/18 Use of Earmarked Reserves	(2,665)	
2017/18 New Earmarked Reserves	227	
Reprioritisation of Reserves	(220)	
Balance Carried Forward as at 31st March 2018	**18,400**	Note 7

Reconciliation between Final Accounts Report and Surplus / Deficit on Provision of Services

The Expenditure and Funding Analysis provides a **reconciliation** between the Authority's **management accounts** presented to Members and the **financial accounts** that are included within the Comprehensive Income & Expenditure Statement, within this Statement of Accounts. The reconciliation takes into account the statutory provisions of Local Authority accounting as prescribed by CIPFA's Code of Practice.

A **subjective analysis** of the reconciliation between the management accounts and the net cost of services of the Comprehensive Income & Expenditure Statement can be found in Note 9.

2017/18 Capital Programme Management Overview

Executive Overview:

Capital expenditure represents money spent by the Authority for the purposes of purchasing, upgrading or improving assets such as buildings and vehicles. The distinction from revenue expenditure is that the Authority and its residents receive the benefit from capital expenditure over a longer period of time. The Authority spent £3.1M on capital investment during the year.

	£000s			£000s
Premises Related	1,773	Funded By:	Capital Receipts	760
Transport Related	475		Capital Grants	442
Information & Communications	606		Revenue Contributions	-
Operational Equipment & Hydrants	263		Reserves	1,915
Fire Stations	-			
Total	**3,117**		**Total**	**3,117**

Major capital expenditure during 2017/18 related to expenditure on the co-location of Maltby Fire Station with South Yorkshire Police (£0.8M), refurbishment of the Training & Development Centre (£1.1M) and expenditure on new vehicles and a BA Support Unit (£0.4M).

2017/18 Performance Management Overview

Our Performance

A suite of corporate level performance measures has been developed to reflect the four priority areas.

The Fire Authority's role in **improving performance** is to provide **scrutiny** and **challenge**. Quarterly and Annual Corporate Performance Reports are submitted to both the Scrutiny Board and Fire Authority Meetings to facilitate this. Corporate Performance briefings are submitted to the Corporate Management Board for review on a monthly basis.

Control of the activities contributing to the Authority's **goals** is achieved by **devolving responsibility** for those activities to the appropriate level. This allows those responsible to make clear their **planned objectives** and also to be **held accountable** for achieving them.

The quarterly and annual performance reports are available on the Authority's website, under meeting agendas and minutes:

http://meetings.southyorks.gov.uk/uuCoverPage.aspx?bcr=1&zTS=D

Individual performance reports for 2017/18 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Performance Management Framework 2017/18	3rd April 2017	Item 15	April FRA Meeting
Performance Management Framework Targets 2017/18	26th June 2017	Item 21	June FRA Meeting
Annual Corporate Performance Report 2017/18	25th June 2018	Item 16	June 2018 FRA Meeting

2017/18 Treasury Management Overview

Executive Overview:

Within the context of challenging economic conditions, the focus of the 2017/18 Treasury Management Strategy was on the **management of risks**:

- The borrowing strategy sought to **minimise interest costs** whilst avoiding undue exposure to **interest rate and refinancing risk**.
- The Authority's investment priorities remained **security** and **liquidity**, before seeking higher investment returns.

No temporary or long-term borrowing was undertaken during the year as the Authority maintained an under-borrowed position (**£11.6M**). PWLB borrowing of **£2.5M** was repaid in year, however due to the levels of cash held at the time, the Authority did not require any replacement financing. The strategy is to continue **deferring new long-term borrowing** (to avoid the risks associated with carrying high levels of cash), **UNTIL** there is a significant risk of a much sharper **RISE** in interest rates. This is a prudent strategy as investment returns are low and counterparty risk is high. As of 31st March 2018 the average rate on its borrowings was 4.56%.

In line with its main investment priorities, the Authority continued to invest in secure counterparties, with the majority invested in **Money Market Funds** (MMFs) and **instant access accounts**. As of 31st March 2018 the average yield on its investments was 0.53%.

Individual treasury management reports for 2017/18 can be accessed via the links below:

Report	Date Presented	Reference	Link to Meeting
Treasury Management Strategy 2017/18	20th March 2017	Item 16	March Audit & Governance Committee
Mid-Year Review	27th November 2017	Item 14	November Audit & Governance Meeting
Final Accounts Report	23rd July 2018	Item 18	July Audit & Governance Meeting

Other Key Components of our 2017/18 Balance Sheet

What the Authority **owns**, is **owed** and **owes** is shown below:

Non-Current Assets Includes Land & Buildings and Vehicles, Plant & Equipment

Amounts Owed by the Authority include Long Term Borrowing and Pension Fund Liabilities

Balance Sheet	**31st March 2018 £000s**
Non Current Assets	59,289
Stock	550
Amounts Owed to The Authority	14,479
Amounts Owed by The Authority	(830,606)
Money in the Bank	3,765
Authority Net Worth	**(752,523)**
Financed By:	
Useable Reserves	24,535
Unusable Reserves	(777,058)
	(752,523)

Balance Sheet

Amounts Owed to the Authority include Investments and Monies in Relation to Council Tax / Business Rates

Unusable Reserves are not available to fund future expenditure and include, for example, unrealised gains following the revaluation of the Authority's Non-Current Assets

Summary of the Authority's Pension Fund Position as at 31st March 2018

The Authority participates in two pension schemes, the Local Government Pension Scheme administered by South Yorkshire Pensions Authority and the Firefighters Pension Scheme, administered by the Government Actuary Department (GAD).

For both schemes, the Authority accounts for its position in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return.

Local Government Pension Scheme (LGPS)

As at 31st March 2018, fund liabilities **exceeded** fund assets by **£17.5M, on an accounting basis**.

The Pension Fund position when assessed **on a funding basis** is calculated in a different way to the accounting methodology and ultimately reflects the actual performance of the Authority's Pension Fund. It is the pension fund position on a funding basis that informs the Authority's ongoing contribution rate and the employees' contribution rate. Any pension deficit on this funding basis has to be made good over time. A triennial actuarial review assesses key assumptions and agrees any changes, including any increase in employer contributions, for a subsequent 3 year period with the aim of having a **100% funded scheme** over the longer term. The latest review applies to the period 1st April 2017 to 31st March 2020.

The Authority paid the deficit payment relating to the above triennial period as a lump sum in 2017/18 to benefit from the discount offered by the Pension Fund, as opposed to paying on a monthly or annual basis.

Fire Fighters Pension Scheme

As at 31st March 2018, fund liabilities **exceeded** fund assets by **£785.8M, on an accounting basis**.

In respect of this scheme when assessed **on a funding basis**, the arrangement significantly differs from the LGPS in that Central Government covers the cost of the Fire Fighters pension scheme annually by means of a "top up" grant to the pension fund.

The GAD valuation assesses the funding arrangements for the scheme, controlled by employee and employer contributions. 2018/19 is the final year of the current valuation cycle. The results from the latest valuation will be published later in the year with new rates determined from April 2019 for a 4 year period.

Summary of the Authority's Key Provisions as at 31st March 2018

The Authority accounts for the uncertain nature of particular transactions through provisions on its balance sheet, in accordance with the Accounting Code of Practice. The Authority has one significant provision on its balance sheet, which is summarised below:

- Insurance Fund: The Authority sets aside this provision to account for the uncertain nature of both value and the timing of insurance claims which may be brought against it. The value of the provision is based on the estimated outstanding claims currently lodged with the Authority, which as at 31st March 2018 totalled **£0.2M**.

Summary of the Authority's Borrowing Position as at 31st March 2018

The Authority's **total debt outstanding** as at 31st March 2018 was **£20M**, **inclusive** of **£0.4M** of liabilities relating to finance leases and **excluding £0.041M** of accrued interest and other LA Debt of **£2M**.

The Authority's borrowing is undertaken in accordance with the Prudential System which provides the regulatory framework to ensure that **all** borrowing is **prudent, affordable** and **sustainable**. This includes a set of indicators (some of which are mandatory) which enable debt to be managed in accordance with the framework. This includes the setting of an authorised limit for the absolute level of borrowing which cannot be exceeded. For 2017/18, this **limit** was set at **£34.4M** [including finance leases] with **actual borrowing** in the year being some **£11.6M lower**.

Summary of Key Risks Faced by the Authority

Executive Overview:

Corporate Risk is managed in accordance with South Yorkshire Fire and Rescue Authority's Corporate Risk Management Policy and Strategy.

The Corporate Risk Management Policy forms part of the Authority's Publication Scheme and is available on the Authority's website in the Document Library.

A Corporate Risk Register is used to document corporate risks and to provide an update regarding how each risk is managed.

The Risk Register recognises that the Authority has risks in its own right and therefore highlights the risks the Authority faces in seeking to achieve its statutory, strategic and operational objectives. An update regarding how each of the high priority risks is being managed is detailed in update reports to the Audit Committee, and an Annual Risk Management Report, which is considered by both the Audit Committee, and the Full Authority.

Members should be assured that the Authority's new Risk Management process is a standing item on the officer Fire Governance Board which meets quarterly, and in consultation with Risk Owners, any new, emerging or changed risks are also considered.

Risk Management forms part of the Members' Annual Learning and Development Schedule.

Title	Description	Date Presented to Audit & Governance Committee	Fire Authority Reference	Link to Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	15th May 2017	17	Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	18th September 2017	15	Audit & Governance Committee Meeting
Risk Register Quarterly Update	Quarterly Update	15th January 2018	15	Audit & Governance Committee Meeting
Annual Review of Risk Management 2017/18	Annual Risk Management Report 2017/18	25th June 2018	Item 14	June 2018 FRA Meeting

Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

Title	Description	Date Presented	Reference	Link to Meeting
2018/19 Draft Budget	Budget Proposals 2018/19	19th February 2018	Item 10	February FRA Meeting
2018/19 Treasury Management Strategy	The Authority's strategy with regards Borrowing & Investing	19th February 2018	Item 10, Appendix C	February FRA Meeting
Budget, Precept & Council Tax 2018/19	Budget, Precept & Council Tax Setting 2018/19	19th February 2018	Item 10	February FRA Meeting

Revenue

The Authority has been successful in maintaining an effective and efficient emergency response despite the financial pressures faced since the start of the Comprehensive Spending Review in 2010.

Nevertheless the financial backdrop remains very challenging. The approval of our efficiency plan, which provides certainty of Local Government Funding, up to and including the 2019/20 financial year, results in a funding reduction of approximately £3M. Our current strategic plan 2017-20 has been updated and continues to set out how we intend to implement changes to our Service Delivery. Whilst the changes carried out thus far have enabled us to reduce our costs, there are still significant financial challenges to come, which will necessitate further changes in the way we deliver our services.

Despite the challenges ahead the Authority continues to move forward with the delivery of our current Strategic Plan and the creation, implementation and delivery of the updated 2017-20 plans. We will use the money available to us to target our resources in the areas of greatest risk and will continue to respond effectively to emergencies when needed. It is more important than ever that our prevention and protection work is the foundation of our activity, to stop fires and other emergencies from happening in the first place.

Capital

The Authority's capital investment budget is £17.2M over the next three year period. The planned programme will see the delivery of new vehicles, a new fire station in Barnsley, and improvements to 4 CPC Stations and the Training and Development Centre as well as investment in new equipment and improvements in information technology.

Our 2017/18 Statement of Accounts

The Form of the Statement of Accounts

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Authority's financial position at the end of the year and the transactions of the Authority during the year.

The information contained in the various statements and notes are of a highly technical nature and it may be useful to refer to the Glossary for further explanation.

The layout of the 2017/18 Statement of Accounts is comprised of:

- Statement of Responsibilities for the Statement of Accounts;
- The Expenditure & Funding Analysis;
- The Core Financial Statements;
- Notes to the Core Financial Statements including the Authority's Accounting Policies; and
- The Supplementary Financial Statements and Notes.

These are explained in more detail below.

Statement of Responsibilities for the Statement of Accounts

This section explains the respective responsibilities of the Authority and the Chief Finance Officer (CFO) in relation to the Statement of Accounts. The Authority is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual Statement of Accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud and complying with proper accounting practice as defined by the Code.

The Expenditure & Funding Analysis

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

STATEMENT OF ACCOUNTS 2017/18

The Core Financial Statements

The Movement in Reserves Statement (MIRS) – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
The surplus or deficit on the Provision of Services line shows the accounting / economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for Council Tax setting purposes. The Net Increase / Decrease before Transfers to the Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Comprehensive Income and Expenditure Statement (CI&ES) **–** 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 regulations; this is different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet **–** The Balance Sheet shows the value of the assets and liabilities recognised by the Authority, as at 31st March 2018. 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 is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

The 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.

Notes to the Core Financial Statements

There are a number of disclosure notes that present further detail behind the figures in the Core Financial Statements, categorised by the predominant statement that they support.

- Notes Outlining the Authority's Accounting Policy, Framework & Accounting Basis;
- Notes Relating to the Movement in Reserves Statement;
- Notes Relating to the Comprehensive Income & Expenditure Statement;
- Notes Relating to the Balance Sheet;
- Notes Relating to the Cash Flow Statement.

The Supplementary Financial Statements

The Pension Fund Statement **-** The Fire Authority administers the Firefighters' Pensions Scheme.

Changes of Accounting Policies in 2017/18

There have been no material changes in accounting policy for the 2017/18 financial year.

Post Balance Sheet Events

Close Proximity Crewing (CPC) Judicial Review

On the 25th May 2018, the outcome of the Judicial Review into the CPC system adopted by the Authority was announced. The High Court ruled against the Fire Authority that the shift system breached EU Working Time Regulations. This ruling means that as the litigation has gone in the claimant's favour, the Fire Authority is liable for both legal and potential compensation claim costs.

STATEMENT OF ACCOUNTS 2017/18
SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Service Director for Finance at Barnsley Metropolitan Borough Council (The Treasurer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Signed on Behalf of the Fire and Rescue Authority by the Chair of the Audit Committee:

P.J. Haith ....

CLLR PAT HAITH, CHAIR OF THE AUDIT COMMITTEE **Date: 23rd July 2018**

The Treasurer's Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the attached Statement of Accounts presents a true and fair view of the financial position of the Authority at 31 March 2018 and its income and expenditure for the year then ended.

N. Copley ....

NEIL COPLEY, CPFA, TREASURER

Date: 23rd July 2018

STATEMENT OF ACCOUNTS 2017/18

SECTION 4 – THE EXPENDITURE AND FUNDING ANALYSIS

2016/17				2017/18		
Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**
44,468	8,307	52,775	Fire Fighting & Operations	46,420	8,633	55,053
44,468	**8,307**	**52,775**	**Net Cost of Services**	**46,420**	**8,633**	**55,053**
(15)	(54)	(69)	Other Operating Income & Expenditure	(43)	(311)	(354)
4,349	19,618	23,967	Financing & Investment Income & Expenditure	4,194	17,525	21,719
(51,194)	(17,902)	(69,096)	Taxation & Non Specific Grant Income	(50,249)	(17,491)	(67,740)
(2,392)	**9,969**	**7,577**	**(Surplus) / Deficit on Provision of Services**	**322**	**8,356**	**8,678**

Note 7 / MIRS | Note 6 / MIRS | CI&ES | Note 7 / MIRS | Note 6 / MIRS | CI&ES

2016/17 £000s	Movement on Reserves:	2017/18 £000s
22,447	**Opening General Fund Balance as at 1st April**	**24,839**
2,392	Plus/(Less) Surplus or (Deficit) on General Fund Balances in Year	(322)
24,839	**Closing General Fund Balance as at 31st March**	**24,517**

Note 7 / MIRS | Note 7 / MIRS

THE MOVEMENT IN RESERVES STATEMENT

Movement in Reserves During 2017/18	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance of Reserves at 1st April 2017	**24,839**	**-**	**460**	**25,299**	**(763,464)**	**(738,165)**	Balance Sheet
Total Comprehensive Expenditure & Income	**(8,678)**	**-**	**-**	**(8,678)**	**(5,680)**	**(14,358)**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	**8,356**	-	(442)	**7,914**	**(7,914)**	**-**	Note 6
Net Increase / (Decrease) in 2017/18	**(322)**	**-**	**(442)**	**(764)**	**(13,594)**	**(14,358)**	Note 7
Balance of Reserves at 31st March 2018	**24,517**	**-**	**18**	**24,535**	**(777,058)**	**(752,523)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 8	Balance Sheet	

Movement in Reserves During 2016/17	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	
	£000s	£000s	£000s	£000s	£000s	£000s	
Balance of Reserves at 1st April 2016	**22,447**	**-**	**398**	**22,845**	**(626,205)**	**(603,360)**	
Total Comprehensive Expenditure & Income	**(7,577)**	**-**	**-**	**(7,577)**	**(127,228)**	**(134,805)**	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	9,969	-	62	**10,031**	**(10,031)**	**-**	Note 6
Net Increase / (Decrease) in 2016/17	**2,392**	**-**	**62**	**2,454**	**(137,259)**	**(134,805)**	Note 7
Balance of Reserves at 31st March 2017	**24,839**	**-**	**460**	**25,299**	**(763,464)**	**(738,165)**	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 8	Balance Sheet	

STATEMENT OF ACCOUNTS 2017/18

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2016/17				2017/18		
Gross Expenditure £000s	**Gross Income £000s**	**Net Expenditure £000s**		**Gross Expenditure £000s**	**Gross Income £000s**	**Net Expenditure £000s**
53,629	(854)	52,775	Fire Fighting & Operations	55,905	(852)	55,053
53,629	**(854)**	**52,775**	**Net Cost of Services**	**55,905**	**(852)**	**55,053**
			Other Operating Expenditure:			
312	(381)	(69)	(Gains) / Losses on The Disposal of Non-Current Assets	448	(802)	(354)
312	**(381)**	**(69)**	**Total Other Operating Expenditure**	**448**	**(802)**	**(354)**
			Financing & Investment Income & Expenditure:			
1,315	-	1,315	Interest Payable on Debt	1,174	-	1,174
41	-	41	Interest Payable on Finance Leases	29	-	29
22,690	-	22,690	Net Interest on The Defined Benefit Liability / Asset	20,577	-	20,577
-	(79)	(79)	Investment Interest Income	-	(61)	(61)
24,046	**(79)**	**23,967**	**Total Financing & Investment Income & Expenditure**	**21,780**	**(61)**	**21,719**
			Taxation & Non Specific Grant Income:			
-	(593)	(593)	Recognised Capital Grants & Contributions	-	-	-
-	(356)	(356)	Section 31 Grant – Small Business Rate Relief (SBRR)	-	(418)	(418)
-	(252)	(252)	Other Grants	-	(381)	(381)
-	(12,767)	(12,767)	Revenue Support Grant (RSG)	-	(10,422)	(10,422)
-	(16,910)	(16,910)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	-	(17,426)	(17,426)
-	(23,767)	(23,767)	Council Tax	-	(24,387)	(24,387)
-	(4,314)	(4,314)	Business Rates Retention Scheme – Locally Retained	-	(3,930)	(3,930)
-	(10,137)	(10,137)	Business Rates Retention Scheme – Top Up Grant	-	(10,776)	(10,776)
-	**(69,096)**	**(69,096)**	**Total Taxation & Non Specific Grant Income**	**-**	**(67,740)**	**(67,740)**
77,987	**(70,410)**	**7,577**	**(Surplus) / Deficit on Provision of Services**	**78,133**	**(69,455)**	**8,678**
			Other Comprehensive Income & Expenditure:			
-	(2,002)	(2,002)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	-	(2,786)	(2,786)
129,230	-	129,230	Actuarial (Gains) / Losses on Pension Assets / Liabilities	8,466	-	8,466
129,230	**(2,002)**	**127,228**	**Other Comprehensive Income & Expenditure**	**8,466**	**(2,786)**	**5,680**
207,217	**(72,412)**	**134,805**	**Total Comprehensive Income & Expenditure**	**86,599**	**(72,241)**	**14,358**

STATEMENT OF ACCOUNTS 2017/18

BALANCE SHEET AS AT 31st MARCH 2018

2016/17 £000s		2017/18 £000s	2017/18 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
43,729	- Other Land & Buildings	49,801		16
9,515	- Vehicles, Plant, Furniture & Equipment	9,238		16
-	- Surplus Assets	10		16
949	- Assets Under Construction	-		16
54,193			**59,049**	
314	Intangible Assets	240		17
-	Long Term Debtors	-		21
314			**240**	
54,507	**Total Non-Current Assets**		**59,289**	
	CURRENT ASSETS			
351	Assets 'Held for Sale'	238		18
7,001	Short Term Investments	5,013		21
533	Inventories	550		23
6,315	Short Term Debtors	9,228		24
7,227	Cash & Cash Equivalents	3,765		Cash Flow
21,427	**Total Current Assets**		**18,794**	
75,934	**TOTAL ASSETS**		**78,083**	
	CURRENT LIABILITIES			
(2,500)	Short Term Borrowing	(2,500)		21
(787)	Other Short Term Liabilities	(864)		21
(3,703)	Short Term Creditors	(4,673)		25
(60)	Provisions	(55)		27
(574)	Grants Receipts in Advance	(1,003)		26
(7,624)	**Total Current Liabilities**		**(9,095)**	
	LONG TERM LIABILITIES			
(19,045)	Long Term Borrowing	(16,568)		21
(2,437)	Other Long Term Liabilities	(1,573)		21
(117)	Long Term Provisions	(141)		27
(784,876)	Retirement Benefit Obligations	(803,229)		30
(806,475)	**Total Long Term Liabilities**		**(821,511)**	
(814,099)	**TOTAL LIABILITIES**		**(830,606)**	
(738,165)	**NET ASSETS**		**(752,523)**	
	USABLE RESERVES:			
24,839	- General Fund Reserves	24,517		7 / MIRS
-	- Usable Capital Receipts Reserve	-		MIRS
460	- Capital Grant Unapplied Reserve	18		MIRS
25,299	**TOTAL USABLE RESERVES**		**24,535**	
	UNUSABLE RESERVES:			
12,493	- Capital Adjustment Account	15,795		8
(84)	- Financial Instruments Adjustment Account	(67)		8
(784,876)	- Pensions Reserve	(804,339)		8
7,755	- Revaluation Reserve	10,240		8
(197)	- Accumulated Absences Account	(197)		8
1,445	- Collection Fund Adjustment Account	1,510		8
(763,464)	**TOTAL UNUSABLE RESERVES**		**(777,058)**	
(738,165)	**TOTAL RESERVES**		**(752,523)**	

STATEMENT OF ACCOUNTS 2017/18

CASH FLOW STATEMENT

2016/17 £000s		2017/18 £000s	2017/18 £000s	Note
7,577	**Net (Surplus) / Deficit on Provision of Services**		**8,678**	CI&ES
	Adjustments to Net (Surplus) or Deficit on The Provision of Services for Non-Cash Movements:			
(4,473)	- Depreciation & Impairment	(788)		
(9,614)	- Pension Fund Adjustments	(10,997)		
(312)	- Carrying Amount of Non-Current Assets Sold	(448)		
206	- (Increase) / Decrease in Provisions	(18)		
(60)	- Increase / (Decrease) in Inventories	18		
(665)	- Increase / (Decrease) in Debtors	3,701		
(611)	- (Increase) / Decrease in Creditors	(715)		
6	- Other Non-Cash Adjustments	(1)		
(15,523)			**(9,248)**	
	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:			
593	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	-		
381	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	802		
974			**802**	
(6,972)	**Net Cash (Inflow) / Outflow From Operating Activities**		**232**	
3,878	**Net Cash (Inflow) / Outflow From Investing Activities**		(102)	32
2,206	**Net Cash (Inflow) / Outflow From Financing Activities**		3,332	33
(888)	**Net (Increase) / Decrease in Cash & Cash Equivalents**		**3,462**	

6,339	**Cash & Cash Equivalents as at 1st April**	**7,227**	
888	Net Increase / (Decrease) in Cash & Cash Equivalents	(3,462)	
7,227	**Cash & Cash Equivalents as at 31st March**	**3,765**	Balance Sheet
	Made Up Of The Following Elements:		
21	Cash Held By The Authority	21	
1,604	Bank Current Accounts	643	
5,602	Short Term Deposits With Financial Institutions	3,101	
7,227	**Total Cash & Cash Equivalents**	**3,765**	

STATEMENT OF ACCOUNTS 2017/18

SECTION 6 – NOTES TO THE CORE FINANCIAL STATEMENTS

NOTES OUTLINING THE AUTHORITY'S ACCOUNTING POLICY, FRAMEWORK AND ACCOUNTING BASIS

These notes outline the accounting principles and conventions that underpin this Statement of Accounts.

Note 1 – Statement of Accounting Policies

A summary of the main accounting policies adopted are shown below:

a) General Principles

The Statement of Accounts summarises the Authority’s transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit (England) Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), and the Service Reporting Code of Practice 2017/18, 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.

b) 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:

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

c) Cash and Cash Equivalents

Cash is represented by cash in hand and demand deposits. Cash Equivalents are short-term, highly liquid investments with financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value. The Authority has classified investments in Call Accounts and Money Market Funds, which provide instant access with no penalty, as cash equivalents.

In the Balance Sheet and 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.

d) Exceptional Items

When items of income and expenditure are material, 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.

e) 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, that is 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 when 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.

f) 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. An accrual is made for the cost of holiday entitlements and other forms of leave, such as time off in lieu, earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

Retirement Benefits

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

- the 1992, 2006 and 2015 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 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 South Yorkshire Pensions Authority, 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 pension 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 negative Pensions Reserve.

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

- Service cost comprising:
    - current service cost – the increase in liabilities as a result of service earned by employees in the current year. This is charged to services within the Comprehensive Income and Expenditure Statement;
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years. This is part of Non Distributed Costs in the Comprehensive Income and Expenditure Statement; and
    - 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 beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. This is charged to the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:
    - the return on plan assets (LGPS only) – this excludes amounts included in net interest on the net defined benefit liability and is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
    - 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 Expendture.

- 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.

g) 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; and
- 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.

h) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income when there is a reasonable assurance that:

- the Authority will comply with the conditions attached to the grant or contribution; 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. Most grants and contributions will be given with stipulations as to how they are to be spent and the consequences if resources are not applied in the manner authorised. Conditions are stipulations that require that the grant or contribution must be returned if not deployed as specified.

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.

i) Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority, such as software licences, is capitalised when it is expected that future economic benefit or service potential will flow to the Authority for more than one year.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset.

Intangible assets are measured initially at cost. The depreciable amount of the intangible asset balance is subsequently amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and gain or losses on disposal are not permitted to have an impact on the General Fund Balance and are reversed out in the Movement in Reserves Statement to the Capital Adjustment Account and the Capital Receipts Reserve (for sale proceeds greater than £10,000).

j) Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset into working condition for its intended use. The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet at fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for:

- specialised properties such as fire stations where there is no market-based evidence of fair value, depreciated replacement cost (DRC) is used as an estimate of fair value;
- non-property assets that have short useful lives and / or low values which are measured at depreciated historical cost basis as a proxy for fair value; and
- assets under construction which are measured at historical cost.

Donated assets are measured initially at fair 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 included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- 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); and
- 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 in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, 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 as follows:

- 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 the balance (up to the amount of the accumulated gains); and
- 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 in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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 on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, such as freehold land, and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer; and
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of each asset as advised by a suitably qualified officer.

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 the 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.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received from disposals in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve as part of the Movement in Reserves Statement. The Capital Receipts Reserve can only be used either to finance new capital investment or to reduce the Authority's borrowing requirement and when sums are utilised for this purpose they are subsequently transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

k) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer from the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement then reverses out the amounts charged so there is no impact on the level of council tax.

l) Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the real cost of holding non-current assets during the year:

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

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority is also charged with the principal element of Transferred Debt taken over from the former South Yorkshire County Council, and managed by Rotherham MBC on its behalf. This charge is included as another adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

m) 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 a Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments under finance leases are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant and Equipment – applied to write down the lease liability; and
- a finance charge, which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased Property, Plant and Equipment. Charges are made on a straight line basis over the term of the lease, even if this does not match the pattern of payments (for example there is a rent-free period at the commencement of the lease).

The Authority as a 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 and rental income is credited to 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 (for example there is a premium paid at the commencement of the lease).

n) Overheads and Support Services

The costs of overheads and support services are charged to the service segments in accordance with the Authority's arrangement for accountability and its financial performance arrangements.

o) 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 carried on the Balance Sheet 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.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of the transaction. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term of the replacement loan. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

The Authority has financial assets classified as loans and receivables which are assets that have fixed or determinable payments but are not quoted in an active market. Loans and receivables 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For the loans that the Authority has made, this means that the amount on the Balance Sheet is the outstanding principal receivable (plus accrued interest) and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year according to the loan agreement.

p) 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, 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 account of relevant risks and uncertainties.
When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Provisions are reviewed at the end of each financial year and where it becomes less 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.

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.

q) 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 other reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Authority. These reserves are explained elsewhere in the Accounting Policies.

r) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average costing formula.

s) Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

t) VAT

Income and expenditure excludes amounts related to VAT, as all VAT collected is payable to the HM Revenue and Customs and all VAT paid is recoverable from them.

u) Interest in Companies

The Authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. The Authority has one Trading Company recently set up to allow the Authority to trade more flexibly, in a commercial environment. Within the Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost. The Authority deems that the value of the financial transactions going through the company as not material enough to produce group accounts.

v) Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

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

Note 2 – Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

An authority shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. An authority shall provide known, or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Authority's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2018 for 2018/19).

The standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 Code are:

- IFRS 9 Financial Instruments;

- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers;

- amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses;

- amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

It is unknown at this time as to whether the above amendments will have a material effect on the Authority. Subsequent years' Statement of Accounts will detail any material change in accounting policy.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about the future levels of funding for the Authority, and the Authority continues to consider service delivery options to enable spending to be reduced in line with funding reductions. 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 reduce levels of service provision.

The critical judgements made in the Statement of Accounts are:

- Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:

    - Ownership of the asset transferred to the Authority at the end of the lease term;
    - The lessee has an option to purchase the asset at the end of the lease term for a price expected to be sufficiently lower than the fair value;
    - The lease term is for the major part of the economic life of the asset;
    - That the present value of minimum lease payments amount to at least substantially all (90% or more) of the fair value of the leased asset; and
    - The leased assets are of such a specialised nature that only the lessee can use them without modification.

- Whether contractual arrangements have the substance of a lease;
- Whether a public / private partnership is a service concession;
- Whether land and buildings owned by the Authority are investment properties;
- Whether the substance of a relationship between the Authority and another entity indicates that the entity is controlled by the Authority; and
- Whether the Authority's exposure to possible losses is to be accounted for as a provision or a contingent liability.

Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of usage of individual assets and the repairs that will be incurred to maintain individual assets in the future. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending in either maintaining or replacing its assets, bringing into doubt the useful lives assigned to assets. Assets are also subject to regular revaluations by an independent professional valuer. There are many variables that determine the assets' valuation with equally as many assumptions therein.	If the useful lives of assets is reduced then depreciation increases and the carrying amount of the assets falls. The reverse occurs if the useful lives of assets are increased. It is estimated that the annual depreciation charge would change by approximately £0.166M for every year that useful lives increased or decreased.
Insurance Provision	The Authority has made a total provision of £0.195M for the settlement of outstanding insurance claims. It is difficult to predict the final outcome of claims until they are actually settled. MMI Ltd are the Authority's former insurers who ceased trading in 1992 and with whom there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. Further information is provided at Note 27.	There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the Administrators and there may be further levies announced in future. The Authority has earmarked sums in an Insurance Reserve to provide some cover should this occur.
Pensions Liability	Estimation of the net liability to pay pensions is extremely volatile as it 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. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied for each of its pension schemes.	Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, the assumptions interact in complex ways. During 2017/18, the Authority's actuaries advised that the net pensions liability has increased by approximately £18M as a result of estimates being corrected and updating financial and demographic assumptions. Further information is provided at Note 30.
Fair Value	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities. Where Level 1 inputs are not available, the Authority employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair	Non-Financial Assets: The Authority uses the Market Approach to measure the fair value of its Surplus Assets and its Assets held for Sale. The significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation / demolition costs and commercial / industrial land values. Financial Assets: The Authority uses comparisons around the fixed term deposits and is used to compare the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit.

	value (for example for Surplus Assets & Assets Held for Sale, the Authority's commissions professional RICS valuers). Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in Notes 16, 18 and 22 respectively.	Financial Liabilities: The Authority assesses fair value by calculating the present value of cash flows that take place over the remaining life of the instruments. Significant changes in any of the inputs would result in a significantly lower or higher fair value measurement for the Authority's assets and liabilities valued at fair value.

Note 5 – Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Service Director for Finance (BMBC), Section 151 Officer on 31st May 2018. 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 31st March 2018, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

Close Proximity Crewing (CPC) Judicial Review

On the 25th May 2018, the outcome of the Judicial Review into the CPC system adopted by the Authority was announced. The High Court ruled against the Fire Authority that the shift system breached EU Working Time Regulations. This ruling means that as the litigation has gone in the claimant's favour, the Fire Authority is liable for both legal and potential compensation claim costs.

NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

Note 6 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Authority in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions 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 prove 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 the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account 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.

2017/18 Adjustments	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied Reserve £000s	Movement in Unusable Reserves £000s
Adjustments to Revenue Resources				
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:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	10,997	-	-	(10,997)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(17)	-	-	17
Council Tax and NDR (Transfers to or (from) Collection Fund)	(65)	-	-	65
Holiday Pay (Transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	1,235	-	-	(1,235)
Sub Total – Adjustments to Revenue Resources	**12,150**	**-**	**-**	**(12,150)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(759)	759	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(1,119)	-	-	1,119
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(1,916)	-	-	1,916
Sub Total – Adjustments Between Revenue & Capital Resources	**(3,794)**	**759**	**-**	**3,035**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	(759)	-	759
Application of Capital Grants to Finance Capital Expenditure	-	-	(442)	442
Capital Grants Received, Not Yet Applied	-	-	-	-
Sub Total – Adjustments to Capital Resources	**-**	**(759)**	**(442)**	**1,201**
Total Adjustments	**8,356**	**-**	**(442)**	**(7,914)**
	MIRS	MIRS	MIRS	MIRS

2016/17 Adjustments	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources				
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:				
Pensions Costs (Transferred to or (from) the Pensions Reserve)	9,614	-	-	(9,614)
Financial Instruments (Transferred to the Financial Instruments Adjustments Account)	(17)	-	-	17
Council Tax and NDR (Transfers to or (from) Collection Fund)	(399)	-	-	399
Holiday Pay (Transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (These Items are Charged to the Capital Adjustment Account)	4,785	-	-	(4,785)
Sub Total – Adjustments to Revenue Resources	**13,983**	**-**	**-**	**(13,983)**
Adjustments Between Revenue and Capital Resources				
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(366)	366	-	-
Statutory Provision for the Repayment of Debt (Transfer from the Capital Adjustment Account)	(2,100)	-	-	2,100
Capital Expenditure Financed from Revenue Balances (Transfer to the Capital Adjustment Account)	(955)	-	-	955
Sub Total – Adjustments Between Revenue & Capital Resources	**(3,421)**	**366**	**-**	**3,055**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	(366)	-	366
Application of Capital Grants to Finance Capital Expenditure	(531)	-	-	531
Capital Grants Received, Not Yet Applied	(62)	-	62	-
Sub Total – Adjustments to Capital Resources	**(593)**	**(366)**	**62**	**897**
Total Adjustments	**9,969**	**-**	**62**	**(10,031)**
	MIRS	MIRS	MIRS	MIRS

Adjustments between Funding and Accounting Basis on a Segmental Basis:

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2017/18				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	787	7,846	-	**8,633**	
Net Cost of Services	**787**	**7,846**	**-**	**8,633**	EFA
Other Operating Income & Expenditure	(311)	-	-	**(311)**	
Financing & Investment Income & Expenditure	-	20,577	(3,052)	**17,525**	
Taxation & Non Specific Grant Income	-	(17,426)	(65)	**(17,491)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**476**	**10,997**	**(3,117)**	**8,356**	EFA

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2016/17				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	**Total Adjustments**	
	£000s	**£000s**	**£000s**	**£000s**	
Fire Fighting & Operations	4,473	3,834	-	**8,307**	
Net Cost of Services	**4,473**	**3,834**	**-**	**8,307**	EFA
Other Operating Income & Expenditure	(54)	-	-	**(54)**	
Financing & Investment Income & Expenditure	-	22,690	(3,072)	**19,618**	
Taxation & Non Specific Grant Income	(593)	(16,910)	(399)	**(17,902)**	
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	**3,826**	**9,614**	**(3,471)**	**9,969**	EFA

Note 1: Adjustments for Capital Purposes

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

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and Investment Income & 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 & Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2: Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For Net Cost of 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. The change also includes the recognition of the pension deficit payment, relating to the year.

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

Note 3: 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 & 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 & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 7 – Transfers To / From Earmarked Revenue 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 2017/18.

	Balance at 31st March 2016	Transfers Out 2016/17	Transfers In 2016/17	**Balance at 31st March 2017**	Transfers Out 2017/18	Transfers In 2017/18	**Balance at 31st March 2018**
General Fund :	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
General Reserves:							
• General Reserves	9,090	(9,159)	3,850	3,781	(548)	2,884	6,117
Sub Total – General Reserves	**9,090**	**(9,159)**	**3,850**	**3,781**	**(548)**	**2,884**	**6,117**
Earmarked Reserves :							
• Insurance	1,237	-	89	1,326	(28)	-	1,298
• Operational Contingency	1,000	-	-	1,000	-	-	1,000
• Invest to Save	412	-	-	412	(20)	338	730
• Revenue Grants	3	-	-	3	(3)	-	-
• Budget Carry Forward	91	(91)	246	246	(246)	227	227
• Capital	3,233	(895)	10,933	13,271	(1,916)	1,441	12,796
• Transition	6,109	(4,109)	-	2,000	(2,000)	-	-
• Stronger, Safer Communities	1,272	(472)	2,000	2,800	(451)	-	2,349
• Property Upgrade	-	-	-	-	-	-	-
Sub Total – Earmarked Reserves	**13,357**	**(5,567)**	**13,268**	**21,058**	**(4,664)**	**2,006**	**18,400**
Total – General Fund Reserves	**22,447**	**(14,726)**	**17,118**	**24,839**	**(5,212)**	**4,890**	**24,517**
General Fund Movement		**2,392**			**(322)**		Balance Sheet
		MIRS / EFA			MIRS / EFA		

The purpose of each reserve held is set out below:

Usable Reserve	**Purpose**
• **Insurance**	This reserve has been created to fund future potential liabilities under current insurance arrangements.
• **Operational Contingency**	This is a contingency to cover unexpected operational requirements.
• **Invest to Save**	This reserve enables the Authority to target specific initiatives which will deliver future efficiency savings in excess of the initial investment.
• **Revenue Grants**	The treatment of revenue grants in accordance with the Code may result in a mismatch between spending and income. In order to address this, any grant which has not been used to fund related expenditure is contributed to this reserve and used to fund expenditure when it is incurred in future years.
• **Budget Carry Forward**	Sums earmarked to fund the slippage of specific items of revenue expenditure are carried forward into the following financial year in this reserve.
• **Capital**	This has been set aside during the year to support the Authority's future capital investment programme.
• **Transition**	The Authority is anticipating further substantial reductions in grant funding over the next few years and will need to reduce base expenditure to match in order to achieve a balanced financial position. Sums have therefore been earmarked in a Transition Reserve to enable a measured approach to be taken to achieving the required savings.
• **Stronger, Safer Communities**	The Authority has set aside reserves in support of its objectives of protecting the most vulnerable in our communities; further promoting the Community fire safety agenda; enhancing partnership working and sharing data amongst partners in order to focus resources on priority areas and individuals.
• **Property Upgrade**	Sums were earmarked to fund a programme of essential property upgrades / repairs identified following a property condition survey.

Note 8 – Unusable Reserves

31st March 2017 £000s		31st March 2018 £000s
12,493	Capital Adjustment Account	15,795
(84)	Financial Instruments Adjustment Account	(67)
(784,876)	Pensions Reserve	(804,339)
7,755	Revaluation Reserve	10,240
(197)	Accumulated Absences Account	(197)
1,445	Collection Fund Adjustment Account	1,510
(763,464)	**Total Unusable Reserves**	**(777,058)**

Balance Sheet

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 acquisition, construction or enhancement as charges for 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 an 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 contains accumulated gains and losses on Investment Properties and gains on donated assets that have yet to be consumed by the Authority.

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

Note 6 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/17		2017/18	
£000s		£000s	£000s
13,102	**Balance at 1st April**		**12,493**
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement :		
(2,694)	- Charges for Depreciation & Impairment of Non-Current Assets	(673)	
(57)	- Amortisation of Intangible Assets	(74)	
(1,722)	- Revaluation Losses on Property, Plant & Equipment	(51)	
(312)	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	(436)	
(4,785)			**(1,234)**
224	Adjusting Amount Written Out to the Revaluation Reserve		299
(4,561)	**Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year**		**(935)**
	Capital Financing Applied in Year :		
366	- Use of the Capital Receipts Reserve to Finance New Expenditure	759	
531	- Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing	442	
-	- Application of Grants to Capital Financing From Capital Grants Unapplied Account	-	
2,100	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund Balance	1,119	
955	- Capital Expenditure Charged Against the General Fund & HRA Balances	1,917	
3,952			**4,237**
12,493	**Balance at 31st March**		**15,795**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. The balance on the Account as at 31st March 2018 will be charged to the General Fund over the next 4 years.

2016/17		2017/18	
£000s		**£000s**	**£000s**
(101)	**Balance at 1st April**		**(84)**
17	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	17	
-	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	-	
17	**Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements**		**17**
(84)	**Balance at 31st March**		**(67)**

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. The liabilities recognised are updated 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. The debit balance on the Pension's Reserve therefore shows a substantial shortfall in benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/17		2017/18	
£000s		**£000s**	
(646,032)	**Balance at 1st April**	**(784,876)**	
(129,230)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	(8,466)	CI&ES
(31,364)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(33,051)	
21,750	Employer's Pensions Contributions & Direct Payments to Pensioners Payable in Year	22,054	
(784,876)	**Balance at 31st March**	**(804,339)**	

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.

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The Reserve contains only revaluation gains accumulated since 1st 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.

2016/17		2017/18	
£000s		£000s	£000s
5,977	**Balance at 1st April**		**7,755**
2,466	Upward Revaluation of Assets	2,784	
(465)	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	-	
-	Reversal Of Revaluation Loss (Net of Depreciation)	-	
2,001	**Surplus or (Deficit) on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services**		**2,784**
(221)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(288)	
(2)	Accumulated Gains on Assets Sold or Scrapped	(11)	
(223)	**Amount Written Off to the Capital Adjustment Account**		**(299)**
7,755	**Balance at 31st March**		**10,240**

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 31st March 2018. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2016/17		2017/18	
£000s		£000s	£000s
(197)	**Balance at 1st April**		**(197)**
197	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	197	
(197)	Amounts Accrued at the End of the Current Year	(197)	
-	**Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements**		**-**
(197)	**Balance at 31st March**		**(197)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax 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.

2016/17		2017/18
£000s		£000s
1,046	**Balance at 1st April**	**1,445**
399	Amount By Which Council Tax Income Credited to the Comprehensive Income & Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	65
1,445	**Balance at 31st March**	**1,510**

NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Note 9 – Expenditure & Income Analysed By Nature

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

Expenditure/Income	2016/17 £000s	2017/18 £000s
Expenditure:		
Employee Benefits Expenses	41,045	46,034
Other Services Expenses	8,111	9,082
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	4,473	788
Interest Payments	24,046	21,781
Disposal of Fixed Assets	312	448
Total Expenditure	**77,987**	**78,133**
Income:		
Fees, Charges & Other Service Income	(788)	(792)
Interest & Investment Income	(79)	(61)
Income From Council Tax & Non-Domestic Rates	(28,081)	(28,317)
Government Grants & Contributions	(41,096)	(39,483)
Receipts from Disposal of Assets	(366)	(802)
Total Income	**(70,410)**	**(69,455)**
(Surplus) or Deficit on the Provision of Services	**7,577**	**8,678**
	CI&ES	CI&ES

Segmental Income

Income received on a segmental basis is analysed below:

	2016/17		2017/18	
	Fees, Charges & Other Service Income	**Total**	Fees, Charges & Other Service Income	**Total**
	£000s	£000s	£000s	£000s
Fire Fighting & Operations	(788)	**(788)**	(792)	**(792)**
Total Income Analysed on a Segmental Basis	**(788)**	**(788)**	**(792)**	**(792)**

Note 10 – Impairment Losses

There have been no impairment losses on Property, Plant and Equipment or Intangible Assets during the year.

Note 11 – Members' Allowances

The total sum paid to members in 2017/18 was £0.075M (£0.073M in 2016/17). The allowances are initially paid to members by their respective District Councils and are then subsequently billed to the Authority.

Note 12 – Officers' Remuneration & Exit Packages

The table below sets out the remuneration disclosures for Senior Officers of the Authority (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

Post	2017/18					
	Salary, Fees & Allowances	Bonuses	Expenses	Benefits in Kind	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s	£000s
Chief Fire Officer & Chief Executive – Jamie Courtney	148	-	-	-	32	**180**
Deputy Chief Fire Officer – Chief Operating Officer	126	-	-	-	4	**130**
Assistant Chief Fire Officer – Director of Service Delivery (01.04.17 to 17.12.2017) *	84	-	-	-	12	**96**
Assistant Chief Fire Officer – Director of Service Delivery (18.12.2017 to 31.03.2018)	34	-	7	-	7	**48**
Director of Support Services	91	-	-	-	12	**103**

* The post holder's temporary promotion ceased.

Post	2016/17					
	Salary, Fees & Allowances	Bonuses	Expenses	Benefits in Kind	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s	£000s
Chief Fire Officer & Chief Executive – Jamie Courtney	146	-	-	13	32	**191**
Deputy Chief Fire Officer – Chief Operating Officer (01.04.16 to 22.01.17)	103	-	-	8	14	**125**
Deputy Chief Fire Officer – Chief Operating Officer (23.01.17 to 31.03.17)	25	-	-	2	-	**27**
Assistant Chief Fire Officer – Director of Service Delivery (01.04.16 to 22.01.17)	97	-	-	9	-	**106**
Assistant Chief Fire Officer – Director of Service Delivery (23.01.17 to 31.03.17)	23	-	-	1	2	**26**
Director of Finance & Resources (01.04.16 to 03.11.16) *	90	-	-	1	8	**99**
Director of Support Services (13.02.17 to 31.03.17)	12	-	-	-	1	**13**

* The post holder left part way through the year and the salary figure above includes a £27k redundancy payment

The number of other employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000, is shown in the table below.

2016/17	Remuneration Band	2017/18
14	£50,000 - £54,999	22
5	£55,000 - £59,999	14
12	£60,000 - £64,999	10
4	£65,000 - £69,999	7
2	£70,000 - £74,999	2
1	£75,000 - £79,999	-
2	£80,000 - £84,999	2
1	£85,000 - £89,999	-
-	£90,000 - £94,999	-
41		**57**

The numbers of exit packages with total cost per band and total cost of the redundancies and other departures are set out in the table below:

Exit Package Cost Band	Number of Redundancies *		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
							£000s	£000s
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	-	2	-	-	-	2	-	16
£20,001 - £40,000	1	-	-	-	1	-	27	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total Number of Exit Packages	**1**	**2**	**-**	**-**	**1**	**2**		
						Total Cost	**27**	**16**

***** There were 2 voluntary redundancy payments included within the above exit packages for 2017/18 (1 in 2016/17)

Note 13 – External Audit Costs

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

2016/17 £000s		2017/18 £000s
34	Fees Payable to KPMG LLP With Regard to External Audit Services Carried Out by the Appointed Auditor for the Year	38
-	Fees Payable to KPMG LLP for the Certification of Grant Claims and Returns for the Year	-
17	Fees Payable in Respect of Other Services Provided by KPMG LLP During the Year	-
-	Refund from PSAA in respect of retained earnings	(5)
51	**Sub Total – Audit Fees Payable / (Refundable) - KPMG LLP**	**33**
1	**Fees Payable in Respect of Other Services Provided by Other Audit Companies**	**-**
52	**Total**	**33**

Note 14 – Grant Income Recognised Through The Comprehensive Income & Expenditure Statement

The Authority credited the following grants and contributions to the Comprehensive Income & Expenditure Statement in the year:

2016/17 £000s		2017/18 £000s
	Credited to Taxation & Non-Specific Grant Income:	
(23,512)	Non-Ringfenced Government Grants	(21,997)
(16,910)	Gain in Relation to Government Grant Payable to the Pension Fund Account on the Authority's Behalf	(17,426)
(593)	Capital Grants & Contributions	-
(41,015)	**Total**	**(39,423)**
	Credited to Services:	
(81)	Other Grants & Contributions	(60)
(81)	**Total**	**(60)**

Note 15 – Related Parties

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

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions with other parties (e.g. Council Tax bills). Grants received from Government Departments are set out in the subjective analysis in Note 9 within the Amounts Reported for Resource Allocation Decisions. Grant receipts outstanding at 31st March 2018 are shown in Note 26 and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in Note 14.

Senior Officers

No senior officers of the Authority have declared a material interest in any companies in 2017/18.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 11. During 2017/18, no works or services were commissioned from companies with which a Member had an interest.

Other Local Authorities

All local authorities are subject to common control by Central Government. They often work in partnership with each other to provide services to the public. The Authority has a number of specific relationships / partnerships with different local authorities including where it is a member of a City Region. Details of material transactions with these local authorities are shown in the table within this note.

Rotherham MBC manages the debt taken over from the former South Yorkshire County Council on behalf of the Authority.

From 1 April 2015, Barnsley MBC took over the responsibility of the provision of advice and support to the Authority, following the disbanding of the South Yorkshire Joint Secretariat on 31 March 2015.

Other Public Bodies

South Yorkshire Pensions – Provider of pension services to the Authority.

Subsidiaries & Joint Ventures

The Authority has interests in one subsidiary, details of which are shown below:

South Yorkshire Fire & Rescue Safety Solutions UK

The creation of South Yorkshire Fire and Rescue Safety Solutions UK is in response to the financial challenges facing the public sector, and a widening of the scope for entering into commercial ventures as a result of legislation. The Authority has recognised that the ability to generate additional new income streams is an opportunity to attract external funding from areas including those outside of the United Kingdom, which will boost South Yorkshire's economy and as such, is an integral part of the financial strategy. The primary objective of exploring commercial trading activities is to make a profit which can be re invested in South Yorkshire Fire and Rescue. This reinvestment could be direct, through a return of funds, or it may be indirect, for example through the offsetting of other costs.

The objectives of the Trading Company are:

- To generate profit where there are opportunities to do so;
- To maximise the use of the Authority's assets for commercial gain;
- To produce a revenue stream for the Authority; and
- To increase the profile of the trading company and the South Yorkshire Fire and Rescue Service.

The company began trading from 1 April 2014; the tables below show the audited accounts for 2016/17. The 2017/18 accounts for the company are currently being audited and will be included in these Statement of Accounts once approved:

2016/17 £000s	**Profit & Loss Account**	2017/18 (TBC) £000s
(184)	Turnover	(190)
163	Cost of Sales	151
(21)	**Gross (Profit) / Loss**	**(39)**
-	Loan Interest	-
(21)	**Net (Profit) / Loss Before Tax**	**(39)**
-	Taxation	1
(21)	**Net (Profit) / Loss After Tax**	**(38)**

2016/17 £000s	**Balance Sheet**	2017/18 (TBC) £000s
-	Non-Current Assets	-
122	Current Assets	198
122	**Total Assets**	**198**
(154)	Current Liabilities	(192)
-	Non-Current Liabilities	-
(154)	**Total Liabilities**	**(192)**
(32)	**Net Assets / (Liabilities)**	**6**
(32)	Reserves	6
(32)	**Total Reserves**	**6**

NOTES PRIMARILY RELATING TO THE BALANCE SHEET

Note 16 – Property, Plant and Equipment

2017/18	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation					
At 1st April 2017	**45,908**	**24,381**	**11**	**949**	**71,249**
Additions	1,130	1,210	-	778	3,118
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	2,637	-	12		2,649
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	100	(53)	(11)		36
De-recognition – Disposals	-	(882)	-		(882)
Assets Reclassified (To) / From Held for Sale	(238)	-	-		(238)
Transfers	1,470	257	-	(1,727)	-
At 31st March 2018	**51,007**	**24,913**	**12**	**-**	**75,932**
Accumulated Depreciation					
At 1st April 2017	**(2,179)**	**(14,866)**	**(11)**	**-**	**(17,056)**
Depreciation Charge	(1,512)	(1,594)	(10)	-	(3,116)
Depreciation Written Out to the Revaluation Reserve	135	-	-	-	135
Depreciation Written Out to the Surplus / Deficit on Provision of Services	2,350	-	19	-	2,369
De-recognition – Disposals	-	785	-	-	785
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2018	**(1,206)**	**(15,675)**	**(2)**	**-**	**(16,883)**
Net Book Value					
At 31st March 2017	**43,729**	**9,515**	**-**	**949**	**54,193**
At 31st March 2018	**49,801**	**9,238**	**10**	**-**	**59,049**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

2016/17	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation					
At 1st April 2016	**47,709**	**24,362**	**11**	**263**	**72,345**
Additions	170	611	-	951	1,732
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	1,201	-	-	-	1,201
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	(3,172)	(56)	-	(2)	(3,230)
De-recognition – Disposals	-	(799)	-	-	(799)
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	263	-	(263)	-
At 31st March 2017	**45,908**	**24,381**	**11**	**949**	**71,249**
Accumulated Depreciation					
At 1st April 2016	**(3,274)**	**(14,173)**	**(11)**	**-**	**(17,458)**
Depreciation Charge	(1,214)	(1,480)	-	-	(2,694)
Depreciation Written Out to the Revaluation Reserve	800	-	-	-	800
Depreciation Written Out to the Surplus / Deficit on Provision of Services	1,509	-	-	-	1,509
De-recognition – Disposals	-	787	-	-	787
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-
Transfers	-	-	-	-	-
At 31st March 2017	**(2,179)**	**(14,866)**	**(11)**	**-**	**(17,056)**
Net Book Value					
At 31st March 2016	**44,435**	**10,189**	**-**	**263**	**54,887**
At 31st March 2017	**43,729**	**9,515**	**-**	**949**	**54,193**
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet

Depreciation:

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

- Buildings – 10 to 50 years; and
- Vehicles, Plant, Furniture & Equipment – 2 to 20 years.

Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2017/18.

Capital Commitments:

At 31st March 2018, the Authority had contractually committed to £1.1M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2017 was £2.0M. The major commitments are:

- Upgrade of ICT Systems and other equipment - £0.3M;
- Fire station replacements and other premises improvements - £0.6M; and
- Vehicle Purchase - £0.2M.

Revaluations:

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value, is revalued at least every five years. The valuations of land and buildings were carried out during the year by an external valuer, Kier, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). The effective date of the valuation was 1st April 2017. During 2017/18, a revaluation exercise was undertaken to estimate the impact of movements in valuations of all of the Authority's operational assets using relevant indices.

The basis for valuation is set out in Note 1 – Statement of Accounting Policies.

	Land and Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Carried at Historical Cost	1,470	24,913	-	-	**26,383**
Valued at Fair Value:					
2017/18	49,537	-	12	-	**49,549**
2016/17	-	-	-	-	**-**
2015/16	-	-	-	-	**-**
2014/15	-	-	-	-	**-**
2013/14	-	-	-	-	**-**
Gross Book Value	**51,007**	**24,913**	**12**	**-**	**75,932**

Fair Value Measurement of Surplus Assets:

Details of the Authority's Surplus Assets and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2018** **£000s**	**Accumulated Depreciation** **£000s**	**Net Book Value as at 31st March 2018** **£000s**
Surplus Buildings	-	-	12	12	(2)	10
Net Book Value	**-**	**-**	**12**	**12**	**(2)**	**10**

Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2017** **£000s**	**Accumulated Depreciation** **£000s**	**Net Book Value as at 31st March 2017** **£000s**
Surplus Buildings	-	-	11	11	(11)	-
Net Book Value	**-**	**-**	**11**	**11**	**(11)**	**-**

Balance Sheet

Valuation Techniques used to Determine Level 3 Fair Values for Surplus Assets

Significant Observable Inputs – Level 3 – Market Approach

The fair value for the areas of land or buildings have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation/ demolition costs and commercial / industrial land values. It is the existence of unobservable inputs that gives rise to a level 3 categorisation.

Note 17 – Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system, in which case it would be accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.074M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The movement of Intangible Asset balances during the year are as follows:

2016/17 Purchased Software £000s		2017/18 Purchased Software £000s
	Balance at 1st April :	
1,054	- Gross Carrying Amounts	**1,176**
(804)	- Accumulated Amortisation	**(862)**
250	**Net Carrying Amount at 1st April**	**314**
	Additions:	
122	Purchases	-
	Disposals:	
-	Other Disposals – Gross Carrying Amounts	-
-	Other Disposals – Accumulated Amortisation	-
	Amortisation:	
(58)	Amortisation for the Period	(74)
314	**Net Carrying Amount at 31st March**	**240**
	Comprising :	
1,176	Gross Carrying Amounts	**1,176**
(862)	Accumulated Amortisation	**(936)**
314		**240**

Balance Sheet

Note 18 – Assets Held for Sale

2016/17 £000s	Current Assets	2017/18 £000s
651	**Balance Outstanding at 1st April**	**351**
	Assets Newly Classified as Held for Sale :	
-	- Surplus Assets	238
-	Revaluation Gains	-
-	Revaluation Losses	-
	Assets Declassified as Held for Sale :	
-	- Property, Plant & Equipment	-
-	- Surplus Assets	-
(300)	Assets Sold	(351)
351	**Balance Outstanding at 31st March**	**238**

Balance Sheet

Fair Value Measurement of Assets Held for Sale:

Details of the Authority's Assets Held for Sale and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value / Net Book Value as at 31st March 2018** **£000s**
Buildings	-	-	169	169
Land	-	-	69	69
Net Book Value	**-**	**-**	**238**	**238**
				Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value / Net Book Value as at 31st March 2017** **£000s**
Buildings	-	-	229	229
Land	-	-	122	122
Net Book Value	**-**	**-**	**351**	**351**
				Balance Sheet

Valuation Techniques used to Determine Level 3 Fair Values for Assets Held for Sale

Significant Observable Inputs – Level 3 – Market Approach

The fair value for the areas of land or buildings have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Significant observable inputs used in the fair value measurement include the rental value of offices accommodation once renovated, market yields, renovation/ demolition costs and commercial / industrial land values. It is the existence of unobservable inputs that gives rise to a level 3 categorisation.

Note 19 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2016/17 £000s		2017/18 £000s
33,603	**Opening Capital Financing Requirement**	**32,012**
	Capital Investment:	
1,732	Property, Plant & Equipment	3,117
121	Intangible Assets	-
1,853	**Total Capital Investment**	**3,117**
	Sources of Finance - For Capital Expenditure Purposes:	
(366)	Capital Receipts	(759)
(532)	Government Grants & Other Contributions	(442)
(60)	Revenue Contributions	-
(895)	Reserves	(1,916)
(1,853)	**Total Resources Utilised to Fund In Year Capital Expenditure**	**(3,117)**
-	**Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure**	**-**
	Sources of Finance - Set Aside to Repay Debt:	
(1,591)	MRP	(559)
(1,591)	**Total Set Aside to Repay Debt**	**(559)**
32,012	**Closing Capital Financing Requirement**	**31,453**

2016/17 £000s		2017/18 £000s
-	Increase / (Decrease) in Underlying Need to Borrow (Funded from Authority's Own Base Resources)	-
-	Assets Acquired Under Finance Leases	-
(1,591)	Amounts Set Aside to Repay Debt - Statutory	(559)
(1,591)	**Increase / (Decrease) in Capital Financing Requirement**	**(559)**

Note 20 – Leases

Authority as Lessee

Finance Leases

The Authority has acquired land for the car park at its training centre, a number of appliances and personal protective clothing/equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet with the following net amounts:

31st March 2017 £000s		31st March 2018 £000s
55	Land & Buildings	55
499	Vehicles, Plant, Furniture & Equipment	306
554	**Total**	**361**

The Authority is committed to making minimum payments under the vehicles and equipment leases, comprising settlement of long-term liability for the interest in the assets acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding:

31st March 2017 £000s		31st March 2018 £000s
	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
229	- Current	248
399	- Non-Current	151
54	Finance Costs Payable in Future Years	25
682	**Minimum Lease Payments**	**424**

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

31st March 2017			31st March 2018	
Minimum Lease Payments (Restated)	**Finance Lease Liabilities**		**Minimum Lease Payments**	**Finance Lease Liabilities**
£000s	**£000s**		**£000s**	**£000s**
258	229	Not later than one year	266	248
424	399	Later than one year and not later than five years	158	151
-	-	Later than five years	-	-
682	**628**		**424**	**399**

The above minimum lease payments did not include any rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The Authority currently has a number of operating leases for vehicles. The future minimum lease payments due under non-cancellable leases in future years are:

31st March 2017 £000s		31st March 2018 £000s
2	Not Later Than One Year	2
-	Later Than One Year & Not Later Than Five Years	1
-	Later Than Five Years	-
2		**3**

The expenditure charged to the Comprehensive Expenditure and Income Statement during the year in relation to these leases were £0.006M in 2017/18 (£0.002M in 2016/17).

Note 21 – Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The definition is broad and covers instruments used in treasury management activities including the borrowing and lending of money and making of investments. However it also extends to include such items as trade receivables (debtors) and trade payables (creditors) but excludes statutory obligations such as the debt transferred from the former South Yorkshire County Council, managed by Rotherham MBC.

Financial Instrument Balances:

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

31st March 2017			31st March 2018		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
		Investments *:			
-	7,001	Loans & Receivables	-	5,013	
-	5,601	Loans & Receivables - Cash Equivalents **	-	3,101	Cash Flow
-	**12,602**	**Total Investments**	**-**	**8,114**	
		Borrowings :			
(19,045)	(2,500)	Financial Liabilities at Amortised Cost	(16,568)	(2,500)	
(19,045)	**(2,500)**	**Total Borrowings**	**(16,568)**	**(2,500)**	Balance Sheet

* The South Yorkshire Fire & Rescue Authority's treasury management function is administered by Barnsley MBC. Investments commenced in line with the revised working arrangements, on a single entity basis, on 1st April 2015.

** The total Short Term Investments figure in the table above includes Cash Equivalents of £3,101M in 2017/18 (£5.601M in 2016/17), which are included within the 'Cash & Cash Equivalents' figure in the Balance Sheet, rather than within 'Short Term Investments'.

Debtors and creditors are measured at amortised cost which is typically the transactional value or invoiced amount. The Balance Sheet values are analysed in Note 24 and Note 25 respectively. They are low risk in nature and largely comprise of amounts owed by and to the Authority as a result of its day to day business. As such, they have not been disclosed again in the above note. However, it should be noted that within the Balance Sheet totals for debtors and creditors, there are amounts that do not meet the definition of financial instruments.

Other Liabilities:

The Authority holds a number of liabilities that, under the Code of practice, do not constitute financial instruments and fall under other provisions of the Code. The table below details such arrangements:

31st March 2017			31st March 2018		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
		Other Liabilities :			
(399)	(229)	Finance Lease Liabilities	(151)	(248)	
(2,038)	(560)	Other Local Authority Debt	(1,422)	(616)	
-	-	Other Liabilities	-	-	
(2,437)	**(789)**	**Total Other Liabilities**	**(1,573)**	**(864)**	Balance Sheet

Reclassifications:

No financial assets or liabilities were reclassified during 2017/18.

Impairment:

No financial assets or liabilities were impaired during 2017/18.

Financial Instrument Income, Expense, Gains and Losses:

2016/17				2017/18		
Financial Liabilities : Measured at Amortised Cost	**Financial Assets : Loans and Receivables**	**Total**		**Financial Liabilities : Measured at Amortised Cost**	**Financial Assets : Loans and Receivables**	**Total**
£000s	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**
1,098	-	**1,098**	Interest Expense	1,016	-	**1,016**
1,098	**-**	**1,098**	**Total Expense in Surplus or Deficit on the Provision of Services**	**1,016**	**-**	**1,016**
-	(54)	**(54)**	Interest / Dividend Income	-	(44)	(44)
-	**(54)**	**(54)**	**Total Income in Surplus or Deficit on the Provision of Services**	**-**	**(44)**	**(44)**
1,098	**(54)**	**1,044**	**Net (Gain) / Loss for the Year**	**1,016**	**(44)**	**972**

Fair Values of Assets: Assets Carried at Fair Value:

The Authority does not hold any financial assets as Available for Sale.

Fair Values of Assets: Assets Not Measured at Fair Value

Except for financial assets carried at fair value (see above), all other financial assets held by the Authority are classified as short term receivables, short term investments and long term debtors are carried in the balance sheet at amortised cost. As such, they are not disclosed in this note as their carrying value is a suitable approximation of their fair value.

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

All financial liabilities are carried in the balance sheet at amortised cost. The fair values of such liabilities are disclosed for comparison purposes. Fair value is the amount for which a liability could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial liabilities represented by loans are carried in the Balance Sheet at amortised cost.

The fair values are calculated as follows:

Recurring Fair Value Measurements Using:	**Carrying Value as at 31st March 2018** **£000s**	**Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s**	**Other Significant Observable Inputs** (Level 2) **£000s**	**Significant Unobservable Inputs** (Level 3) **£000s**	**Fair Value as at 31st March 2018** **£000s**
Financial Liabilities	(19,068)	-	(27,001)	-	(27,001)
Total Valuation	**(19,068)**	**-**	**(27,001)**	**-**	**(27,001)**

Balance Sheet

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31st March 2017 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31st March 2017 £000s
Financial Liabilities	(21,545)	-	(30,418)	-	(30,418)
Total Valuation	**(21,545)**	**-**	**(30,418)**	**-**	**(30,418)**

Balance Sheet

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Valuation Techniques used to Determine Level 2 Fair Values for Financial Liabilities

The financial liabilities' fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments using the following assumptions:

- The Authority's Treasury Management Advisors, Link Asset Services (Link), have provided the Fair Value amounts in relation to its debt portfolio. Capita have assessed the Fair Values by calculating the amounts that the Authority would have had to pay to extinguish the loans on 31st March under existing debt redemption procedures;

- No early repayment or impairment is recognised for any financial instrument; and

- The fair value of short term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.

Note 22 – Nature and Extent of Risks Arising From Financial Instruments

Financial Instruments - Risks

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 commitments to make payments; and
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set through a legal framework which requires the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - the Authority's overall borrowing;
    - the maximum and minimum exposures to fixed and variable rates;
    - its maximum and minimum exposures to the maturity structure of its debt; and
    - its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are reported within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after the end of the year.

The annual Treasury Management Strategy which incorporates the prudential indicators was approved by the Authority in February 2017. The key issues within the Strategy were:

- The Authorised Limit for 2017/18 was set at £34M. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £30M. This is the expected level of debt and other long term liabilities during the year; and
- The upper limits on fixed and variable interest rate exposure were set at 100% and 25% respectively.

These policies are implemented by BMBC treasury officers with advice from Link Asset Services. The Authority has written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from the lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Authority's customers. The risk is minimised through the Annual Investment Strategy (AIS), which requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by the Authority. The Annual Investment Strategy also imposes maximum amounts and time limits in respect of each financial institution. Deposits are not made with financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The key areas of the Investment Strategy are that the minimum criteria for investment are based on the creditworthiness service provided by Capita. This service uses a sophisticated modeling approach with credit ratings from all three rating agencies (Fitch, Moodys and Standard and Poors) forming the core element. However it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Deposits with institutions were limited to a maximum of £10M with any one counterparty, depending on credit quality.

All investments were made in accordance with the Authority's 2017/18 AIS and no investments are considered to pose an immediate credit risk. The Authority therefore expects full repayment on the due dates of existing deposits.

The Authority does not generally allow credit for customers. The total value of trade debtors at 31st March 2018 is £0.266M analysed as follows:

31st March 2017 £000s	Aged Debt Analysis:	31st March 2018 £000s
164	Less Than Three Months	242
-	Three to Six Months	1
1	Six Months to One Year	18
17	More Than One Year	5
182		**266**

In 2017/18, the Authority did not write-off any significant uncollectable debts.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Authority has access to borrow from the Public Works Loan Board (PWLB), there is no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority therefore has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future which reduces the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 20% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of loans outstanding to PWLB as at 31 March 2018 is:

31st March 2017 £000s		31st March 2018 £000s
	Maturing in:	
(2,500)	Less Than 1 Year	(2,500)
(2,880)	1 to 5 Years	(380)
(4,679)	5 to 10 Years	(5,089)
(8,939)	10 to 20 Years	(8,529)
(2,800)	20 to 30 Years	(2,800)
(750)	30 to 40 Years	(750)
(22,548)		**(20,048)**

The average interest payable by the Authority during 2017/18 was 4.51% with rates ranging from 3.76% to 7.13%.

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

Market Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charges to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Authority’s policy is to aim to keep a maximum of 25% of its borrowings in variable loan rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is reduced by the fact that a proportion of government grant payable on financing costs will normally move with the prevailing interest rates on the Authority’s cost of borrowing and provide compensation for a proportion of any higher costs.

The Authority’s treasury management strategy provides for the assessment of interest rate exposure, which will assist in decisions on whether new borrowing taken out should be on a fixed or variable basis.

The Authority received investment interest of £0.056M for the financial year with an average rate of 0.43%. A change of 0.1% in the interest rate achieved would have resulted in a decrease or increase in interest of approximately £0.013M provided that bank balances had remained the same. The Authority‘s borrowings are all currently at fixed rates; the Authority is not therefore exposed to risk due to changes in interest rates in the year.

Price Risk

The Authority does not invest in equity shares on the markets and therefore is not at significant risk to price movements.

Foreign Exchange Risk

The Authority has no financial assets or liabilities in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Note 23 – Inventories

31st March 2017				31st March 2018		
Stores	**Vehicle Maintenance**	**Total**		**Stores**	**Vehicle Maintenance**	**Total**
£000s	**£000s**	**£000s**		**£000s**	**£000s**	**£000s**
354	**239**	**593**	**Balance Outstanding at 1st April**	**330**	**203**	**533**
742	482	**1,224**	Purchases	816	473	1,289
(758)	(493)	**(1,251)**	Recognised as an Expense in the Year	(796)	(472)	(1,268)
-	-	**-**	Transfers	-	-	-
(8)	(25)	**(33)**	Written off Balance	(4)	-	(4)
330	**203**	**533**	**Balance Outstanding 31st March**	**346**	**204**	**550**

Balance Sheet Balance Sheet

Note 24 – Short Term Debtors

31st March 2017 £000s		31st March 2018 £000s
3,438	Central Government Bodies	4,297
2,384	Other Local Authorities	2,672
9	NHS Bodies	2
-	Public Corporations & Trading Funds	-
484	Other Entities & Individuals	2,257
6,315	**Total**	**9,228**

Balance Sheet Balance Sheet

Note 25 – Creditors

31st March 2017 £000s		31st March 2018 £000s
(1,061)	Central Government Bodies	(1,269)
(1,003)	Other Local Authorities	(1,276)
-	NHS Bodies	-
-	Public Corporations & Trading Funds	-
(1,639)	Other Entities & Individuals *	(2,128)
(3,703)	**Total**	**(4,673)**

Balance Sheet Balance Sheet

* Included in the above table is an accrual of £0.197M for annual leave and other related benefits earned by employees but not taken by 31 March 2018 (£0.197M at 31 March 2017). This is matched by an equivalent sum in the Accumulated Absences Account (Note 8).

Note 26 – Grants & Contributions Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the transferor if the conditions are not met. All significant income credited is listed individually in the tables below:

31st March 2017 £000s	Current Liabilities	31st March 2018 £000s
	Capital Grants & Contributions Receipts in Advance:	
(463)	ESMCP Grant	(687)
(463)	**Total Capital Grants & Contributions Receipts in Advance**	**(687)**
	Revenue Grants Receipts in Advance:	
(58)	Fire Link New Risks	-
-	Fire Link New Dimensions	(272)
(53)	Other Receipts in Advance	(44)
(111)	**Total Revenue Grants & Contributions Receipts in Advance**	**(316)**
(574)	**Total Grants & Contributions Receipts in Advance**	**(1,003)**

Balance Sheet

Note 27 – Provisions

	Insurance Fund	Municipal Mutual Insurance	Total
	£000s	**£000s**	**£000s**
Balance at 31st March 2016	**(229)**	**(153)**	**(382)**
Additional Provisions Made in 2016/17	(150)	-	**(150)**
Amounts Used in 2016/17	133	134	**267**
Unused Amounts Reversed in 2016/17	69	19	**88**
Balance at 31st March 2017	**(177)**	**-**	**(177)**
Additional Provisions Made in 2017/18	(81)	-	(81)
Amounts Used in 2017/18	91	-	91
Unused Amounts Reversed in 2017/18	(29)	-	(29)
Balance at 31st March 2018	**(196)**	**-**	**(196)**
Short Term Provisions	(55)	-	(55)
Long Term Provisions	(141)	-	(141)

Balance Sheet

Insurance Fund

The Authority provides a degree of self-insurance through its insurance provision. Under its insurance policies, the Authority has to meet a proportion of each claim up to a total maximum level each year. A contribution to the provision is made from revenue to fund this uninsured liability, in accordance with advice from the Authority's insurance brokers. Payments are then made directly from the provision. An element of this provision has been classified as long term on the Balance Sheet following an assessment of likely payment profiles.

Municipal Mutual Insurance (MMI)

The Authority's former insurance company, MMI Limited, ceased trading in September 1992 and a 'Scheme of Arrangement' was agreed in case of insolvency, involving a claw back of claims paid. The Scheme was triggered during 2012/13 and in 2013/14 the Authority paid a levy 15% of total claims payments equating to £0.119M from the provision. In 2016/17 a second levy was paid following notification that the agreed percentage had increased from 15% to 25% meaning a further £0.079M was charged against the provision. In addition to this, 2 interim payments under the scheme of arrangement as agreed with MMI were made, totalling £0.055M, against the provision.

Note 28 – Contingent Liabilities

Close Proximity Crewing Stations (CPC)

In respect of CPC there are two issues currently in litigation. Firstly, working time detriment claims brought under s45A Employment Rights Act 1996 and secondly, the Judicial Review of the Fire Authority's decision to continue the use of CPC in its current IRMP.

SYFR is in dispute with the Fire Brigades Union (FBU) about the Close Proximity Crewing (CPC) system which was approved by the Fire & Rescue Authority in March 2012 in order to maintain initial appliance response standards, in spite of government funding reductions. Despite a period of prolonged negotiation with the FBU, the Service was taken to an Employment Tribunal in relation to those firefighters that were compulsory transferred from one of two CPC stations when they chose not to work the new CPC duty system.

The CPC detriment claims have been successful and the Authority is liable to compensate successful claimants (approx. 70) in the employment tribunal proceedings which found that they had suffered as a result of the CPC system. A 14 day remedy hearing is listed for September and October 2018 and the Service will be attempting to resolve claims on an economically advantageous basis. The Tribunal will adjudicate on each claimant's schedule of loss.

In terms of the Judicial Review, the Fire Brigades Union has taken the case to the High Court. In May 2018, the High Court ruled against the Fire Authority that the shift system breached EU Working Time Regulations. This ruling means that as the litigation has gone in the claimant's favour, the Fire Authority is liable for both legal and potential compensation claim costs.

The amount and timing of this outcome is currently unquantifiable in respect of the Authority.

Employment Tribunals

The Authority is currently defending an employment tribunal. Legal costs will be incurred and there are also potential compensation costs should the tribunal rule against the Authority.

Note 29 – Contingent Assets

Truck Cartel

The European Commission has found that Scania broke EU antitrust rules. It colluded for 14 years with five other truck manufacturers on truck pricing and on passing on the costs of new technologies to meet stricter emission rules. A firm of solicitors in October 2016 who, after research, felt that local authorities in England and Wales may be affected by the Cartel, if they had purchased or leased waste trucks above six tonnes between 1997 - 2011. The claim category was subsequently extended to include not just waste vehicles but construction, fire, mobile library, maintenance and park vehicles between 6 and 16 tonnes. Having reviewed the European report and published decision, the Local Government Association met with the four Litigation Funders who had approached them and some of their member Authorities, offering to fully fund a local authority's claim.

The amount and timing of this outcome is currently unquantifiable in respect of the Authority.

Note 30 – Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes as explained in the Accounting Policies: Pension schemes for Fire officers (FPS 1992, 2006 & 2015) and the Local Government Pension Scheme (LGPS) for support staff, administered by the South Yorkshire Pensions Authority.

Injury awards are payable irrespective of whether a Fire officer is a member of the Pension Scheme and tax rules from 1 April 2006 prevent injury awards from being part of pension scheme regulations. Injury awards have been moved into a separate Fire Compensation Scheme (FCS) and under the pensions financial arrangements they must be paid from the Authority's operating account and not the Pension Fund Account. The injury awards have been accounted for as part of the pensions adjustments and information relating to these injury awards are included in the 'Fire Fighters' Pension Schemes' totals below.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2017/18	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Comprehensive Income & Expenditure Statement:			
Cost of Services :			
- Current Service Cost	10,090	1,861	11,951
- Past Service Costs	500	-	500
- Transfers	-	-	-
- Settlements & Curtailments	-	-	-
- Administration Expenses	-	23	23
Financing & Investment Income & Expenditure :			
- Net Interest Cost	20,080	497	20,577
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**30,670**	**2,381**	**33,051**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(727)	(727)
- Experience (Gains) / Losses	13,103	-	13,103
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	(20,710)	-	(20,710)
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	20,430	(3,630)	16,800
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**12,823**	**(4,357)**	**8,466**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**43,493**	**(1,976)**	**41,517**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(30,670)	(2,381)	(33,051)
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,391	1,391
- Retirement Benefits Payable to Pensioners	3,237	-	3,237
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	17,426	-	17,426
Net Adjustment to Surplus or Deficit for the Provision of Services	**(10,007)**	**(990)**	**(10,997)**

Note 6

Prior Year Comparators – 2016/17	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Comprehensive Income & Expenditure Statement:			
Cost of Services :			
- Current Service Cost	7,280	1,138	8,418
- Past Service Costs	-	-	-
- Transfers	40	-	40
- Settlements & Curtailments	-	194	194
- Administration Expenses	-	22	22
Financing & Investment Income & Expenditure :			
- Net Interest Cost	22,150	540	22,690
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**29,470**	**1,894**	**31,364**
Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :			
Re-measurement of The Net Benefit Liability Comprising:			
- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	-	(5,292)	(5,292)
- Experience (Gains) / Losses	(3,748)	(2,951)	(6,699)
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	(7,740)	(414)	(8,154)
- Actuarial (Gains) and Losses On Changes in Financial Assumptions	134,930	14,445	149,375
Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	**123,442**	**5,788**	**129,230**
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**152,912**	**7,682**	**160,594**
Movement in Reserves Statement:			
- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code	(29,470)	(1,894)	(31,364)
Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
- Employers' Contributions Payable to Scheme	-	1,458	1,458
- Retirement Benefits Payable to Pensioners	3,382	-	3,382
- Additional Contribution to Fire Pension Fund Account to Balance Deficit	16,910	-	16,910
Net Adjustment to Surplus or Deficit for the Provision of Services	**(9,178)**	**(436)**	**(9,614)**

Note 6

Pension Assets and Liabilities Recognised in the Balance Sheet

2017/18	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Present Value of Defined Benefit Obligation	(785,760)	(62,753)	(848,513)
Fair Value of Plan Assets	-	45,284	45,284
Net Liability Arising from Defined Benefit Obligation	**(785,760)**	**(17,469)**	**(803,229)**

Prior Year Comparators – 2016/17	Fire Fighters' Pension Schemes	LGPS	Total
	£000s	£000s	£000s
Present Value of Defined Benefit Obligation	(762,930)	(63,941)	**(826,871)**
Fair Value of Plan Assets	-	41,995	**41,995**
Net Liability Arising from Defined Benefit Obligation	**(762,930)**	**(21,946)**	**(784,876)**

Reconciliation of Fair Value of the Scheme (Plan) Assets (LGPS)

2016/17 £000s		2017/18 £000s
35,216	**Opening Balance at 1st April**	**41,995**
1,272	Interest Income	1,089
	Re-measurement Gains and (Losses):	
5,292	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	727
(22)	Administration Expenses	(23)
-	Settlements	-
1,458	Employer Contributions	2,501
356	Contributions by Scheme Participants	378
(1,577)	Benefits Paid	(1,383)
41,995	**Closing Balance at 31st March**	**45,284**

Local Government Pension Scheme Assets Comprised:

Fair Value of Scheme Assets 2016/17	Percentage of Total		Fair Value of Scheme Assets 2017/18	Percentage of Total
£000s	%		£000s	%
664	**1.6**	**Total Cash & Cash Equivalents**	**2,192**	**4.8**
		Equity Instruments:		
7,521	17.9	UK Quoted	6,734	14.9
18,079	43.1	UK Unquoted	18,566	41.0
25,600	**61.0**	**Total Equity Instruments**	**25,300**	**55.9**
		Bonds:		
-	-	UK Government Fixed	-	-
4,846	11.5	UK Government Indexed	5,135	11.4
1,142	2.7	Overseas Government Fixed	1,168	2.6
1,860	4.4	UK Other	2,142	4.7
752	1.8	Overseas Other	1,200	2.6
8,600	**20.4**	**Total Bonds**	**9,645**	**21.3**
		Property:		
3,397	8.1	UK Direct	3,591	7.9
538	1.3	Overseas	548	1.2
3,935	**9.4**	**Total Property**	**4,139**	**9.1**
		Other Investment Funds:		
3,196	7.6	Pooled Investment Vehicles	4,008	8.9
3,196	**7.6**	**Total Other Investment Funds**	**4,008**	**8.9**
41,995	**100**	**Total Scheme Assets**	**45,284**	**100**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2017/18	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Opening Balance at 1st April	**(762,930)**	**(63,941)**	**(826,871)**
Current Service Cost	(10,090)	(1,861)	(11,951)
Interest Cost	(20,080)	(1,586)	(21,666)
Contributions by Scheme Participants	(2,580)	(378)	(2,958)
Transfers	-	-	-
Re-measurement Gains and (Losses):			-
- Experience Gains / (Losses)	(13,820)	-	(13,820)
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	20,710	-	20,710
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	-
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(20,430)	3,630	(16,800)
Past Service (Losses) / Gains	(500)	-	(500)
Gains / (Losses) Curtailments	-	-	-
Benefits Paid	23,960	1,383	25,343
Closing Balance at 31st March	**(785,760)**	**(62,753)**	**(848,513)**

Prior Year Comparators – 2016/17	**Fire Fighters' Pension Schemes**	**LGPS**	**Total**
	£000s	**£000s**	**£000s**
Opening Balance at 1st April	**(630,310)**	**(50,938)**	**(681,248)**
Current Service Cost	(7,280)	(1,138)	**(8,418)**
Interest Cost	(22,150)	(1,812)	**(23,962)**
Contributions by Scheme Participants	(2,620)	(356)	**(2,976)**
Transfers	(40)	-	**(40)**
Re-measurement Gains and (Losses):			**-**
- Experience Gains / (Losses)	3,250	2,951	**6,201**
- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	7,740	414	**8,154**
- Actuarial (Gains) / Losses Arising from Changes to Assumption Underlying Present Value of Retained Settlement	-	-	**-**
- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(134,930)	(14,445)	**(149,375)**
Past Service (Losses) / Gains	-	-	**-**
Gains / (Losses) Curtailments	-	(194)	**(194)**
Benefits Paid	23,410	1,577	**24,987**
Closing Balance at 31st March	**(762,930)**	**(63,941)**	**(826,871)**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates, employee turnover and salary levels. The liabilities of the Fire Pension and Compensation Schemes have been assessed by the Government Actuary's Department (GAD). The LGPS fund liabilities have been assessed by Mercer, using estimates based on the latest full valuation of the scheme as at 31 March 2015.

The significant assumptions used by the actuaries have been:

2016/17			**2017/18**	
Years		**Mortality Assumptions:**	**Years**	
FPS	**LGPS**		**FPS**	**LGPS**
22.4	22.9	Longevity at 65 for Current Pensioners (Male)	21.9	23.0
22.4	25.7	Longevity at 65 for Current Pensioners (Female)	21.9	25.8
24.7	25.1	Longevity at 65 for Future Pensioners (Male)	23.9	25.2
24.7	28.0	Longevity at 65 for Future Pensioners (Female)	23.9	28.1
%			**%**	
2.4	2.3	Rate of CPI	2.3	2.1
4.4	3.6	Rate of Increase in Salaries	4.3	3.4
2.4	2.3	Rate of Increase in Pensions	2.3	2.2
2.7	2.6	Discount Rate	2.6	2.6

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis 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 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.

Firefighters' Pension Scheme: **Impact on the Defined Benefit Obligation in the Scheme**	**(Increase) / Decrease ***
	£000s
- Longevity (Increase by 1 Year)	20,000
- Rate of Increase in Salaries (Increase by 0.5%)	10,000
- Rate of Increase in Pensions (Increase by 0.5%)	59,000
- Rate of Discounting Scheme Liabilities (Increase by 0.5%)	(73,000)

Local Government Pension Scheme: **Impact on the Defined Benefit Obligation in the Scheme**	**(Increase) / Decrease ***
	£000s
- Longevity (Increase by 1 Year)	1,230
- Rate of Increase in Salaries (Increase by 0.1%)	1,192
- Rate of Increase in Inflation (Increase by 0.1%)	201
- Rate of Discounting Scheme Liabilities (Increase by 0.1%)	(1,170)

* A negative figure represents an increase to the obligation whereas a positive figure represents a decrease to the obligation.

Impact on the Authority's Cash Flows

The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 22 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31st March 2017 in respect of the 3 year period 2017/18 – through to 2019/20.

The contributions in respect of the Firefighters' Pension Schemes are determined by Government.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Authority has in the long run to pay employment benefits. The total liability of £803.2M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £752.5M.

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

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of the employees (ie before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover Fire Pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2019 is £0.922M. Expected contributions for the Fire Pensions Schemes in the year to 31 March 2019 are £3.238M.

The weighted average duration of the defined benefit obligation for scheme members is:

- LGPS – 19 years
- FPS – 18 years

NOTES PRIMARILY RELATING TO THE CASH FLOW STATEMENT

Note 31 – Cash Flow Statement – Operating Activities

The cash outflows for operating activities of £0.232M (£6.972M inflow in 2016/17) include the following items:

2016/17 £000s		2017/18 £000s
1,303	Interest Paid	834
(64)	Interest Received	(48)

Note 32 – Cash Flow Statement – Investing Activities

2016/17 £000s		2017/18 £000s
1,852	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	3,118
-	Other Payments for Investing Activities	-
(381)	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	(802)
3,000	Net (Receipts) / Payments From Short Term & Long Term Investments	(1,988)
(593)	Other Receipts From Investing Activities	(430)
3,878	**Net Cash (Inflows) / Outflows From Investing Activities**	**(102)**

Cash Flow

Note 33 – Cash Flow Statement – Financing Activities

2016/17 £000s		2017/18 £000s
399	Appropriation to Collection Fund	65
210	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases	229
1,088	Repayments of Short & Long Term Borrowing	2,478
509	Other Payments for Financing Activities	560
2,206	**Net Cash (Inflows) / Outflows From Financing Activities**	**3,332**

Cash Flow

STATEMENT OF ACCOUNTS 2017/18

SECTION 7 - SUPPLEMENTARY FINANCIAL STATEMENTS

THE PENSION FUND

2016/17		2017/18	
£000s		**£000s**	**£000s**
	Contributions Receivable:		
(3,341)	Fire Authority - Normal	(3,252)	
(42)	Fire Authority - Early Retirements	(20)	
(2,636)	Officers' Contributions	(2,570)	
(6,019)	**Sub Total - Contributions Receivable**		**(5,842)**
	Transfers:		
(44)	Transfers In from Other Schemes	(22)	
(44)	**Sub Total - Transfers In**		**(22)**
	Benefits Payable:		
19,599	Pensions	20,021	
3,181	Commutations and Lump Sum Retirement Benefits	2,753	
-	Death Benefits	-	
22,780	**Sub Total - Benefits Payable**		**22,774**
	Payments To and On Account of Leavers:		
193	Refunds of Overpayment of Pension Contributions	516	
193	**Sub Total - Transfers Out**		**516**
16,910	**Net Amount Payable for the Year**		**17,426**
(16,910)	Top-up Grant Payable by the Government		(17,426)
-	**Net Amount Payable / Receivable for Year**		**-**

NET ASSETS STATEMENT

31st March 2017		31st March 2018
£000s		**£000s**
	Current Assets:	
3,198	Pensions Top-up Grant Receivable from the Government	4,076
3,198	**Sub Total: Current Assets**	**4,076**
	Current Liabilities:	
(31)	Contributions Received in Advance from Fire Authority	(16)
(3,167)	Amount Owing to General Fund	(4,060)
(3,198)	**Sub Total: Current Liabilities**	**(4,076)**
-	**Total**	**-**

NOTES TO THE PENSION FUND

The Authority administers the Firefighters' Pensions Fund Account. The operation of the Pension Fund is controlled by the Firefighters' Pension Scheme (Amendment) (England) Order 2006, which specifies the amounts that must be paid into and out of the Fund.

Contributions are made into the Pension Fund from the Authority and those of its employees who are members of the Firefighter Pension schemes. The contribution rates are based on percentages of pensionable pay, as determined nationally by the Government and subject to triennial revaluation by the Government Actuary's Department. The current contribution rates are as follows:

	FPS 1992	**FPS 2006**	**FPS 2015**
	%	**%**	**%**
Employer Contribution	21.7	11.9	14.3
Employee Contribution – Based on Salary Bandings	11.0 - 17.0	8.5 - 12.5	10.0 - 14.5

The Authority is also required to make payments into the Fund in respect of ill health retirements.
The schemes are unfunded which means that there are no investment assets built up to meet pensions payments. The Pension Fund Account is therefore balanced to nil each year by the receipt of a top-up grant from the Government if contributions are insufficient to meet the defined pensions benefits payable. Any surpluses on the Fund are repayable to the Government.

The accounting policies adopted for the Pension Fund follow those set out in the Authority's Statement of Accounting Policies. However the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. These are dealt with within the Authority's Financial Statements and Notes in accordance with the application of International Accounting Standard 19 - Employee Benefits.

STATEMENT OF ACCOUNTS 2017/18

SECTION 8 – GLOSSARY OF TERMS

ACCOUNTING STANDARDS

The Code is based on approved accounting standards and also reflects specific statutory accounting requirements. Compliance with the Code is therefore necessary (except in exceptional circumstances) in order that an authority's accounts give a 'true and fair' view of the financial position, financial performance and cash flows of the authority.

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2015 (as adopted by the EU) apply unless specifically adapted by the Code.

IFRS's are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments.

International Financial Reporting Standards comprise:

- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- International Financial Reporting Interpretations Committee (IFRIC); and
- Standing Interpretations Committee (SIC).

A further set of interpretations, specifically for the Public Sector, are International Public Sector Accounting Standards (IPSAS).

There are also some UK GAAP accounting standards that remain relevant to Local Authorities as they have no equivalent standard under IFRS and the Code interprets them accordingly.

The paragraphs below give a brief description of the accounting standards that are referred to in CIPFA's Code of Practice. Where relevant, interpretations have been grouped with the standard that they are interpreting.

International Accounting Standards (IAS)

Accounting Standard	Description
IAS 1 – Presentation of Financial Statements	IAS 1 prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.
IAS 2 – Inventories	The objective of IAS 2 is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised.
IAS 7 – Statement of Cash Flows	The objective of IAS 7 is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.
IAS 10 – Events After the Reporting Period	The objective of IAS 10 is to prescribe when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.
IAS 11 – Construction Contracts	The objective of IAS 11 is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Due to the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods.
IAS 12 – Income Taxes	IAS 12 prescribes the accounting treatment for income taxes.
IAS 16 – Property, Plant and Equipment	The objective of IAS 16 is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.
IAS 17 – Leases	The objective of IAS 17 is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. The classification of leases adopted in this Standard is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.

Accounting Standard	Description
IAS 18 – Revenue	The primary issue in accounting for revenue is determining when to recognise it. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria.
IAS 19 – Employee Benefits	The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.
IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20 shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance.
IAS 21 – Effects of Changes in Foreign Exchange Rates	The objective of IAS 21 is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.
IAS 23 – Borrowing Costs	IAS 23 prescribes that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.
IAS 24 – Related Party Disclosures	The objective of IAS 24 is to ensure that an entity’s financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.
IAS 26 – Retirement Benefit Plans	IAS 26 shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared.
IAS 27 – Consolidated and Separate Financial Statements	The objective of IAS 27 is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control.
IAS 28 – Investments in Associates	IAS 28 shall be applied in accounting for investments in associates.
IAS 29 – Financial Reporting in Hyperinflationary Economies	The objective of IAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful.
IAS 31 – Interests in Joint Ventures	IAS 31 shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place.
IAS 32 - Financial Instruments: Presentation	The objective of IAS 32 is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
IAS 36 – Impairment of Assets	IAS 36 prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset.
IAS 37 – Provisions, Contingent Liabilities and Assets	The objective of IAS 37 is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.
IAS 38 – Intangible Assets	The objective of IAS 38 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.
IAS 39 - Financial Instruments: Recognition & Measurement	The objective of IAS 39 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.
IAS 40 – Investment Property	IAS 40 prescribes the accounting treatment for investment property and related disclosure requirements.
IAS 41 – Agriculture	The objective of IAS 41 is to establish standards of accounting for agricultural activity – the management of the biological transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets).

International Financial Reporting Standards (IFRS)

Accounting Standard	Description
IFRS 1 – First-Time Adoption of International Financial Reporting Standards	The objective of IFRS 1 is to ensure that an entity's first IFRS financial statements and its interim financial reports for part of the period covered by those financial statements, contain high quality information that is transparent for users and comparable over all periods presented and also provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRS's).
IFRS 3 – Business Combinations	The objective of IFRS 3 is to specify the financial reporting by an entity when it undertakes a business combination. A business combination is the bringing together of separate entities or businesses into one reporting entity
IFRS 4 – Insurance Contracts	The objective of IFRS 4 is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this IFRS as an insurer).
IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.	The objective of IFRS 5 is to specify the accounting treatment for assets held for sale, and the presentation and disclosure of discontinued operations.
IFRS 6 – Exploration for and Evaluation of Mineral Resources	The objective of this IFRS is to specify the financial reporting arrangements for the exploration for and evaluation of mineral resources.
IFRS 7 – Financial Instruments: Disclosures	IFRS 7 identifies requirements for disclosing information about financial instruments.
IFRS 8 – Operating Segments	The objective of this IFRS is to ensure that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
IFRS 10 - Consolidated Financial Statements	The objective of this IFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11 - Joint Arrangements	The core principle of this IFRS is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 - Disclosure in Other Entities	The objective of this IFRS is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
IFRS 13 - Fair Value Measurement	The objective of this IFRS is to provide a clear definition of fair value, set out in a single IFRS, a framework for measuring fair value and the requirements for disclosures about fair value measurements.

Standing Interpretations Committee (SIC)

Accounting Standard	Description
SIC 12 - Consolidation - Special Purpose Entities	SIC-12 addresses when a special purpose entity should be consolidated by a reporting enterprise under the consolidation principles in IAS 27.
SIC 15 - Operating Leases: Incentives	SIC-15 clarifies the recognition of incentives related to operating leases by both the lessee and lessor. The Interpretation indicates that lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) should be considered an integral part of the consideration for the use of the leased asset.
SIC 25 - Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	A change in the tax status of an enterprise or its shareholders, e.g. due to an initial public offering or restructuring, does not give rise to increases or decreases in the pre-tax amounts recognised directly in equity. Therefore, SIC-25 concludes that the current and deferred tax consequences of the change in tax status should be included in net profit or loss for the period.
SIC 27 - Evaluating the Substance of Transactions Involving The Legal Form of a Lease	Among the provisions of SIC- 27 is the accounting arrangements for arrangements between an enterprise and an investor should reflect the substance of the arrangement. All aspects of the arrangement should be evaluated to determine its substance, with weight given to those aspects and implications that have an economic effect.
SIC 29 - Disclosure - Service Concession Arrangements	SIC-29 prescribes the information that should be disclosed in the notes to the financial statements of a concession operator and a concession provider when the two parties are joined by a service concession arrangement. A service concession arrangement exists when an enterprise (the concession operator) agrees with another enterprise (the concession provider) to provide services that give the public access to major economic and social facilities.
SIC 31 - Barter Transactions involving Web Site Costs	Under SIC-31, revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction.
SIC 32 - Intangible Assets: Web Site Costs	SIC-32 concludes that a website developed by an entity using internal expenditure, whether for internal or external access, is an internally generated intangible asset that is subject to the requirements of IAS 38 - Intangible Assets.

International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Description
IFRIC 1 - Changes in Existing Decommissioning, Restoration & Similar Liabilities	IFRIC 1 contains guidance on accounting for changes in decommissioning, restoration and similar liabilities that have previously been recognised both as part of the cost of an item of property, plant and equipment under IAS 16 and as a provision (liability) under IAS 37.
IFRIC 3 - Emissions Rights	IFRIC 3 focuses on the accounting to be adopted by participants in a 'cap and trade' scheme in respect of carbon emissions, although some of its requirements might be relevant to other schemes that are also designed to encourage reduced levels of emissions and share some of the features of a cap and trade scheme.
IFRIC 4 – Determining Whether an Arrangement Contains a Lease.	The objective of IFRIC 4 is to specify criteria by which an arrangement, that does not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments, is to be assessed. An arrangement that meets the criteria or contains a lease that should be accounted for in accordance with IAS 17 - Leases.
IFRIC 5 - Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	IFRIC 5 discusses how a contributor should account for its interest in a fund and when a contributor has an obligation to make additional contributions, how the obligation should be accounted for.
IFRIC 6 - Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	IFRIC 6 addresses the arrangements where an entity has an obligation to contribute to waste management costs based on its share of the market in a measurement period and highlights what is the event under IAS 37 that gives rise to a liability.
IFRIC 7 - Applying the Restatement Approach Under IAS 29 - Financial Reporting in Hyperinflationary Economies	IFRIC 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency.
IFRIC 9 - Reassessment of Embedded Derivatives	IFRIC 9 addresses whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract. It also dictates whether a first-time adopter of IFRSs should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts IFRSs for the first time.
IFRIC 12 – Service Concession Arrangements	IFRIC 12 sets out the accounting treatment of service concessions. Service concessions primarily involve a private sector organisation utilising / constructing a fixed asset and providing services from that asset, on behalf of a public sector organisation. The accounting treatment of these assets is determined by the actual substance of the concession, in terms of which party holds effective control throughout the term, rather than legal ownership of those assets.
IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 - Employee Benefits)	IFRIC 14 addresses the interaction between a minimum funding requirement and the limit stipulated by IAS 19 on the measurement of the defined benefit asset or liability. When determining the limit on a defined benefit asset in accordance with IAS 19, under IFRIC 14, entities are required to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting, that the hedging instrument(s) may be held by any entity or entities within the group and that while IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 must be applied in respect of the hedged item.

UK GAAP

Accounting Standard	Description
FRS 30 - Heritage Assets	The objective of this FRS is to ensure that enhanced disclosures apply to all heritage assets, regardless of whether they are reported in the Balance Sheet and that where information is available on cost or value, heritage assets are reported in the Balance Sheet.
SSAP 5 - Accounting for Value Added Tax	In the UK, VAT is a tax on the supply of goods and services that is eventually borne by the final consumer but collected at each stage of the production and distribution chain. As a general principle, therefore, the treatment of VAT in the accounts of a trader should reflect his role as a collector of the tax and VAT should not be included in income or in expenditure whether of a capital or revenue nature. There will, however, be circumstances in which a trader will bear the VAT, and in such cases where the VAT is irrecoverable, it should be included in the cost of the items reported in the financial statements.

International Public Sector Accounting Standards (IPSAS)

Accounting Standard	Description
IPSAS 1 - Presentation of Financial Statements	Public Sector interpretation of IAS 1 (see above).
IPSAS 2 - Cash Flow Statements	Public Sector interpretation of IAS 7 (see above).
IPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors	Public Sector interpretation of IAS 8 (see above).
IPSAS 4 - Effects of Changes in Foreign Exchange Rates	Public Sector interpretation of IAS 21 (see above).
IPSAS 5 - Borrowing Costs	Public Sector interpretation of IAS 23 (see above).
IPSAS 6 - Consolidated and Separate Financial Statements	Public Sector interpretation of IAS 27 (see above).
IPSAS 7 - Investments in Associates	Public Sector interpretation of IAS 28 (see above).
IPSAS 8 - Interests in Joint Ventures	Public Sector interpretation of IAS 31 (see above).
IPSAS 9 - Revenue From Exchange Transactions	The objective of IPSAS 9 is to prescribe the accounting treatment for revenue arising from exchange transactions and events.
IPSAS 10 - Financial Reporting in Hyperinflationary Economies	Public Sector interpretation of IAS 29 (see above).
IPSAS 11 - Construction Contracts	Public Sector interpretation of IAS 11 (see above).
IPSAS 12 - Inventories	Public Sector interpretation of IAS 2 (see above).
IPSAS 13 - Leases	Public Sector interpretation of IAS 17 (see above).
IPSAS 14 - Events After the Reporting Period	Public Sector interpretation of IAS 10 (see above).
IPSAS 16 - Investment Property	Public Sector interpretation of IAS 40 (see above).
IPSAS 17 - Property, Plant and Equipment	Public Sector interpretation of IAS 16 (see above).
IPSAS 19 - Provisions, Contingent Liabilities and Assets	Public Sector interpretation of IAS 37 (see above).
IPSAS 20 - Related Party Disclosures	Public Sector interpretation of IAS 24 (see above).
IPSAS 21 - Impairment of Non Cash Generating Assets	The objective of IPSAS 21 is to ensure that non cash-generating assets are carried at no more than their recoverable service amount, and to prescribe how recoverable service amount is calculated.
IPSAS 23 – Revenue From Non-Exchange Transactions (Taxes & Transfers)	IPSAS 23 addresses recognition and measurement of revenue from taxes, recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations and how conditions and restrictions on the use of transferred resources are to be reflected in the financial statements.
IPSAS 25 - Employee Benefits	Public Sector interpretation of IAS 19 (see above).
IPSAS 26 - Impairment of Cash Generating Assets	The objective of IPSAS 26 is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. This standard also specifies when an entity shall reverse an impairment loss and prescribes disclosures.
IPSAS 27 - Agriculture	Public Sector interpretation of IAS 41 (see above).
IPSAS 28 - Financial Instruments: Presentation	Public Sector interpretation of IAS 32 (see above).
IPSAS 29 - Financial Instruments: Recognition & Measurement	Public Sector interpretation of IAS 39 (see above).
IPSAS 30 - Financial Instruments: Disclosures	Public Sector interpretation of IFRS 7 (see above).
IPSAS 31 - Intangible Assets	Public Sector interpretation of IAS 38 (see above).
IPSAS 32 - Service Concession Arrangements: Grantor	The objective of IPSAS 32 is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

KEY DEFINITIONS

Terms Used	Definition of Terms
Accrual	The accruals concept requires that the cost or benefit of a transaction is shown in the period in which the goods or services are received or provided, rather than when the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Amortisation	The term used to describe the charge made for the cost of using intangible assets. The charge for the year will represent the consumption of economic benefit.
Asset	Right or other access to future economic benefits.
Budgets	A statement of the Authority's forecast spend - i.e. net revenue expenditure for the year.
Capital Expenditure	Expenditure on the acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing non-current asset.
Capital Grant	A grant that is intended to fund capital expenditure.
Capital Receipts	Proceeds or money received from the sale of land or other capital assets.
Comprehensive Spending Review (CSR)	A governmental process in the carried out by HM Treasury firm expenditure limits and, through public service agreements and define the key improvements that the public can expect from these resources.
Contingent Liability	A condition which exists at the Balance Sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.
Defined Benefit Scheme	Also known as a final salary scheme. Pension scheme arrangement where the benefits payable to members are determined by the scheme rules. In most cases, there is a compulsory members' contribution but over and above this, all costs of meeting the quoted benefits are the responsibility of the employer.
Depreciation	The measure of the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.
De-recognition	The process upon assets are no longer deemed to be controlled by the Authority either by sale, demolition or any other form of disposal.
Earmarked Reserves	Reserve balances that have been set aside for future spending in a specific service area.
Exceptional Item	Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.
Fair Value	Usually the amount that would be paid for an asset in an active market. However, where there is no market for a certain asset e.g. a fire station, other methods to determine fair value are used.
Finance Lease	A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Authority, in return for rental payments to the legal owner of the asset.
Non-Current Assets	These are tangible assets used by the Authority in the provision of services that yield benefits to the Authority for a period of more than one year.
General Fund Services	This comprises all services provided by the Authority. The net cost of General Fund services is met by Council Tax, Government Grants and Non-Domestic Rates.
Historic Cost	This represents the original cost of acquisition, construction or purchase of a non-current asset.
IFRS	'International Financial Reporting Standards' (IFRS) are statements issued by the International Accounting Standards Board (IASB) that seek to ensure consistency in the treatment of accounting issues.
Impairment	A reduction in the value of a non-current asset caused by general changes in market values or consumption of economic benefits.
Intangible Assets	Non Current Assets which do not have physical form, such as software.
Liabilities	An obligation to transfer economic benefits.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statement as a whole.
Minimum Revenue Provision	This is the minimum amount that must be charged to the Authority's Comprehensive Income and Expenditure Statement each year to provide for the repayment of loans used to finance capital expenditure. The minimum amount is a percentage of the total Capital Financing Requirement.
Net Current Replacement Cost	This represents the cost of replacing or recreating a particular asset in its existing condition and in its existing use. That is the cost of replacing an asset, adjusted to reflect the current condition of the existing asset.
Net Realisable Value	The open market value of an asset in its existing use less any expenses incurred in realising the asset.
Non-Domestic Rates	These are business rates collected locally by the Authority but paid into a national pool. The rates are subsequently redistributed by Central Government as a grant to fund local authority services.
Operating Lease	A lease other than a finance lease.
Operational Assets	These are non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a responsibility.
Precepts	The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Civil Defence Authorities and which is collected on their behalf by the Authority.
Provisions	Potential costs that the Authority may incur in future years, based on a past event which is likely to be incurred and a reliable estimate can be made.
Public Works Loan Board	A Government agency that provides long term loans to local authorities at interest rates lower than prevailing market rates.
Recharges	The transfer of costs within the Authority from one account to another to reflect work undertaken on behalf of another service.
Recognition	The process upon which assets are deemed to belong to the Authority either by means of purchase, construction or other form of acquisition.
Reserves	Revenue reserves are amounts set aside from balances to meet specific items of future expenditure. Certain other reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Authority.
Revenue Contributions	A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement.
Revenue Expenditure	This represents day to day running costs incurred in the provision of Authority services. Such costs include employee costs and supplies and services.
Revenue Support Grant	A grant paid to the Authority by Central Government to finance the Authority's general expenditure 'needs' and not specific services, after taking into account the level of Council Tax and NNDR income.

Service Expenditure Reporting Code of Practice (SERCOP)	Establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.
Useful Economic Life	The period which as asset is expected to be useful to the Authority in its current state.
Value Added Tax (VAT)	National taxation charged on goods and services.
Working Balances	This represents the accumulated surplus (excess of income over expenditure) on the Authority's revenue accounts (i.e. General Fund).