

**ESSEX POLICE, FIRE AND CRIME
COMMISSIONER FIRE AND RESCUE
AUTHORITY**

2023/24 ACCOUNTS



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Essex County Fire & Rescue Service Introduction



Police Fire and Crime Commissioner's Introduction

1. Police, Fire and Crime Commissioner – Roger Hirst



Essex County Fire and Rescue Service (“the Authority”) has continued to make progress over the past year with continued improvement in its prevention, protection and response services.

The latest HMICFRS inspection, published in March 2024, graded the Authority as ‘good’ at preventing fires and other risks. The Authority has also improved the targeting of its prevention activity and was seen to collaborate well with others to reduce the number of fires and other risks.

This evidence of continued improvement is mirrored in my own oversight of the Authority which has shown continued improvement and progression since I took on joint governance in 2017. Over this time the Authority has undergone a significant cultural shift and is now recognised nationally as an authority with a strong positive culture. During the year the Authority gained the Silver Inclusive Employers Standard accreditation that recognises our commitment to diversity, equity, and inclusion.

By working with communities, the police and other partners across Essex, the Authority has successfully driven down the number of house fires over the last five years from 783 to 677, while non-residential fires have decreased by 12.9 per cent. It was also encouraging to see that in the year 2023/24 the Authority has carried out 1,699 more Home Fire Safety checks than the previous year, 10,284 in total compared to 8,585 in 2022/23.

Over the last twelve months there has been an increase of 6 per cent in dwelling fires while fatalities have remained static at four.

Understanding, identifying and protecting our most vulnerable remains a priority, and in December 2023 the Authority implemented a 12-month pilot programme, in collaboration with the ambulance service. This involved four Community Wellbeing Officers working across Essex responding to calls from people who have fallen in their homes. We know that the people who are most at risk from falls are also at risk of greatest harm in the event of a fire at home, so to be able to visit these people and help them avoid becoming the victim of a fire helps to drive down the number of house fires and risk that residents will suffer injuries and even die.

As part of Vision Zero, the ambition to have no deaths on Essex roads by 2040, the Authority continues to take a proactive approach in responding effectively to roads incidents, rescuing people from car crashes, reducing injuries and deaths as well as carrying out important education around safe driving and road use. The Authority plays an active role in the Safer Essex Roads Partnership (SERP) which also includes Essex Police, Essex County Council, Southend on Sea Borough Council, Thurrock Council, National Highways, East of England Ambulance Service Trust, Essex and Herts Air Ambulance Service Trust, and The Safer Roads Foundation. After a significant increase after COVID, this approach is starting to work and there was a 4.9% decrease (44 fewer) in the number of those killed or seriously injured in Essex for the 12 months to March 2024 compared to the 12 months to March 2023.

School safety visits have also continued with 1,489 programmes delivered by the Joint Essex Education Team in Essex, reaching over 126,547 children and young people. This is an increase of 923 compared to the previous year.

As a result of feedback from the education steering group, the Joint Education Team offered a series of events during March 2024 to target home educated children and children out of mainstream education. This innovation is welcome, and I look forward to the educational interventions continuing to increase so we can reach as many children and young people as possible. These interventions are critical to teach them about the importance of fire prevention, crime prevention, cyber safety, road safety, knife crime, gang awareness, hate crime and healthy relationships.

Looking ahead, we will need to continue the focus on improving our protection work and making the best use of resources. We will do this by continuing investment in the authority, focusing on prevention and protection, using technology effectively and ensuring our authority is one where people from across our communities want to work and where they can have successful careers.

Finally, I would like to thank the Chief Fire Officer, his team, our firefighters and staff for their hard work over the year. We have seen how good our fire and rescue service can be, and at their best they are the best in the country. Together they help make Essex a safe place to live, work and thrive.

Statement of Accounts 2022/23

The Financial Statements for the year ended 31 March 2023 were signed off by the external auditors on 4 July 2024. At that time, it was uncertain when the Essex Pension Fund audit would be signed off, in discussion with the auditors we signed our accounts off without the final Essex Pension Fund audited accounts and accepted a modified opinion on that matter alone.

This enabled the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority to formally appoint EY as the external auditors and mitigated any further delay in the audit of the Financial Statements for the year ended 31 March 2024. We still consider this to be the right decision, and we are pleased that EY have been able to issue an unqualified audit report for 2023/24.

Written statements and Chief Finance Officer Narrative Report

2. Review of the year - Chief Fire Officer/Chief Executive – Rick Hylton



I am pleased to share with you our Statement of Accounts for 2023/24.

This report has been developed to demonstrate how we are keeping you safe, protecting our communities and how we are managing our budgets and spending our money.

Our mission is to make Essex a safe place to live, work and travel. Our people share a common goal in that we want to be one of the best fire and rescue services in the country. By continually raising our standards and improving what we do, we are providing our residents, businesses, and visitors a service they deserve.

Our Statement of Accounts outlines some of our key financial issues, demonstrating how we continue to drive change, reduce risk, invest in prevention and protection, and continue to provide a first-class emergency response service – with our people at the centre of everything we do.

We are good at understanding and preventing fires and other risks in Essex and we have been rated as good at future affordability.

In March, His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) published its report following our inspection last autumn. The inspection was our third assessment in as many years and looked at our effectiveness and efficiency as a Service, and how well we look after our people.

Overall, the report was positive. The inspectors said we are good at understanding and preventing fires and other risks in Essex and we have been rated as good at future affordability.

Importantly, they determined there was no longer a cause for concern for our protection work, with inspectors recognising the hard work we are doing working with businesses, high rise buildings and the rural community to reduce risk.

This was a positive outcome for us, and an important milestone in our improvement journey. We know there is more to do but we are assured that the work we are doing to keep people, homes, and businesses safer has been recognised.

The inspectorate also rated the Authority as “good at making the service affordable now and in the future.” We have strong financial plans in place which ensure the public get value for money from their fire and rescue service and our Authority is an inclusive and safe place to work. The Medium Term Financial Strategy is updated regularly to reflect changes in economic conditions and savings plans are used to reduce the impact of financial risks.

Our People

This year our Authority achieved the Silver Inclusive Employers Standard accreditation to recognise our commitment to diversity, equity, and inclusion. We are the first fire and rescue service in the country to achieve the Silver standard.

We achieved a Bronze accreditation two years ago and the improvement is testament to our focus to create an inclusive environment for all colleagues.

We want our Authority to be an employer of choice that provides an inclusive public service to our communities. We want our Authority to better represent and reflect our communities. Our positive action recruitment is one way that we are tackling this, with a specific focus on attracting females into operational roles, people from black and minority ethnic backgrounds, people from faith groups and people aged 17 to 25 to consider a career with Essex County Fire and Rescue Service.

Our recruitment activity focuses on challenging outdated stereotypes of a fire service and telling our employees' stories. The overwhelming majority of our positive action content across our social media channels receives positive sentiment from our public and lots of engagement too. Our people are our greatest asset, and it is pleasure to use their stories in an authentic way.

In 2023/24:

- female starters increased from 16% to 21%.
- starters of a minority ethnicity rose from 2.8% to 6.4%.
- there is no disproportionate drop off for any individual group with a protected characteristic throughout the wholetime recruitment processes.
- we received a record number of applications from women, ethnic minorities and under 25s – up by almost 10%.
- in the most recent question and answer session, 100% of evaluation forms said they felt more confident about the recruitment process as a direct result of the session.
- we have increased our Instagram content as we know this audience is younger. Our engagement rate on this channel is 9.5%, compared to the average Instagram engagement rate of 5%.

As a result of this work and focus, I am proud that our Positive Action Recruitment Team won the Asian Fire Service Awards Positive Action Award in November.

Inclusion and Diversity

To be an employer of choice, advocating equality, diversity and inclusion across our Authority is just as important as our positive action in recruitment. This is particularly important against the backdrop of His Majesty's Inspectorate for Constabulary and Fire and Rescue Service's 2023 report into values and culture across the fire and rescue sector.

In 2023 we held three events at our Service Headquarters to celebrate International Women's Day, International Men's Day and International Day Against Homophobia, Biphobia and Transphobia. In addition, our Service's awards ceremony included an Equality, Diversity, and Inclusion Award in one of six categories.

We are constantly looking for ways to make inclusivity a default across our organisation. In 2023, we became the first Fire and Rescue Service nationally to create an electronic People Impact Assessment form, to make it even simpler for managers to consider how changes to practices and policies can affect our colleagues and communities.

Our internal communication team produces a monthly newsletter called Inclusion Insights, which is emailed to every colleague. It includes resources, thought-provoking materials and inspiring stories and is read by more than 700 colleagues every month.

Externally, we promote awareness days, equality, diversity and inclusion. We use real stories to highlight the work we're doing in that area. Sometimes we receive negative pushback from members of the public, but we use this as an opportunity to reinforce our stance on this. In fact, a member of our Authority responded to the communications team with:

"I am really proud to see our comms team responding to comments online on International Day Against Homophobia, Biphobia and Transphobia.

"Unfortunately, people in marginalised communities still suffer discrimination and hate and until we accept all people and allow such openness and visibility to be safe, we need to keep driving inclusion forward."

Reducing the Gender Pay Gap

Over the past year we have almost closed our Authority's gender pay gap. There is a 2.8% pay gap (median), which is significantly lower than the UK national average of 7.7% for full-time workers. This has been steadily reducing since our Authority began reporting in 2018, when the gap was 15.6%.

Gender pay gap measures the difference in average earnings across all colleagues in our Authority. This is different to equal pay, which look at what men and women are paid for the same role. As our Authority uses a pay scale, there is equal pay for equal roles.

Our Authority

Over the last 12 months we have continued to drive down the number of fires in the home, reduce deliberate fires and reduce commercial fires.

But there's always more to do, and our focus continues to be on preventing incidents from happening in the first place, working with the public, our partners, and businesses to keep their homes and businesses safe.

This year we carried out 10,284 Home Fire Safety checks, around 3,000 more than we did in the 12 months before and 50 per cent more than we delivered in 2022. And in February our Authority recorded the largest volume of Home Fire Safety checks completed to date. Our prevention officers and operational crews carried out 1,047 visits to people's homes.

The impact of that is a 28 per cent reduction in injuries from accidental dwelling fires.

We know that the people who are most at risk from falls are also at the greatest risk of harm in the event of a fire at home, and that ambulance services nationally often must prioritise high risk calls over falls.

However, identifying and interacting with the people most at risk is not always possible.

As a result, our Authority launched an innovative project with the East of England Ambulance Service Trust to help vulnerable people who have fallen in their homes.

The partnership, launched in December, is a 12-month pilot which will see four Community Wellbeing Officers work across Essex responding to calls from people who have fallen in their homes. They completed three weeks of emergency responder training with the Ambulance service to learn the skills required for their role.

Currently, if a person falls at home and has no injuries, they could have a long wait for an ambulance to become available. We aim to send a Community Wellbeing Officer within an hour of the call.

Once the officers have assisted the patient, they will also carry out a tailored home safety check ensure their smoke alarms are working and will also help to reduce risk of fire or further falls (loose rug, old slippers, steps without handrails). To be able to visit these people and help mitigate these risks will also hopefully reduce the number of house fires and resulting injuries and fatalities.

Recently, we secured £255,000 from the Home Office grant fund to assure our delivery of our Risk Based Inspection programme and our legislative duties.

Our programme is currently six months ahead of our five-year High-Risk target and three months ahead of our Very High-Risk target.

We are overcoming significant national challenges in Protection. One of these is that the number of trained fire inspectors is far below the number required. As a result, our Authority has started to invest in training and developing our inspectors in-house. We intend to increase this training to provide a strong pipeline of talented well-trained inspectors.

The increase in inspectors has had a significant impact on our activities. Over the last year we have reviewed our risk-based inspection process which is an evidence-based approach to selecting properties on a year-by-year basis to audit across the county. This has led to a reallocation of visits and new targets to ensure our resources are used to make the most impact.

In 2023-24 we undertook 1,667 risk-based inspections, which is a decrease on the previous year of 307.

In November, we set up a high-rise task force to audit all high-rise residential buildings in Essex to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 (as amended) and the Fire Safety (England) Regulations, which came into force in January 2023 as result of the Grenfell Tower fire.

We have set up a dedicated area of our website to provide guidance to affected property owners and an easy-to-follow form on our website to allow the information to be shared with us securely.

We know that 72% of Essex's land area is designated as rural. Field fires during the heatwave in summer 2022 highlighted the need for us to have stronger links with our farming communities.

We approached a local agricultural dealership, the Crawfords Group, to provide us with a Massey Ferguson tractor to use as an engagement tool at community events. In December 2023, we received a tractor, branded with our colours and crest, which we are using to tour the county's farming event and agricultural shows.

We are committed to reducing deaths and injuries on our roads as more people die on our roads than in fires or other emergencies combined.

We are sharing data with the Safer Essex Roads Partnership (SERP) to understand where collisions are happening on our roads. We have used a heatmap of the two data sets to see where the most collisions take place and understand why. We are also overlaying this data to understand what other fire risks and incidents are happening in those areas. The initial look at this data is showing us that most notably at Chelmsford, Southend, Colchester, and Harlow

there is a direct correlation between road collisions occurring, and other fire related incidents occurring in that area too.

We are now focusing on working with SERP to understand where the risky people live. This means we can focus on preventing the collisions occurring in the first place and target those areas where we may have risky communities.

Specialist training and knowledge is required to deal with incidents involving electric vehicles and lithium-ion batteries. The increase in electric vehicles on our road network and lithium-ion batteries charging at home present a new risk for the public and our crews.

To mitigate this risk, we have partnered with Essex Group1Audi to explore the emerging technology and its effect on our response at fires and road traffic collisions.

They have developed bespoke sessions which are delivered to all our firefighters and other relevant colleagues. The sessions include an in-depth presentation of electric vehicle technologies, a tour of their workshops by technicians and an opportunity for firefighters to have a first-hand look at the vehicles in more detail.

The sessions provided by Essex Group1Audi have provided an informed understanding of risks associated with electrification. Learning from the sessions have also been incorporated into official road traffic collision training for all operational crews, which we are sharing nationally to other fire and rescue services.

The workshops have been very well received by firefighters who found it useful to talk to the vehicle technicians and to look for themselves at the safety features which are vital to use at road traffic collisions.

In addition to the electric vehicle sessions, in August, Essex Group1Audi is continuing to provide a high-performance car to our Road Safety Team to engage with young drivers a part of our role to promote Vision Zero, our countywide campaign to reduce road deaths.

Our Road Safety Team won the Collaboration of the Year award for their partnership work with Audi at the Excellence in Fire and Emergency Awards.

We are using innovation in Essex to keep our county safe and prevent incidents from happening. Our work is being recognised nationally, evidenced by the range of awards we keep winning.

Looking ahead

Our Integrated Risk Management Plan (IRMP), which is our corporate plan, ends at the end of this year. We are already working on its replacement, the Community Risk Management Plan which will set out how we plan to put our Fire and Rescue Plan (FRP) in place and drives our annual Strategic Plan, which includes things like our continuous improvement work, our programmes for change and how we manage our budget. This plan identifies how we manage risks in Essex, protect our communities and respond to fires, all against a backdrop of financial challenges.

Our risks and demands in Essex, like the rest of our country, continue to change, which means that we need to regularly review our priorities and activities so that we actively respond to our community's needs.

Recognising our Service, Recognising our People

Thank you to all our communities and partners for the continued support you offer to our Service.

And finally, thank you to all our Essex County Fire and Rescue Service colleagues. In March this year I was extremely proud to accept on behalf of our Service, the Public Sector Transformation Award for the UK's Best Fire and Rescue Service. This award is testament to the work we're doing, our professionalism and commitment to innovative practices to keep our county safe.

3. Chief Finance Officer's Narrative Report



Introduction

This Statement of Accounts explains the Authority's finances during the financial year 2023/24 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Authority's Statement of Accounts for the year 2023/24 comprise:

The Comprehensive Income and Expenditure Statement (Page 51): This is in two sections; the first section shows the net surplus or deficit on the provision of services as a result of income received and expenditure incurred over the financial year. The second section shows any other changes in net worth not included in the first section. Examples here will include any surplus or deficit on the current value of property, plant and equipment and the remeasurement of the net defined benefit liability.

The Movement in Reserves Statement (MIRS) (Page 52):

This statement shows the in-year movement on the reserves held by the Authority. These reserves are divided into two types, usable and unusable, with only the former being able to be applied to fund expenditure. This Statement also shows the change in the General Fund balance and the discretionary transfers that are undertaken to or from earmarked reserves.

The Balance Sheet (Page 53):

This sets out the financial position of the Authority at the end of the financial year. The top section of the Balance Sheet provides details of assets and liabilities, and the bottom section shows the amounts held in the various reserves. The Cash Flow Statement: Summarises the inflows and outflows of cash during the year analysed between those arising as a result of the Authority's operations, from investing activity and those attributable to financing decisions.

The Cash Flow Statement (Page 54):

Summarises the inflows and outflows of cash during the year analysed between those arising as a result of the Authority's operations, those arising from investing activity and those attributable to financing decisions.

Firefighters' Pension Fund (Page 93):

The Firefighters' Pension Fund provides pension and other retirement benefits to the Authority's former firefighters. The accounting statements of the Fund are included within this Statement of Accounts.

4. Revenue Budget and Expenditure

The Authority’s published budget for 2023/24 showed net expenditure before funding of £90.03m which is available [here](#).

The Authority’s core budget spend after funding is £88.4m. The budget included a 4% pay award for all staff in 2023/24, and also funded a 5% pay award for 2022/23.

In addition, the Authority committed £1.6m from Earmarked Reserves to fund one-off investments.

2022/23 Total Actuals £000s	Description	Core Actual £000s	Earmarked Actual £000s	2023/24 Total Actual £000s	Core Budget £000s	Earmarked Budget £000s	2023/24 Total Budget £000s	Core Budget Var £000s	Earmarked Budget Var £000s	Budget Vs Actuals £000s
36,646	WholeTime Firefighters	38,437	448	38,885	37,501	490	37,991	936	(42)	895
9,384	On Call Firefighters	9,947	-	9,947	8,579	-	8,579	1,368	-	1,368
1,729	Control	1,863	-	1,863	1,957	-	1,957	(94)	-	(94)
16,750	Support Staff	18,418	257	18,675	18,200	70	18,270	218	187	405
64,510	Total Employment Costs	68,665	705	69,370	66,237	560	66,797	2,428	145	2,573
2,240	Support Costs	2,220	127	2,347	1,524	400	1,924	696	(273)	423
11,606	Premises & Equipment	11,804	404	12,209	11,287	547	11,834	517	(143)	374
4,287	Other Costs & Services	3,736	297	4,032	3,194	100	3,294	542	197	738
2,287	Ill health pension costs	2,618	-	2,618	2,184	-	2,184	434	-	434
5,379	Financing Items	5,229	-	5,229	5,597	-	5,597	(368)	-	(368)
25,799	Total Other Costs	25,607	828	26,435	23,787	1,047	24,834	1,820	(219)	1,601
90,309	Gross Expenditure	94,272	1,533	95,805	90,024	1,607	91,631	4,248	(74)	4,174
(2,291)	Operational Income	(3,437)	-	(3,437)	(1,602)	-	(1,602)	(1,834)	-	(1,834)
88,018	Net Expenditure before Funding	90,835	1,533	92,368	88,422	1,607	90,029	2,413	(74)	2,340
	Funding									
(9,753)	Government Grants	(10,133)	(661)	(10,794)	(8,343)	-	(8,343)	(1,790)	(661)	(2,451)
(8,780)	Revenue Support Grant	(9,706)	-	(9,706)	(9,671)	-	(9,671)	(35)	-	(35)
(16,283)	National Non-Domestic Rates	(17,544)	-	(17,544)	(16,929)	-	(16,929)	(615)	-	(615)
1,326	Council Tax Collection Impact	-	-	-	(208)	-	(208)	208	-	208
(783)	Council Tax Collection Account	(518)	-	(518)	-	-	-	(518)	-	(518)
(49,384)	Council Tax Precept	(53,238)	-	(53,238)	(53,267)	-	(53,267)	29	-	29
(83,658)	Total Funding	(91,139)	(661)	(91,801)	(88,418)	-	(88,418)	(2,721)	(661)	(3,382)
4,360	Funding Gap / (Surplus)	(304)	872	568	3	1,607	1,610	(307)	(735)	(1,043)
-	Cont'ns to Earmarked Reserves	-	661	661	-	-	-	-	-	-
(3,890)	Cont'ns (from) Earmarked Reserves	-	(1,533)	(1,533)	-	(1,610)	(1,610)	-	77	77
(3,890)	Total Contribution to/(from) Reserves	-	(872)	(872)	-	(1,610)	(1,610)	-	738	738
470	Net Gap / (Surplus)	(304)	-	(304)	3	(3)	-	(307)	3	(304)

The table above shows the results shows the financial outturn for 2023/24. The closing position for 2023/24 is a surplus of £0.3m. The Authority realised £1.53m of funding from Earmarked Reserves to fund specific investments.

There has also been a transfer of £0.6m into Earmarked Reserves. This relates to unbudgeted government grants which are to be used for specific purposes and are Earmarked to cover expenditure in the next financial year.

The Authority’s total expenditure for 2023/24 was £92.3m.

Funding

58% of the Authority’s funding is from the Council Tax collections across the districts in Essex, and the unitary authorities of Southend-on-Sea and Thurrock. Council tax income has been based on the Commissioner’s proposal of an increase in the precept of 6.57%, which was agreed at the Essex Police, Fire and Crime Panel on 7 February 2023 – this incorporated precept flexibility to increase council tax by £5 without a referendum. The precept payable for a Band D Council tax property increased from £75.33 to £80.28, a change of £4.95 per year.

The balance of funding is provided by central government, through a share of non-domestic rates, revenue support grant and other specific grants (which include Pensions, Business Rates Relief and support the Authority's Urban Search and Rescue unit).

In the year, Core Funding was £2.7m higher than budget which was primarily driven by:

- £1.8m of additional government grants. This primarily relates to unplanned S31 grants for Business Rates Relief (£1.2m) and other unplanned specific government grants (£0.6m).
- £0.5m relating to an unbudgeted surplus in the council tax collection account.
- £0.6m increase in the National Non Domestic Rates collections.

Expenditure

Core Employment Costs for 2023/24 were £69.37m which is an overspend of £2.57m compared to budget.

The operational pay award was agreed on 6 March 2023, which was after the budget for 2023/24 was approved. This pay award agreed a 7% pay award for 2022/23 backdated to 2022) and 5% for 2023/24.

The impact of unbudgeted pay awards in the year was £1.7m. A two year pay award was agreed in 2022/23 for Operational Staff, with 5% awarded for 2023/24 which created a £1.5m in year financial pressure.

Non Operational Staff agreed a pay award in the year, which resulted in an increase of every scale point by £1,925. This has created an additional financial pressure of £0.2m.

The cost of On Call Firefighters are £1.3m over budget this year. In addition to the pay award pressure, there has been further pressure on this budget resulting from additional activity in relating to the response model.

Total non-pay costs for 2023/24 are £26.4m, which is £1.6m higher than the Core Budget for the year, with the key variances being,

- £0.4m Support costs driven by overspends in Travel and Subsistence Costs and redundancy / financial strain.
- £0.3m Premises and Equipment driven by utility costs, the cost of water services and the transition of a new cleaning contract.
- £0.7m Other Costs And Services driven by overspends in consultancy, cost of vehicles spares, insurance costs and increase costs of external audit.
- £0.43m ill Health Pension Costs due to inflationary increases and additional claims in the year
- (£0.36m) underspend in the year in Financing Items which relates to the revenue provision for capital financing (MRP), as a result of underspends in the Capital Programme.

Operational Income for the year is £3.4m which is an improvement of £1.8m compared to budget. The Authority has received an additional £1m from interest received in the year. The higher interest rate has been a key factor, but the Authority's investments are managed in line with its Treasury Management Strategy. The additional £0.8m is a result of additional income from secondments, recharge of shared services, disposal of vehicles and other miscellaneous income.

Reconciliation between Management Accounts and final Statutory Provision of Fire Service per the Comprehensive Income and Expenditure Statement

The table below reflects the movements and reclassifications between the Management accounts and the final Statutory Provision of Fire Service per the Comprehensive Income and Expenditure Statement (page 52):

2022/23 Reconciliation to the Provision of Fire Services per £000 the Comprehensive Income & Expenditure Statement	2023/24 £000
88,018 Total Net Expenditure per Service Revenue Account as above	92,367
Add adjustments not reported to management:	
4,620 Depreciation	4,919
(5,385) Specific grant income	(6,042)
92 Capital accounting entries	1,823
(7,361) IAS19 Pension adjustment	(22,073)
84 Holiday pay accrual	55
(7,950) Total	(21,318)
Less amounts not part of the Provision of Fire Services in the Comprehensive Income and Expenditure Statement:	
(1,164) Interest payments	(1,129)
465 Investment income	1,170
(4,100) Capital financing provision	(4,000)
(4,800) Total	(3,960)
75,268 Provision of Fire Services per Comprehensive Income & Expenditure Statement	67,089

The following accounting adjustments are made to the Total Net Expenditure per Service Revenue Account on the previous page, in accordance with the CIPFA/LASAAC Code:

Adjustment	Description
IAS 19 Pensions	The pension liabilities of the Authority are revalued annually in accordance with IAS 19. These adjustments are not reported in the Service Revenue Account, as they do not arise from 'business as usual' activity.
Interest Income and Expenditure	Interest Income and Expenditure is reported separately to the Provision of Fire Services in the Comprehensive Income and Expenditure Statement.
Depreciation, Capital Financing Provision, and Capital Accounting Entries	Depreciation is charged to the Comprehensive Income and Expenditure Statement in accordance with IAS 16. This is different to the Capital Financing Provision charged to the reported to management, which represents amounts set aside for the repayment of borrowing. Impairments are not reported in the Service Revenue Account as they do not arise from 'business as usual' activity.

Adjustment	Description
Specific Grant Income	Specific grant income is shown within the Provision of Fire Services in the Comprehensive Income and Expenditure Statement. This is reported as Funding in the Service Revenue Account, so not included in Net Expenditure.
Other Adjustments	These are other statutory adjustments not reported to management.

5. Capital

The table below provides a summary of the capital expenditure for the year:

2023/24	Bfwd Capital	Actual Capital	Budget	Variance
	Expenditure	Expenditure	Capital	(overspend)/
	£000	£000	Expenditure	underspend
			£000	£000
Property	1,314	1,615	2,972	1,357
Vehicles	229	862	720	(142)
Information Systems & Equipment*	531	1,586	2,352	766
Total capital expenditure	2,074	4,063	6,044	1,981
Funded by Reserves and Grant Income	1,773	1,418	1,838	420
Minimum Revenue Provision	301	2,645	4,206	1,561
Total capital funding	2,074	4,063	6,044	1,981

The total capital expenditure for the year is £4.1m. In the year, the Authority invested £1.65m in our property portfolio mainly on fire stations and training facilities. This included £0.39m for the redevelopment of Shoeburyness Fire Station which completed in the year and £0.21m for the refurbishment and modernisation of Breathing Apparatus (BA) training facilities at fire stations across the county.

The Information Systems & Equipment budget was £2.35m for the year. This includes £0.74m relating to the new Control System Project. Expenditure previously recognised in prepayments has been recognised as an asset in the year, as the asset has been capitalised under section 16 of the Local Government Act 2003.

As part of the On Call Conversion Programme, the Authority is selling any surplus day crew houses. In the year the Authority generated capital receipts of £0.35m relating to the sale of day crew housing. The proceeds which will be invested in the future capital programme, in line with the Authority's Capital Strategy.

6. Events after the Balance Sheet date

There are no events to report.

7. Borrowing

The Authority undertakes long term borrowing, for periods in excess of one year, in order to finance its capital spending. The Authority has total loans at year end of £23.5m (£22.5m long term). These are all provided by the Public Works Loans Board. There was no new borrowing in the year.

The Authority had set a limit of £40.0m for external debt in the year.

8. Risk Protection

The Authority is one of the twelve fire authorities that are members of the Fire and Rescue Indemnity Company Ltd (FRIC). All services have been working together to reduce risk and share best practice.

The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority makes an annual contribution to the company, the total expense in 2023/24 being £709k (£606k 2022/23).

9. Accounting policies

Accounting policies are the principles, bases, conventions, rules and practices applied which specify how the financial effects of transactions are reflected in the financial statements. The accounting policies adopted by the Authority comply with the Code of Practice on Local Authority Accounting United Kingdom 2023/24.

10. Financial Climate and impact on Services

The current economic situation is creating a more unstable environment for the Authority. A core part of the problem is the increasing rate of inflation.

The latest quarterly Bank of England Monetary Policy Report was published in February 2024. The key points from the report are shown below:

- The UK long term inflation target remains at 2%.
- The UK rate of inflation is 4.0% and expected to fall in the coming year.
- The interest rate has been held at 5.25% to help inflation return to the 2% target.

Inflation will continue to put pressure on the Authority's budget in the short term. The Authority has included a sensitivity analysis in its Medium Term Financial Strategy, to ensure that it has sufficient resources to deal with these cost pressures and can continue to deliver the objectives of the Fire and Rescue Plan.

11. Budget 2024-25 and Medium Term Financial Strategy

Budget 2024-25

The Authority adopts a prudent approach to budgeting and seeks to set a budget that is both affordable and sustainable over the medium term.

The Core Budget for 2024/25 is £93.6m, which was an increase of £5.2m from 2023/24.

Wholetime staff - The proposed budget shows an increase of £1.6m in the Core budget compared to the prior year with the key movements being:

- £1.5m of pay pressures (impact of 2023-24 pay pressures and a 3% pay increase in 2024/25).
- £0.6m in On Costs resulting from pay pressures.
- (£0.3m) reallocation of resources into other cost headings.

On Call staff - The proposed budget shows an increase of £0.96m in the Core budget compared to the prior year. This includes £0.3m of pay pressures, £0.3m investment in additional training costs and £0.3m investment in the response model.

Control staff - The 2024-25 budget shows an increase of £0.3m in the Core budget compared to the prior year. This includes £0.1m in regard to pay pressure and £0.2m relating to resources that had previously been budgeted under Wholetime Staff.

Support staff - The proposed budget shows an increase of £1.1m in the Core budget compared to the prior year which comprises of:

- £0.7m Pay pressure (impact of 2023-24 pay pressures and a 3% pay increase in 2024/25).
- £0.3m in On Costs resulting from pay pressures.
- £0.1m investment which comprises of one new role within the Pensions team to ensure resourcing is available to meet the growing demands in this area and to provide sufficient resilience within the team. This role will be funded in 2024-25 from a one-off Pension Support Grant. An additional tri-officer role has also been included which is funded between the collaborative partners.

In addition to the numbers of staff employed, several other elements influence the overall employment costs. This includes pension costs which are mentioned below:

- Firefighter Pension Schemes - The budget for firefighters' pension costs is based on the current run rates of contribution. These average at 27.20% for whole-time firefighters and 25.5% for On-Call firefighters.
- Local Government Pension Scheme (LGPS) - The LGPS Pension contribution rate is based on the current run rate of contribution, which is 20.6%.

Non pay costs – The proposed budgeted baseline non-pay costs for 2024-25 is £22.78m. The prior year budgeted baseline non pay cost budget were £21.6m, and therefore there is an increase of £1.18m. The key movements are:

- (£0.7m) increases in premises and equipment costs. This includes a £0.2m investment in ICT Systems and Licensing costs, £0.3m contractual ICT pressures and £0.2m facility management contractual pressures.
- (£0.26m) increase in other costs and services. This is driven by contractual pressures in External Audit, insurance and Consultancy Costs.
- (£0.2m) increase in Support Costs which is driven by an investment in Operational Training.

In order to ensure that the Authority creates a balanced budget, the Authority continues to work hard to drive better service efficiencies and £0.8m of savings have been included within the Core Budget for 2024/25.

On 18 December 2023, the provisional local government finance settlement was published by the Department of Levelling up, Housing and Communities (DLUHC) for 2024/25. The statement confirmed that for 2024/25:

- Fire and Rescue Authorities will be able to increase council tax bills by up to 3% without the need to hold a referendum for 2024-25.
- The Settlement Funding Assessment will be £31.75m for 2024-25 (compared with £26.81m for 2023-24).
- An Increase of £4.16m in the Revenue Support Grant.

The Local Government Finance Settlement was finalised on 5 February 2024 with no changes.

The 2024/25 precept proposal was presented to the Essex Police, Fire and Crime Panel on 1st February 2024, where a below inflation increase in the precept of £2.34 (2.91%) was approved. The precept payable for a Band D Council tax property increased from £80.28 to £82.62, a change of £2.34 per year. Total council tax receipts will increase by £2.1m in 2024/25, of which £1.5m relates directly to the change in the precept. The remaining amount of £0.6m is due to an increase in the Council Tax base.

The budget for 2024/25 is available [here](#).

Medium Term Financial Strategy

Our Medium Term Financial Strategy (MTFS) reflects the impact of spend over the next 5 years. It ensures that we work as a value for money organisation, and that we demonstrate our efficiency and effectiveness. Our approach to budgeting is sustainable and ensures that we meet the needs of our communities across Essex.

The Authority's latest MTFS shows a balanced position with no use of General Reserves. The MTFS is continually reviewed and updated throughout the year. Each quarter it is reported to the PFCC through the Strategic Board.

The Authority will be profiling our expected mid-term savings from our transformational plans alongside identifying additional in year savings via our Productivity and Efficiency Board.

The Minister of State for Crime, Policing and Fire wrote to all Fire and Rescue Authorities on 9th January 2023 requesting that all Standalone Fire and Rescue Authorities publish an efficiency and productivity plan annually. The 2024/25 Productivity and Efficiency Plan is available [here](#).

12. Risks and uncertainties

The manner in which the Authority manages its response to various risks is part of a continuum of risk management that takes into account the National Security Strategy, the National Risk Register, the Essex Resilience Forum Community Risk Register, and finally the organisational strategic and operational risk registers.

Managing risk and business continuity arrangements are a key aspect of the Authority's governance arrangements. As a category 1 responder under the Civil Contingencies Act 2004, the Authority, is required to have in place business continuity arrangements to ensure that continuity of service can be provided for foreseeable events that may impact upon the delivery of services.

These arrangements are regularly reviewed within the Authority with outcomes reported to the Authority annually to offer assurance on the internal arrangements within the Authority to manage risk and maintain service delivery.

13. Environmental matters

As a Fire and Rescue Service we are here to protect and save life, property, and the environment. In support of this aim we recognise that in the provision of our services we have an impact on the environment both locally and globally. Therefore, we are committed to reducing our environmental impact on Essex and working towards sustainable development in our operations.

14. Employees

As at 31 March 2024 the Authority employed 1,531 people (2023: 1,512) comprising 621 wholetime (2023: 616), 520 on call firefighters (2023: 515), 41 control staff (2023: 42) and 349 support staff (2023: 339). We aim to ensure that our employment policies reflect best practice.

15. Key performance indicators

Regular performance reporting is in place as part of our governance arrangements and are available at: <http://www.essex.pfcc.police.uk/performance-resources-board-essex-fire-rescue-authority/>

16. Reporting cycle

Budget review papers comparing actual spend against budget for both capital and revenue expenditure are prepared on a monthly basis for both management and the Police, Fire and Crime Commissioner. These reports are reviewed at monthly meetings of both the Service Leadership Team and the Performance and Resources Board.

These papers are published with the papers for each meeting and are available at: <http://www.essex.pfcc.police.uk/performance-resources-board-essex-fire-rescue-authority/>

17. Governance

The Authority is required to undertake an annual review of its governance processes and to publish a Statement setting out the results of the review. The Statement, which is available on the Authority's website, shows how the Authority demonstrates good governance in its actions and how it meets the requirements of the National Framework for Fire and Rescue Services.

18. Significant interests held by members and Senior Officers

The Authority maintains a Register of Members' Interests in accordance with the provisions of the Localism Act 2011 and the Authority's Code of Conduct. This is available for inspection as required by the Act from: The Authority Monitoring Officer, Pippa Brent-Isherwood. Tel: 01245 291613, e-mail: pippa.brent-isherwood@essex.police.uk.

19. Glossary

A glossary of accounting terms is provided on page 95 to assist the reader.

20. Further information

Further information about the Authority's accounts is available from the Chief Finance Officer (S151) to the Fire Service, Essex Fire Headquarters, Kelvedon Park, CM8 3HB (by telephone 01376 576000 or by E-mail neil.cross@essex-fire.gov.uk).

Neil Cross

Chief Finance Officer (S151) to Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Statement of Responsibilities for the Statement of Accounts

The Police, Fire and Crime Commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I certify that these accounts were considered and approved on 19 February 2025.

Roger Hirst
Police Fire and Crime Commissioner

The Chief Finance Officer's responsibilities

- The Chief Finance Officer 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 applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with the local authority Code.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Neil Cross
Chief Finance Officer to Essex Police, Fire and Crime Commissioner Fire and Rescue
Authority
19 February 2025

Governance Statement

Foreword from the Police, Fire and Crime Commissioner



The Policing and Crime Act 2017 enabled Police and Crime Commissioners to become responsible for the governance of fire and rescue services, subject to the approval of a business case by the Home Secretary. Following the successful submission of a business case to the Home Secretary, the Police and Crime Commissioner for Essex, Roger Hirst, became the first Police, Fire and Crime Commissioner (PFCC) on 1 October 2017. Roger Hirst was re-elected in May 2024. Under these governance arrangements, a new corporation sole, the Essex Police, Fire and

Crime Commissioner Fire and Rescue Authority (PFCC FRA) replaced the Essex Fire Authority.

The Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (“the Commissioner” or “the Authority”) is responsible for ensuring that their business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Commissioner also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which their functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. In discharging these overall responsibilities, the Commissioner is responsible for putting in place proper arrangements for the governance of their affairs and facilitating the effective exercise of their functions which includes arrangements for the management of risk.

In exercising these responsibilities, the Commissioner places reliance on the Chief Fire Officer / Chief Executive to support the governance and risk management processes that have been put in place. To this end, there was regular formal and informal contact between the Commissioner and the Chief Fire Officer / Chief Executive throughout the year in order to ensure that matters arising within their respective remits were appropriately dealt with. Formal governance meetings (described in further detail below) also take place between the Commissioner and the Essex County Fire and Rescue Service (“the Authority”).

This statement explains how, throughout the financial year, the Commissioner has complied with the Chartered Institute of Public Finance and Accountancy’s (CIPFA’s) and the Society of Local Authority Chief Executives (SOLACE’s) joint Delivering Good Governance in Local Government Framework as well as the Authority’s own Constitution.

Executive Summary

- The governance framework comprises the systems, processes, culture, and values relating to the control and management of all activities and how the Commissioner accounts to, engages with and leads the community.
- The Authority is required to comply with the CIPFA / SOLACE Delivering Good Governance in Local Government Framework, including by conducting an annual review of the effectiveness of the Authority's governance arrangements.
- The review of internal controls by RSM UK LLP resulted in an overall positive opinion.
- The Authority has a commitment to addressing the governance issues identified to ensure governance is effective and efficient.

Purpose and Context**Purpose and Scope**

The governance framework comprises the systems, processes, culture and values relating to the control and management of all activities and how the Commissioner accounts to, engages with and leads the community. It enables the Commissioner to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The functions and responsibilities of fire and rescue authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004. Under this Act, every fire and rescue authority must make provision in its area for:

- Promoting fire safety
- Extinguishing fires
- Protecting life and property in the event of fires
- Rescuing people in the event of road traffic accidents
- Protecting people from serious harm to the extent that it considers it reasonable to do so, in the event of road traffic accidents.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Fire and Rescue Plan

On 1 March 2019, the Commissioner launched the Fire and Rescue Plan 2019 – 2024. This statutory document sets out the Commissioner’s strategic vision, priorities and objectives for the fire and rescue service over this period. In launching the Plan, the Commissioner said:

‘For me, safe and secure communities are the bedrock on which we build well-being and prosperity for all. This requires all emergency services to work well together, to be efficient and effective in the services they provide, to prevent incidents wherever possible and to be closely embedded in the communities they serve. The Fire and Rescue Service has a special mission in this, to make Essex a safe place to live, work and travel.

We need a plan for a Fire and Rescue Service in Essex which ensures we can help people to stay safe, reduces the number who are killed or seriously injured and minimises the damage to property and businesses. I have developed this plan with input from all those groups and individuals who work in, alongside and with Essex County Fire and Rescue Service. The priorities in the plan reflect what the people of Essex expect from their fire and rescue service.’

During 2021/22, the Fire and Rescue Plan was subject to a mid-point review, to ensure that its vision, priorities and objectives remain relevant and fit for purpose three years on. The conclusion of this review was that this is indeed the case. As we near the end of the electoral term and the planning period, a full closure report is currently being prepared, which will inform the development of a new Fire and Rescue Plan for the next electoral term.

Service-Level Governance

The governance structure within the Authority is the responsibility of the Chief Fire Officer / Chief Executive. This is discharged through the Service Leadership Team (SLT) and a series of governance boards including the Continuous Improvement Board, which provides oversight and management of continual improvement activities identified within our Annual Plan, the Portfolio Board, which initiates and oversees change programmes, and the Portfolio Management Board, which provides oversight and management of capital spend against budget. Each of these boards is chaired by a member of SLT and attended by a representative of the Police, Fire and Crime Commissioner.

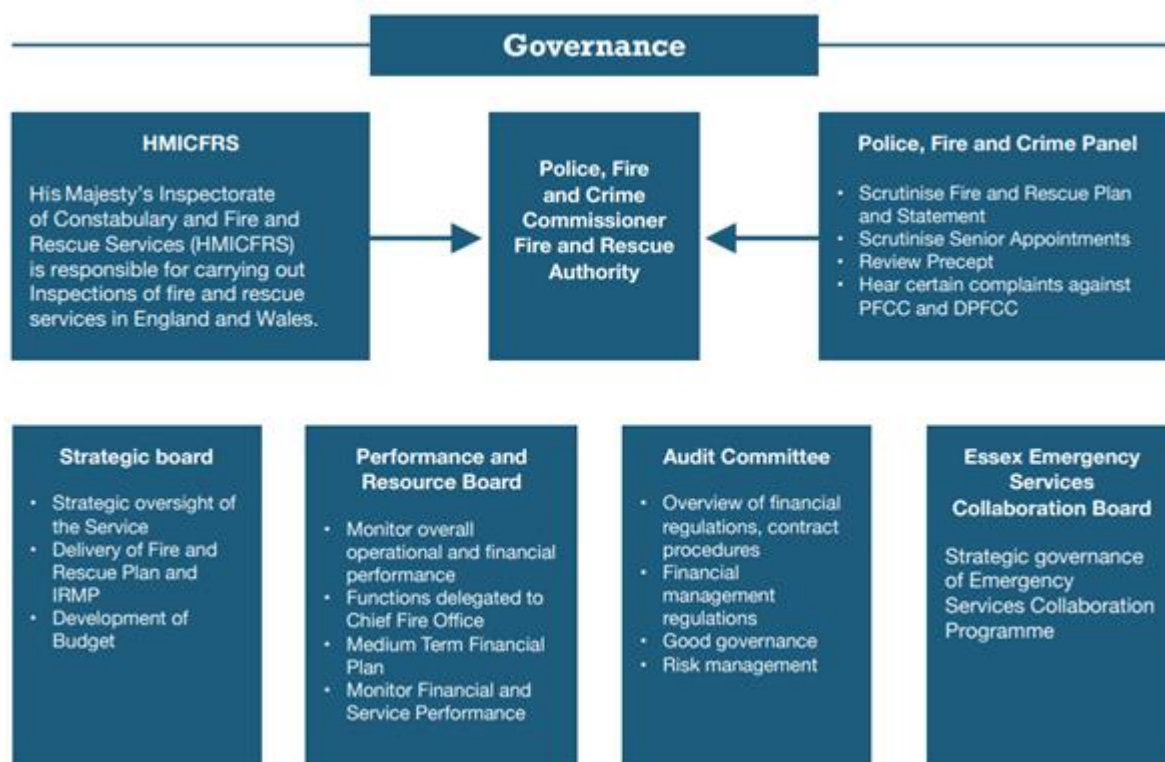
Corporate Governance Structure

To ensure the effective administration of the Authority, several boards have been created to provide advice and recommendations to the Commissioner. Authority performance is reported to the Police, Fire and Crime Commissioner through the monthly Performance and Resources Board. Policy and direction for the Authority is established through the quarterly Fire and Rescue Strategic Board. Both the Performance and Resources Board and the Fire and Rescue Strategic Board are chaired by the Police, Fire and Crime Commissioner. In addition, an Independent Audit Committee is in place with the scope to provide independent assurance to the Authority in accordance with the Financial Management Code of Practice. The role of the Audit Committee is to advise the Commissioner according to good governance principles and risk management arrangements in accordance with proper practices and to oversee the associated control environment and financial reporting process.

These boards have no decision-making powers. A decision made by the Commissioner is only considered to be taken, and as such may only be acted on by officers, once the relevant decision report has been signed by the Commissioner or their Deputy. All decisions taken (unless subject to security restrictions) will be published for transparency on the

Commissioner’s website. The decisions and actions of the Commissioner are scrutinised by the Essex Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city and unitary authority in Essex plus two independent members. The Panel has several statutory powers and duties, including the power to veto the proposed Council Tax precept and candidate for the post of Chief Fire Officer / Chief Executive; to review the Fire and Rescue Plan and the Annual Statement of Assurance and to make recommendations to which the Commissioner must have regard; to consider complaints against the Commissioner and Deputy Commissioner, and to scrutinise (but not veto) the appointments of the Deputy Commissioner and Chief Finance Officer. Panel meetings take place at least four times a year and are open to the public.

The corporate governance structure surrounding the Essex Police, Fire and Crime Commissioner is depicted below. The detail regarding each governance board is outlined in Appendix 1:



Governance Framework

The CIPFA / SOLACE Delivering Good Governance in Local Government Framework recommends the following principals of good governance:

- **Principle A** - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- **Principle B** - Ensuring openness and comprehensive stakeholder engagement.
- **Principle C** - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **Principle D** - Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle E** - Developing the Authority’s capacity, including the capability of its leadership and the individuals within it.
- **Principle F** - Managing risks and performance through robust internal control and strong public financial management.

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

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

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.

The arrangements in place that demonstrate this principle are:

- **Codes of Conduct** for the Commissioner and their Deputy and for all staff, including anti-fraud, grievance and whistleblowing policies. The Grievance Policy was reviewed and updated in August 2023. The Whistleblowing Policy is currently also under review in order to ensure that it remains as effective as possible.
- [PFCC Ethics and Integrity Framework](#) – Ethics and integrity are at the centre of the role of the Police, Fire and Crime Commissioner.
- [NFCC Code of Ethics](#) – This Core Code of Ethics is designed to guide all fire and rescue service employees in their day-to-day conduct. The Authority adopted the Core Code of Ethics in 2021/22 alongside a gap analysis and action plan to strengthen its commitment to these values. As at 20 February 2024, 93% of the workforce has completed mandatory training on the Code of Ethics.
- Our **Constitution** sets out the framework to ensure that all officers and staff can fulfil their responsibilities in accordance with legislative requirements.
- [Our Values](#) are at the core of everything we do.
- Staff **Appraisal process** – Ensures continuous staff development. In 2023, 98% of colleagues received and recorded a performance and development review conversation through the appraisal process.
- The Commissioner, their Deputy and the Service Leadership Team complete a **register of interests** to declare any potential conflicts of interest.
- [Equality, Diversity & Inclusion](#) objectives are published on the Authority’s website, including gender pay gap reporting. The gender pay gap was lower in 2023 than in the previous three years. Progress in delivering the equality objectives, along with a self-assessment of the Authority’s performance against established equality frameworks for fire and rescue authorities, is reported to the Commissioner’s Strategic Board twice yearly.
- **Decision-making** is guided by the values agreed by the Authority, and this is overseen by the Commissioner, the Chief Financial Officer and the Monitoring Officer via the decision report process.

In Autumn 2023, the Authority developed a cultural dashboard which provides a monthly snapshot of eight key metrics which are an indicator of the service’s cultural wellbeing. These metrics are linked to the Culture and Values pillar of the People Strategy. The dashboard is now reported regularly to both the Service Leadership Team and the Authority’s Performance and Resources Board.

Principle B – Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good. Organisations should therefore ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

The processes in place that demonstrate this principle are:

- The [Annual Report](#) and Statement of Assurance are used to communicate the overall strategy and performance of the Authority to the public.
- The Authority participates in the [Freedom of Information](#) Act Publication Scheme to ensure transparency with the public.
- [Authority website](#) – Meeting minutes of the Authority and its governance boards are accessible to the public alongside agendas and committee papers. All decisions taken by the Authority (unless subject to security restrictions) will also be published for transparency on the Commissioner’s website. The decisions and actions of the Commissioner are also scrutinised on behalf of the public by the Essex Police, Fire and Crime Panel which is made up of elected representatives from each district, borough, city and unitary authority in Essex plus two independent members.
- **Press and Media Guidance** is published on a regular basis to ensure we engage with our stakeholders.
- The **Corporate Communications, Marketing and Brand Strategy** sets the strategic direction for communications, marketing, and brand, and explains clearly what our staff, volunteers, public and other stakeholders can expect from us. It outlines our principles, key areas of focus, and how we measure and assess if we are doing a good job. It clearly identifies how our communication focus delivers against the Fire and Rescue Plan objectives, and the associated Authority priorities. The strategy was reviewed and updated during 2023/24.
- The Authority has numerous **governance boards** in place to ensure decision making is conducted effectively and transparently (Appendix 1).
- There is a good history of **public consultation** over significant issues affecting the community and external stakeholders. Any proposals for significant change to service delivery affecting the public will be supported by a consultation process.
- The Authority **engages its staff** through regular manager briefings and staff engagement surveys as well as initiatives such as the CFO’s “Ask Me Anything” sessions.

Consultation with the public, partners, and other key stakeholders all feed into the strategic planning cycle to ensure that their views continue to influence the delivery of the Commissioner’s priorities.

The PFCC completed their annual public survey on the precept for the following year between 31 October and 5 December 2023. 2,128 people responded to the questions relating to the fire and rescue service. Of those respondents who gave a view, 64% were prepared to pay an increase of £5 to maintain levels of service and deliver our improvement work, and a third who gave a view were prepared to pay an increase of £7.50. This informed the

Commissioner’s proposal (approved by the Police, Fire and Crime Panel on 1 February 2024) to increase the precept by £2.34 (2.91%) for a Band D property for 2024/25.

Since taking office, the Commissioner has held public meetings at least once a year in each of the 14 districts and unitary areas, where the people of Essex are able to challenge the Commissioner on how he is holding the Chief Fire Officer / Chief Executive to account for the delivery of fire and rescue services. The COVID-19 pandemic meant that this engagement was hosted online during 2020/21 and 2021/22, with the result that it reached a much larger and more diverse audience than traditional methods. Post-pandemic, the Commissioner’s approach to public engagement has therefore included a combination of face to face and online events. Notes of each of the meetings are made available on the Commissioner’s website, along with issues raised at each of these events and any subsequent outcomes. The Commissioner also meets regularly with local Councillors and MPs to afford other elected representatives the opportunity to raise any concerns or offer any suggestions in relation to fire and rescue services in Essex.

Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of the Authority’s resources.

- The [Fire and Rescue Plan 2019-24](#) sets out the Authority’s vision and priorities, including measurable outcomes in the form of performance measures and indicators, examples of which in terms of economic, social and environmental benefits are set out below.

PRIORITY	AIM	MEASURES
Develop and broaden the roles and range of activities undertaken by the Service	This will ensure first class delivery of our core functions, deliver increased value for money to Essex residents and tax payers and exemplify joint working that responds to local and national risks effectively and efficiently.	<ul style="list-style-type: none"> • Broader range of prevention, protection and response activity undertaken by operational staff
Be transparent, open and accessible	The public hold the Essex County Fire and Rescue Service to account for the services it provides.	<ul style="list-style-type: none"> • Partner satisfaction with engagement • Public trust and confidence increased
Collaborate with our partners	The public will benefit from a better, more efficient and effective service.	<ul style="list-style-type: none"> • Progress made against the PFCC Joint Governance Local Business Case for Police and Fire and Rescue in Essex

- The [Integrated Risk Management Plan](#) sets out the activities that the Authority needs to undertake to deliver against the priorities within the Fire and Rescue Plan to ensure the continued safety of communities following a comprehensive understanding of risk.
- The [Performance and Resources Board](#) receives regular and structured performance reports against all aspects of the Authority’s priorities. The risks of not achieving the Authority’s priorities are identified and managed through strategic

leaders and reported via the [Independent Audit Committee](#), where regular structured reports are considered and supported by the risk management systems.

- The **Capital Programme** aligns to the Integrated Risk Management Plan. In support of longer-term planning there are number of associated strategies in place (e.g., ICT, fleet). A revised property strategy for land and buildings has also been developed.
- We have also developed a new **Environmental Strategy**, in partnership with Essex Police to support sustainability.
- The [Procurement Strategy](#) was approved in 2023/24, setting out the Authority's vision to procure goods and services to meet the needs of Essex County Fire and Rescue Service, whilst providing value for money and compliance with all applicable procurement legislation and internal governance arrangements.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. It needs robust decision-making mechanisms to ensure that its defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations.

- The [Integrated Risk Management Plan](#) assesses fire and rescue related risk and sets out how we plan to lessen these risks to ensure we deliver the right resources at the right time, in the right place.
- The [Medium-Term Financial Strategy](#) is the link between the Authority's long-term objectives and its financial capacity.
- The [Capital Strategy](#) outlines the Authority's approach to capital investment, ensuring it is in line with its corporate objectives.
- The **Annual Plan** sets out the key activities that need to be delivered within any financial year aligned to our in-year budget. This includes responses to any recommendations derived from audits and inspections, together with activities required to deliver core objectives and priorities.
- **Strategic and Departmental Risk Registers** are reviewed on a regular basis to ensure operational risks are monitored and to ensure control procedures are in place to mitigate risks.
- **Boards and Committees** are in place to ensure projects are delivered on time, meeting the needs of the Authority. Within the year, we reviewed the Innovation and Change structure, which is now governed by the Portfolio Management Board.
- The Police, Fire and Crime Commissioner provides scrutiny through the [Performance and Resources board](#), which reviews the performance of the Authority against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan.

Principle E – Developing the Authority’s capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications, and mindset to operate efficiently and effectively and achieve their intended outcomes within the specified periods.

- The **People Strategy** is a key document to delivering the Fire and Rescue Plan. The six strands of the strategy (pictured below) ensure that the Authority can attract, retain, and develop people to deliver our services.
- Workforce succession and development needs are identified within our **strategic workforce plan**.
- The Leadership Development Programme, Core Learning Pathways, coaching and the [Leadership Resourcing & succession programme](#) ensures that colleagues have all the support they need on their career journey. During 2023/24, following the restructure of the Service Leadership Team (SLT), all members of the SLT completed a formal qualification from the Institute of Directors, to ensure that they are fully aware of and appropriately equipped to discharge their corporate leadership responsibilities. The Service Leadership Team and their direct reports have also all participated in 360-degree appraisal to inform their training and development plans, both individually and collectively.
- **Health and wellbeing** is a core pillar of the People Strategy, which promotes a positive working environment to reduce stress and increase staff engagement and performance.
- The Authority offers a range of pathways into employment including apprenticeships and internships (<https://join.essex-fire.gov.uk/jobs/apprenticeships/>) to improve skills and productivity, as well as bring diversity of thought and new talent into the organisation.

Throughout 2023/24, the Service Leadership Team has shown real commitment to leading a learning organisation, using the outcomes of external reviews both within and outside of fire and rescue, such as the Casey Review of the Metropolitan Police Service, the Cultural Review of the London Fire Brigade, and the learning from local authorities that have issued Section 114 Notices to review and benchmark its own practice and agree actions to improve and strengthen its own corporate governance arrangements.

Principle F - Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes.

- The [Audit Committee](#) provides independent assurance to the Authority that financial management internal controls are operating effectively.
- The **Chief Financial Officer** ensures the finances of the Authority are managed effectively as required by the statutory duties associated with section 112 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015. The Chief Financial Officer is required to adhere to professional and ethical standards set by CIPFA.
- The [Integrated Risk Management Plan](#) ensures the Authority has identified and mitigates strategic risks. Risk management arrangements are integral to all aspects of the work, managed through a comprehensive strategic risk register.
- The Authority has a responsibility under the Fire and Rescue National Framework for England to assess all foreseeable fire and rescue related risks that could affect their communities. It does this by producing an annual **Strategic Assessment of Risk (SAOR)**. The SAOR is refreshed in June each year, and provides the basis for the IRMP, which is to be called the Community Risk Management Plan (CRMP) with effect from 2024/25. During 2023/24, the document was reformatted to reflect the PESTELO (political, economic, societal, technological, environmental, legislative and organisational) risk analysis model.
- The **Risk Management Strategy** sets out how the Authority will manage risk to support delivery of the Fire and Rescue Plan, including by articulating the Authority's risk appetite. During the year, the Risk Management Strategy, and associated Risk Appetite Statement, were subject to review, with the updated Strategy being presented to the Authority's Strategic Board in March 2024.
- In January 2023, the Authority approved its first **Assurance Strategy**, which sets out the means through which it will ensure that the services delivered to the community and other stakeholders, both internally and externally, are effective and efficient, legally compliant and deliver improved outcomes.
- **Business Continuity Arrangements** are in place across all departments to ensure the Authority is resilient to interruptions that could adversely affect the delivery of services.
- **Performance management arrangements** are in place - The performance framework includes corporate targets and key performance indicators along with key activities to continue or strengthen performance. In addition, a 'deep dive' process is in operation, whereby the Authority undertakes detailed analysis and scrutiny of areas of performance.

- The [Performance and Resources Board](#) scrutinises, supports and challenges the overall performance of the fire and rescue service including against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan.
- The **Continuous Improvement Board** ensures continuous progress against organisational and national priorities, and that resources are being effectively and efficiently utilised.
- **Internal Audit** arrangements are in place to review the effectiveness of risk management, governance and internal controls. The internal control environment is further assessed as part of the annual **External Audit**.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

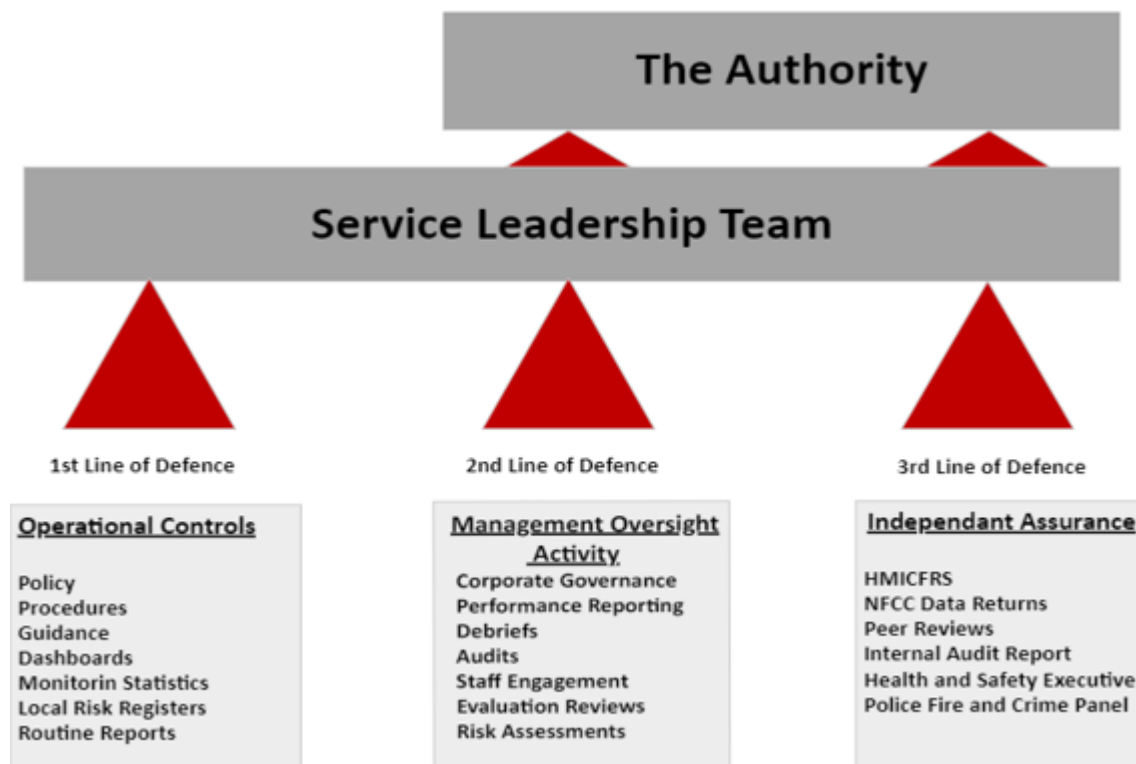
Accountability is about ensuring that those making decisions and delivering services are answerable for them.

- **Internal audit** services are provided by RSM UK and reported to the Audit Committee. Regulation 5 of the Accounts and Audit Regulations 2015 states that the Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.
- **External audit** services are provided by Ernst & Young LLP. It provides an opinion on the financial statements of the Authority, as well as providing assurance that value for money has been delivered.
- His Majesty's Inspectorate of Constabulary and Fire and Rescue Services ([HMICFRS](#)) has carried out its third assessment of the services effectiveness and efficiency which was published on 8 March 2024, the outcome of the report is available [here](#).
- The [PFCC](#) receives regular updates at the Performance and Resources Board and Strategic Board, which challenge the reporting and accountability of the Authority.
- A [Pay policy statement](#) is reported to the Strategic Board and published annually to ensure the Authority is transparent about the way staff are remunerated.
- [Transparency information](#) is published in accordance with the Local Government Transparency Code and the Elected Local Policing Bodies (Specified Information) Orders. An audit completed in December 2022 highlighted a need to update the information published on the Authority's website in relation to its workforce profile, organisational structure, senior staff salaries, items of expenditure exceeding £500 and contracts with a value exceeding £10,000. These issues are currently being addressed.

Review Of Effectiveness

The Assurance Process

The Authority uses the framework below to review the effectiveness of the governance framework:



Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of their governance framework including the system of internal control. The review of effectiveness is informed by the work of the strategic managers who have responsibility for the development and maintenance of the governance environment; the internal audit annual report, and by comments made by the external auditors and other review agencies and inspectorates. The findings of this review are set out in this Annual Governance Statement.

Internal Audit

In addition, the Internal Auditor has a responsibility to review and report to the independent Audit Committee annually, to provide assurance on the adequacy and effectiveness of the Authority’s arrangements for governance, risk management and control. The provision of Internal Audit Services is through a contract with RSM UK Group LLP. For 2023/24 the internal audit opinion is as follows: “The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”

Internal Audit Programme

The Internal Audit Programme uses a risk-based approach to provide assurance to the Authority. During the year, five reviews were undertaken, covering the following areas:

Audit	Assurance Level	Management Actions		
		Low	Medium	High
Culture and Behaviours	Reasonable Assurance	-	2	-
Financial System – Pre-implementation Review	Reasonable Assurance	7	2	-
Service actions post Grenfell Tower and Manchester Arena	Reasonable Assurance	3	2	-
Key Financial Controls: On-Call Payments/processes	Partial Assurance	1	2	1
Collective Productivity of Wholetime Stations	Substantial Assurance	4	-	-

Levels of Assurance

Substantial Assurance	The organisation has an adequate and effective framework for risk, governance, and internal control.
Reasonable Assurance	The organisation has an adequate and effective framework for risk, governance, and internal control, however work indicated further enhancements are required.
Partial Assurance	There are weaknesses in the framework of governance, risk management and control such that it could become inadequate or ineffective.
Minimal Assurance	The organisation does not have an adequate framework of risk management, governance, or internal control.

CIPFA Financial Management Code

Following issues over the past few years with financial management and corporate governance in some local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) reviewed its guidance and issued the 'Financial Management Code'. This mandatory code provides guidance for good and sustainable financial management in local authorities. The intention is that, by complying with the principles and standards within the Code, local authorities will be able to demonstrate their financial sustainability.

The new Financial Management Code is based on six core principles:

1. Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.
2. Accountability – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
3. Financial management is undertaken with transparency as its core using consistent, meaningful, and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
4. Adherence to professional standards is promoted by the leadership team and is evidenced.
5. Sources of assurance are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit, and inspection.
6. The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

An initial assessment against the Financial Management Code was carried out in 2021/22, with the latest update on progress towards the remaining actions was presented to the Strategic Board in 2023/24. The Authority is compliant with the Code, with improvements recommended in 1 out of the 17 principles.

Joint Statement by The Chief Fire Officer / Chief Executive and The Police, Fire and Crime Commissioner

In conclusion we acknowledge our responsibility for ensuring the proper governance of the Authority's affairs and will ensure that sufficient resources are dedicated to ensuring that key controls and processes are implemented, maintained, and monitored for effectiveness. We confirm that this Statement represents an honest and full assessment of the levels of assurance we have obtained.

Authorised by:

Roger Hirst

Police, Fire and Crime Commissioner

Date: 19 February 2025

Rick Hylton

Chief Fire Officer / Chief Executive

Date: 19 February 2025

Other Significant Issues

Relocation of Hot Fire Training Facilities

The Authority is currently exploring the feasibility of relocating Live Fire Training facilities from Wethersfield to the Service Headquarters site at Kelvedon, after the Authority was provided notice by the MoD to vacate the current site by the end of 2025 due to their disposal of their premises. Another fundamental influence for moving to Kelvedon Park (HQ) is to ensure that the Authority optimises the use of the HQ site and facilities, which are not currently being used to their full capacity, post the pandemic. Centralising the facilities for all main core training functions, such as Breathing Apparatus, working from heights, road traffic collisions etc, would also bring a number of efficiencies due to the new location being central to Essex as opposed to the current loss of time and availability for crews / staff, due to travelling to a remote location in the north of Essex to receive their training.

The Authority has established that it is feasible to re-locate the current functions based at Wethersfield to Service HQ in terms of the size requirements. The next stage is to undertake several statutory land surveys followed by the submission of a planning application for an approval to progress to design and build. If timelines are extended the Authority does have the required business continuity arrangements in place to continue the essential delivery of live fire training requirements.

Joint Fleet Workshop

Both the Essex County Fire and Rescue Service workshop at Lexden and the Essex Police Fleet Workshop at Boreham are in need of significant investment. Following consideration of a Strategic Outline Case (SOC) in June 2019, which confirmed that the optimum option in terms of economy, efficiency and operational benefits was for Essex Police and the Essex County Fire and Rescue Service to co-locate on the Boreham site in a single, new build joint fleet workshop, the PFCC commissioned the completion of a Full Business Case (FBC) in April 2023.

The project has now moved to the Royal Institute of British Architects (RIBA) Stage 3 (Development and Design Phase), and it is anticipated that the contract will be awarded for the completion of the detailed design of the workshop in Autumn 2024. Prior to this, a decision will need to be made as to the most appropriate delivery structure for the Joint Fleet Workshop. There are two key elements to this; whether its operations will be managed through a separate corporate entity (i.e. a Special Purpose Vehicle) or by Essex Police and the Essex County Fire and Rescue Service (either through joint ownership or by one party having secured its interest through a charge), and whether the freehold of the site will be transferred into a SPV or held jointly by the PFCC and PFCCRA, or whether the Authority will secure its interest in the site through a leasehold. To inform these decisions, financial modelling work and special financial and tax advice has been commissioned.

A final capital bid and contract award for the construction of the workshop will then be presented to the PFCC in Summer 2025. Final completion of the project is anticipated in May 2027.

Fire Reform White Paper

In May 2022, the Government published its White Paper, Reforming our Fire and Rescue Service, which consulted on a range of proposals intended to build professionalism, boost performance and strengthen governance within the sector. Amongst other reforms, the White Paper proposed to:

- Move governance of all fire and rescue services under a single, democratically elected executive leader, such as a Combined Authority Mayor, a PFCC or a County Council Leader, who would be able to delegate some or all of their day-to-day duties to a Deputy Mayor or PFCC or a Council Cabinet Member respectively.
- Implement HMICFRS's recommendation to confer operational independence on Chief Fire Officers, thereby giving them direction and control over the resources available to meet the executive leader's priorities. This could be achieved alongside making Chief Fire Officers separate corporations sole, thereby making them the employers of fire and rescue service staff.
- Explore consistent entry requirements for fire and rescue service roles, along with a direct entry and talent management scheme.
- Introduce a "21st century leadership programme", similar to the Strategic Command Course within policing, which would provide a statutory and standardised assessment of suitability for assistant chief officer roles and above.
- Place the Core Code of Ethics on a statutory footing.
- Create an independent College of Fire and Rescue to lead the professionalisation of fire and rescue services.

In December 2023, the Government's response to the consultation was published. This committed to setting up an independent professional body to continue to raise standards amongst fire professionals; the creation of a College of Fire and Rescue; legislating to grant operational independence to Chief Fire Officers; working with sector leaders to consider consistent entry requirements, including for senior roles, and a review of the operation, mechanisms and transparency of the National Joint Council structure for determining pay awards, including to explore whether there needs to be more scope for variation and self-determination. The Government has now confirmed that it will not mandate the transfer of fire and rescue governance to single elected individuals but will look to incentivise and simplify the process for voluntary transfers.

Potential Governance Issues

The next section outlines the potential governance issues that have been identified for consideration in 2024/25. This is followed by a review of the significant governance issues identified in 2023/24, and the position at 31 March 2024. Significant governance weaknesses arise due to a breakdown in the control environment set out above.

Potential Governance Risks 2024/25

Title	Action	Expected Delivery
Strategic Workforce Planning	<p>There is an increased risk relating to strategic risk SRR150005, which is summarised as 'having the right people, in the right place, with the right skills, at the right time'. This strategic risk has been reviewed and the risk rating increased because of the recruitment activity targeting authority personnel by neighbouring services. Action relating to this risk is recorded on the risk register and includes:</p> <ul style="list-style-type: none"> • Opening recruitment to external transfers into the Authority, • Contact with applicants from 2022 transfer-in advert who were unsuccessful. • Leavers advised of a bespoke, light-touch process should they look to return within 12 months of leaving, • Consideration of retaining retirees, • Consideration of additional recruit squads • Weekly review of the strategic workforce plan. 	<p>It is expected that we will have:</p> <ul style="list-style-type: none"> • External transfers into the Authority throughout 2024/25, • Leaver returners, • Retention of some retirees, • Consideration of additional recruit squads <p>Weekly review of the strategic workforce plan.</p>
Culture	<p>The Authority continues to develop a positive and kind culture which is balanced with high performance and service delivery.</p> <p>We will continue to manage the opportunities and risk relating to the culture of our service as recorded in strategic risk SRR150019 which is summarised as 'a positive kind culture where every employee has the right to be treated fairly, inclusively, with kindness, equality, dignity and respect'.</p>	<p>It is expected that we will:</p> <ul style="list-style-type: none"> • Deliver our positive action plan, • Deliver face to face inclusive behaviours training, • Publish a monthly culture dashboard, • Use external benchmarking where appropriate, • Assess the use of methods that employees use to share concerns, • Assess our People Impact Assessments.

Title	Action	Expected Delivery
Professional Standards	We will ensure that enshrined in the culture of the Authority, the professional standards expected of all staff is clearly set out, understood and adhered to. Professional Standards will also set out in unambiguous terms the reasonable but robust action the Authority will take where actions display behaviours that fall short of the clearly defined professional standards.	<p>It is expected that we will: Review our current policies and procedure around professional standards.</p> <p>Review current resources and anticipated resources and professionalisms around professional standards.</p> <p>Implement best practice arrangements which fulfil national and local requirements and recommendations.</p> <p>Engage with staff around expectations.</p> <p>Ensure our offer is proportionate and suitably robust.</p> <p>Ensure continued improvement in terms of culture.</p>
Strategic direction of the Authority	The two key strategic documents setting the priorities and objectives of Essex County Fire and Rescue Service – the Fire and Rescue Plan and Integrated Risk Management Plan (IRMP), soon to be called the Community Risk Management Plan (CRMP) - both expire in 2024. New strategic documents therefore need to be developed to guide the work of the authority during the new electoral term.	<p>We will develop, in consultation with our communities:</p> <p>A new Fire and Rescue Plan, clearly setting out the Authority’s strategic vision, priorities and objectives for the Essex County Fire and Rescue Service for the new electoral term.</p> <p>A new Community Risk Management Plan (CRMP), clearly setting out (amongst other things) how the Authority will respond to the foreseeable fire and rescue related risks that could affect the county; how prevention, protection and response activities will be used to prevent fires and other incidents, and how resources will be allocated to mitigate risks.</p>

Title	Action	Expected Delivery
Procurement Act 2023	The Procurement Act 2023 received Royal Assent in October 2023. In 2024, secondary legislation will be laid to bring some elements of the Act and the wider regime into effect. This new regime will replace the Public Contract Regulations 2015 and reform the existing procurement rules. The service's Financial and Procurement Regulations and other arrangements will need to be amended to reflect the new requirements.	<p>It is expected that the Authority will review and amend its Financial and Procurement Regulations and other arrangements as appropriate to reflect the requirements of the Procurement Act 2023, including:</p> <ul style="list-style-type: none"> • New tender procedures • Changes to the tender evaluation criteria (from Most Economically Advantageous Tender to Most Advantageous Tender) • Updated transparency requirements • New mandatory and discretionary grounds for exclusion • A central debarment list
Minimum Service Levels Regulations	In February 2024, the Government published its response to its consultation on Minimum Service Levels and confirmed its expectation that fire and rescue services would operate to a MSL of 73% of appliances that would normally be available on non-strike days. The service's business continuity and contingency planning arrangements now need to be reviewed and amended to reflect the new regulations. A working group chaired by the Deputy Chief Fire Officer has been convened to oversee this.	It is expected that the service's business continuity and contingency planning arrangements will be reviewed and amended to comply with the new Strikes (Minimum Service Levels) Act and associated regulations.

Update on Significant Governance Issues 2023/24

Title	Action	Expected Delivery	Position at 31 st March 2024
Learning and Development	We will review current training provision and recording to ensure that it enables staff to be appropriately trained for current and future roles and that we are able to provide appropriate assurance of that competence.	The outcome of the review will include recommendations about current and future training provision and current and future recording of training and whether that provides sufficient and appropriate assurance of competence. The initial phase of this work will be done when the review, recommendations and action plan are complete. Further phases of work will need to be scoped once recommendations are in place.	<p>Two reviews have taken place which have completed this work.</p> <p>An independent review of the use of competency recording systems; pdrPro and learnPro has taken place. This resulted in five recommendations which have been accepted and are being adopted. An action plan is in place. Delivery of the actions will be monitored through the Annual Plan 2024-25.</p> <p>An internal review of current training provision for learning and development has been completed. This has resulted in a recommendation for a new Leadership Development provision in 2024-25. This recommendation has been accepted.</p>
Learning and Development Culture, Core Code of Ethics and Values	The Core Code of Ethics (CCofE) was launched in 2021 and is being embedded. We will assess our progress using a Cultural Maturity Model. We will also review the CCofE Fire and Rescue Service Ethical principles detailed within the CCofE against the current values of the Authority. We will deliver an approach called 'Safer Together' which continues to develop our culture.	The outcome of the review will include recommendations about current and future training provision and current and future recording of training and whether that provides sufficient and appropriate assurance of competence. The initial phase of this work will be done when the review, recommendations and action plan are complete. Further phases of work will need to be scoped once recommendations are in place.	<p>The Core Code of Ethics has been embedded throughout the Authority with internal auditors providing reasonable assurance that the Authority has systems and processes in place to ensure that ethical behaviours are understood and followed across the organisation.</p> <p>The Core Code of Ethics principles were reviewed against the values of the Authority and, after consultation, we agreed to maintain both. These are now displayed throughout the Authority and are embedded in new policies and a variety of processes including recruitment.</p> <p>All 6 workstreams of the Safer Together approach have been delivered.</p>

Title	Action	Expected Delivery	Position at 31 st March 2024
<p>Capital Programme planning and implementation</p>	<p>We will monitor the risks in delivery of our capital programme, to ensure projects are delivered by their committed deadlines. Progress will be monitored by the Portfolio Management Board and Asset Board to ensure any risks of non-delivery are identified and mitigated where possible.</p>	<p>We will meet our capital targets going forward and deliver a capital programme that meets the requirements of the Authority.</p>	<p>The risks in delivery of our capital programme are monitored at the Portfolio Management Board on a six-weekly basis. This is sufficiently regular to ensure that risks are addressed in a timely manner and mitigated accordingly. Projects are categorised into Red/Amber/Green depending on their risk level.</p> <p>The Environment and Assets Board was established in the year, replacing the Asset Board. The objective of the Environment and Asset Board is to oversee the governance of the capital programme, and its significant projects such as the live fire training and workshop replacements.</p> <p>The capital programme is jointly developed with budget holders and the Finance Team, to ensure it meets the need of the Authority. The financial implications of the programme is reviewed in the Capital, Reserves and Treasury Management Strategies.</p>
<p>Financial risk and uncertainty</p>	<p>Despite a balance budget being set for 2023/24, there remains a lot of economic uncertainty and cost of living pressures. Pay awards in the Fire sector are determined nationally and will be agreed after finalisation of the 2023/24 budget.</p> <p>The Authority is going to need to continually monitor its financial position closely and ensure that it has adequate plans in place to continue producing a balanced budget, even in the event of unbudgeted cost pressures arising.</p>	<p>We will continue to deliver a balanced budget, with no use of general reserves.</p>	<p>The final pay awards that were agreed for 2023/24 in excess of the amounts budgeted and created additional pressures within the year. The Authority has also encountered some financial pressure in 2023/24 in regard to its response model. A combination of the Authority's in year savings plan and some additional unbudgeted income has enabled the authority to mitigate the impact of these financial pressures.</p> <p>The Authority has set a balanced budget for 2024/25. However, there continues to be economic uncertainty and at the time of approving the 2024/25 budget, the pay awards have not been agreed.</p> <p>The Authority continually monitors its financial position closely and will make appropriate plans through its productivity and Efficiency Board to mitigate any financial pressures that may arise.</p>

Title	Action	Expected Delivery	Position at 31 st March 2024
Development of a Devolution Proposition for Greater Essex	The Commissioner, the Chief Fire Officer and their statutory officers will continue to influence this process through Essex Leaders and Chief Executives (ELCE) and the key workstreams established to progress this work. The Commissioner’s Chief Executive and Monitoring Officer will also form part of the negotiating team with Government. These negotiations will explore possible methods of mitigating the risks identified.	A devolution deal is secured for Greater Essex which is in the best interests of public safety.	A Level 2 devolution deal was eventually proposed for Greater Essex, which mitigated the risks arising in relation to the fire and rescue service. However, it was confirmed by the Minister in January 2024 that the Government would not be pursuing a devolution deal with Greater Essex ahead of the General Election. Any future progress on this post the election will continue to be closely monitored and engaged with.
Public and partner perception and engagement	Commission a social research agency to carry out a two-year study to measure public views and to engage with harder to reach and more diverse communities to understand better their risks and needs.	<p>The project will reach and engage with at least 8,000 people (including groups and communities which the Authority currently has little or no interaction with) each year, through a variety of methods, to ensure that the data is statistically valid. The results will be used to:</p> <ul style="list-style-type: none"> • Shape our community and partnership communication and engagement activities. • Help inform our new community risk management plan (CRMP) activities and planning. • Give us a better understanding of and insight into specific community risks. • Provide links to create relationships and contacts with harder to reach communities. 	Phase 1 of this work (designing, developing, and delivering a marketing and communication campaign, improving the knowledge of our public and partners as to what the role of a modern fire and rescue service is) is now complete and Phase 2 was approved by the Authority in April 2023. The questions to be asked of the public have been agreed and a social research agency has been commissioned to undertake this work over the next two years. The first round of surveying work commenced in Quarter 4 of 2023/24.

Appendix 1 – Key Governance Boards

Governance Board	Areas of Governance
<p>The Police, Fire and Crime Panel</p> <p>Papers available here</p>	<ul style="list-style-type: none"> a) Scrutiny of the Fire and Rescue Plan and Fire and Rescue Statement. b) Scrutiny of the appointment of a Deputy PFCC, the PFCC’s Chief Executive and the PFCC’s Section 151 Officer. c) Scrutiny of the appointment of the PFCC FRA’s Chief Financial Officer. d) Scrutiny of the appointment and dismissal of the Chief Fire Officer, with the power to veto the appointment. e) To review the precept which the PFCC is proposing to issue for each financial year, with the power to veto the precept. f) To deal with certain complaints against the PFCC or Deputy PFCC.
<p>Fire and Rescue Strategic Board</p> <p>Papers available here</p>	<ul style="list-style-type: none"> a) Provide oversight of the delivery of the Fire and Rescue Plan and Integrated Risk Management Plan. b) Support public sector collaboration across greater Essex. c) Provide strategic oversight of the Medium-Term Financial Plan, Reserves Strategy and Capital Programme. d) Recommend for approval the Annual Budget and Council Tax precept. e) Agree the annual Statement of Assurance to be recommended to the Police, Fire and Crime Panel.
<p>Audit Committee</p> <p>Papers available here</p>	<ul style="list-style-type: none"> a) Maintain an overview of the contract procedure rules, financial regulations and Code of Conduct. b) Advise the Commissioner according to good governance principles. c) Provide independent assurance to the Commissioner of compliance with the Financial Management Code of Practice. d) Oversee the internal and external audit arrangements of the Authority, including the delivery of audit recommendations.
<p>Fire and Rescue Performance and Resources Board</p> <p>Papers available here</p>	<ul style="list-style-type: none"> a) Scrutinise, support, and challenge the overall performance of the Authority including against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan. b) Support the Commissioner in holding the Chief Fire Officer / Chief Executive to account c) Advise the Commissioner on actions to be taken to maintain an efficient, effective, and economic fire and rescue service for Essex. d) Identify and consider different themes / “deep dives” for scrutiny, challenge, and support. e) Provide governance and oversight of the delivery of the Medium Term Financial Strategy. f) Oversee implementation of the Authority’s Treasury Management Strategy. g) Monitor actual and forecast capital expenditure and resourcing against the approved capital programme.
<p>Essex Emergency Service Collaboration Strategic Board</p>	<ul style="list-style-type: none"> a) Provide oversight of the Emergency Service Collaboration Programme and related risks. b) Maximise the effectiveness and efficiency of emergency services within Essex through a programme of strategic and operational collaboration. c) Review business cases relating to emergency service collaboration and provide recommendations to the Commissioner.

Independent Auditor's Report to Essex Police, Fire and Crime Commissioner Fire and Rescue Authority



INDEPENDENT AUDITOR'S REPORT TO THE POLICE, FIRE AND CRIME COMMISSIONER FOR ESSEX COUNTY FIRE AND RESCUE SERVICE

Opinion

We have audited the financial statements of Essex County Fire and Rescue Service 'the Authority' for the year ended 31 March 2024. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the related notes 1 to 27 including material accounting policy information, the Firefighters' Pension Fund Account comprising the Fund Account, the Net Assets Statement and the related note.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of Essex County Fire and Rescue Service as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the '2023/24 Accounts', other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the '2023/24 Accounts'.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the Annual Governance Statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the '*Statement of Responsibilities for the Statement of Accounts*' set out on page 20, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements and the firefighters pension fund 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, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for 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 unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Essex County Fire and Rescue Service is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of Management, the Head of Internal Audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Essex County Fire and Rescue Service had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness.

The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Essex County Fire and Rescue Service put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the Essex County Fire and Rescue Service had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Essex County Fire and Rescue Service. Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Essex County Fire and Rescue Service, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON
ERNST & YOUNG LLP

Date: 19th February 2025

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

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Essex County
Fire & Rescue Service
Accounting Statements



Comprehensive Income and Expenditure Statement

For the year ended 31st March 2024

2022/23		Notes	2023/24
£000			£000
	Expenditure		
28,667	Wholetime Firefighters		20,181
9,404	On-call firefighters		9,977
1,745	Control staff		1,863
19,708	Support staff		17,948
59,524	Total Employment Costs		49,969
2,240	Support costs		2,346
11,603	Premises & Equipment		12,207
4,278	Other costs & services		4,034
4,722	Depreciation, impairment & other costs		6,644
115	Financing items		99
22,958	Total Other Costs		25,330
82,482	Gross Expenditure		75,299
	Income		
(5,385)	Specific grant income	22	(6,042)
(1,829)	Other income	22	(2,168)
75,268	Provision of Fire Services		67,089
(113)	(Gain) or loss on Disposal of Fixed Assets		19
47	Pension administration costs	27	58
	Financing and Investment Income and Expenditure		
1,164	Interest payable on debt		1,129
23,121	Net interest on the net defined benefit liability (asset)	27	27,425
(465)	Investment interest income		(1,170)
	Taxation and Non-Specific Grant Income		
(8,780)	Revenue Support Grant		(9,706)
(16,586)	Non Domestic Rates		(17,476)
(50,513)	Council Tax		(53,570)
(4,368)	Non Specific Grant Income	22	(5,098)
18,775	(Surplus) or Deficit on Provision of Services		8,700
(4,778)	(Surplus) or deficit on revaluation of non current assets		10,876
(332,852)	Remeasurements of the net defined benefit liability (asset)		(5,689)
(337,630)	Other Comprehensive Income and Expenditure		5,187
(318,855)	Total Comprehensive Income and Expenditure		13,887

Within Employment Costs is an IAS 19 pension adjustment of £21.9m (2023 – £7.3m), which shows as a reduction in cost. This has reduced Wholetime Firefighters employment cost by £21.2m (2023 – £10.3m) and Support staff employment costs by £0.7m (2023 – increased by £2.9m).

Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	3,882	7,102	15,741	26,725	(475,169)	(448,444)
Movement in reserves during the year						
Surplus or (deficit) on the provision of services	(8,700)	-	-	(8,700)	-	(8,700)
Other Comprehensive Income and Expenditure	-	-	-	-	(5,187)	(5,187)
Total Comprehensive Income & Expenditure	(8,700)	-	-	(8,700)	(5,187)	(13,887)
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 7)	8,107	-	(2,450)	5,658	(5,657)	-
Transfers to or (from) earmarked reserves	870	(870)	-	-	-	-
Increase (Decrease) in Year	277	(870)	(2,450)	(3,042)	(10,844)	(13,886)
Balance at 31 March 2024	4,157	6,231	13,291	23,679	(486,013)	(462,334)

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022	4,341	11,035	13,153	28,529	(795,825)	(767,296)
Movement in reserves during the year						
Surplus or (deficit) on the provision of services	(18,775)	-	-	(18,775)	-	(18,775)
Other Comprehensive Income and Expenditure	-	-	-	-	337,630	337,630
Total Comprehensive Income & Expenditure	(18,775)	-	-	(18,775)	337,630	318,855
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 7)	14,387	-	2,588	16,975	(16,975)	-
Transfers to or (from) earmarked reserves	3,932	(3,932)	-	-	-	-
Increase (Decrease) in Year	(457)	(3,932)	2,588	(1,802)	320,655	318,855
Balance at 31 March 2023	3,882	7,102	15,741	26,725	(475,170)	(448,441)

Balance SheetAs at 31st March 2024

31 March 2023 £000		Notes	31 March 2024 £000
	Property, Plant & Equipment	9	
129,586	Land and Buildings		116,783
10,602	Vehicles, plant and equipment		10,314
1,599	Assets under construction		648
-	Intangible assets		926
141,787	Long Term Assets		128,671
445	Inventories		337
13,068	Short Term Debtors	11	10,820
18,602	Cash and Cash Equivalents	12	17,737
350	Assets held for sale	13	-
32,465	Current Assets		28,894
(249)	Short Term Borrowing		(1,249)
(11,447)	Short Term Creditors	14	(9,812)
(1,303)	Grants Receipts in advance	15	(309)
(12,999)	Current Liabilities		(11,370)
(23,500)	Long Term Borrowing	10	(22,500)
(786)	Provisions	16	(896)
	Other Long Term Liabilities		
(4,683)	- Local Government Pension Scheme		(3,862)
(580,729)	- Firefighters' Pension Scheme	27	(581,271)
(609,698)	Long Term Liabilities	27	(608,529)
(448,445)	Net Liabilities		(462,334)
	Usable Reserves		
3,882	General Fund		4,157
7,102	Earmarked General Fund Reserves		6,231
15,741	Capital Receipts Reserve		13,291
26,725	Usable reserves	17	23,679
	Unusable Reserves		
43,840	Revaluation Reserve		31,989
66,198	Capital Adjustment Account		67,236
(1,353)	Holiday Pay Account		(1,408)
1,557	Collection Fund Adjustment Account		1,303
(585,412)	Pension Reserve		(585,133)
(475,170)	Unusable Reserves		(486,013)
(448,445)	Total Reserves	18	(462,334)

These financial statements replace the unaudited financial statements certified by Neil Cross on 30th May 2024.

Neil Cross – Chief Finance Officer Authorised for issue date: 19 February 2025

Cash Flow StatementFor the year ended 31st March 2024

2022/23 £000		2023/24 £000
18,775	Net (surplus) or deficit on the provision of services	8,700
(22,592)	Adjustment to surplus or deficit on the provision of services for non-cash movements - see below	(11,898)
	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
2,921	Proceeds from the sale of assets	396
(896)	Net cash flows from operating activities	(2,802)
	Net cash outflows from investing activities	
4,688	Purchase of assets	4,063
(2,921)	Proceeds from the sale of assets	(396)
1,000	Net cash outflows from financing activities	-
1,871	Net (increase)/decrease in cash and cash equivalents	865
20,473	Cash and cash equivalents at the beginning of the reporting period	18,602
18,602	Cash and cash equivalents at the end of the reporting period	17,737

Adjustment to surplus or deficit on the provision of services for non-cash movements

2022/23 £000		2023/24 £000
(4,619)	Depreciation and impairments	(4,919)
(102)	Revaluation gains/(losses)	(1,725)
(3,803)	(Increase)/decrease in creditors	2,630
208	(Increase)/decrease in provisions	(110)
20	Increase/(decrease) in inventories	(108)
4,321	Increase/(decrease) in debtors	(2,250)
(1)	(Increase)/decrease in provision for bad debts	-
(15,808)	Movement in pension liability	(5,410)
(2,808)	Carrying amount of non-current assets sold	(485)
-	Other non cash adjustments	479
(22,592)		(11,898)

Notes To the Accounts

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 55 to 92 and provide further information upon the financial performance of the Authority during 2023/24.

1. Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with proper accounting practices. Income and expenditure accounted for under proper accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24		
Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
70,463	4,805	75,268	60,390	6,699	67,089
(66,075)	9,582	(56,493)	(59,798)	1,409	(58,389)
4,388	14,387	18,775	592	8,108	8,700
(15,376)			(10,984)		
4,388			592		
(10,988)			(10,392)		

1.1. Note to the Expenditure and Funding Analysis

The tables below provide analysis of the Adjustments between Funding and Accounting Basis for 2023/24 and 2022/23 respectively.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other statutory differences	Total Adjustments
2023/24	£000	£000	£000	£000
Provision of Fire Services	6,749	-	55	6,804
Other Income and Expenditure from the Funding Analysis	(3,981)	5,410	254	1,683
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	2,768	5,410	309	8,487

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other statutory differences	Total Adjustments
2022/23	£000	£000	£000	£000
Provision of Fire Services	4,722	-	84	4,806
Other Income and Expenditure from the Funding Analysis	(4,213)	15,811	(1,975)	9,623
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	509	15,811	(1,891)	14,429

Accounting policies

2.1 General

The Statement of Accounts summarises the Authority’s transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards.

These accounts have been prepared on a going concern basis. The Authority assesses annually the likely impact of inflation on its financial position and performance as part of its budget setting and the updating of its Medium Term Finance Plan (MTFP). The Authority also considers known and expected government funding and determines whether it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the Authority is satisfied that it will continue in operational existence for 12 months from the date the accounts are approved.

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.

2.2 Charges to revenue for non-current assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. The Authority will, however, use capital receipts and/or contribute from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution to capital financing 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.

2.3 Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

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

2.4 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

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

2.5 Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from contracts with service recipients is recognised in accordance with IFRS 15 Revenue from Contracts with Customers, when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

2.6 Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors, and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

2.6.1 Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

2.7 Provisions and contingent liabilities**2.7.1 Provisions**

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

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

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

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

2.7.2 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.

2.8 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

2.9 Cash and Cash equivalents

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

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

2.10 Property Plant and Equipment

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

2.10.1 Recognition

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

The Authority operates a de-minimis limit below which items are charged to revenue rather than capital on the grounds of materiality. The limit for individual assets is **£10,000** except for motor vehicles where the limit is **£7,500**. Individual assets under this value can be capitalised where in aggregate, the value is above these limits. There is no de-minimis limit for land purchases.

2.10.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing; and
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as set out below:

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

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

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

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

2.10.4 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property.
- vehicles, plant, and equipment – straight line allocation over the useful lives of the asset, usually 8 to 15 years; and
- infrastructure – straight-line allocation over 25 years.

A full year's depreciation is charged in the year of acquisition of an asset and no depreciation is charged in the year of disposal. Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

2.10.5 Statutory charge for capital financing

In the year of acquisition of an asset a full year's statutory charge for capital financing is made. In the year of disposal of an asset there is no statutory charge for capital financing. This is in line with our depreciation policy.

2.10.6 Disposals and Non-Current Assets Held for Sale

When an asset is being actively marketed, and it is probable that a sale will occur within twelve months of the year end date, 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 current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the (Gain) or loss on Disposal of Fixed Assets line in the Comprehensive Income and Expenditure Statement. Gains in current 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 (Gain) or loss on Disposal of Fixed Assets line in the Comprehensive Income and Expenditure Statement. Receipts from disposals (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 (i.e., 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 for a disposal in excess of £10,000 are categorised as capital receipts. Amounts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

2.11 Intangible Assets

Intangible assets are non-monetary assets without physical substance that are separably identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets, which are recognised at historic cost and amortised over the period of the contract.

2.12 Operating 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.

2.12.1 The Authority as lessee

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

2.13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first in first out costing formula. Stock values are reduced by provisions for redundant and slow moving stocks.

2.14 Government Grants and Contributions

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

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

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

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

2.15 Employee Benefits

2.15.1 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 wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements 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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that for taxation purposes holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

2.15.2 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 and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where 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.

2.15.3 Post-Employment Benefits

The Authority participates in three different pension schemes:

2.15.4 Local Government Pension Scheme

Employees, other than firefighters, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS), which is administered by Essex County Council.

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond.

The assets of the LGPS pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price.
- unquoted securities – professional estimate.
- unitised securities – current bid price.
- property – market value.

The movement on the pension's asset/liability is analysed into the following constituents:

Service cost - Current service cost – the increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.

Net interest on the defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprising:

- Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from: a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.
- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

Contributions by scheme participants – the increase in scheme liabilities and assets due to payments made into the scheme by employees (where increased contribution increases pensions due to the employee in the future).

Contributions by the employer – the increase in scheme assets due to payments made into the scheme by the employer.

Benefits paid – payments to discharge liabilities directly to pensioners.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

2.15.5 Firefighters' Pension Schemes

There are three unfunded defined benefits schemes, originally established by the Fire Brigade Pensions Act 1925, to provide pensions for all whole-time members of the Fire and Rescue Service. The main scheme details date from 1992 with a revised scheme in 2006 and a new scheme introduced from 1 April 2015.

Pensions and benefits due are paid by the Authority. The cost of pensions and benefits paid in the year, less the contributions received from firefighters and the employer's contribution from the Authority are included within the Pension Fund Account. Changes in the assets and liabilities are accounted for in the same way as the LGPS.

2.15.6 Retained Firefighters' Pension Scheme

A stakeholder pension scheme for retained firefighters was established in January 1999. This is a defined contribution scheme arranged between the retained firefighters and the pension company (Scottish Widows Fund and Life Assurance Society) and is administered by Woodgate and Associates. The Fire Service's involvement is limited to informing all eligible personnel of the availability of the scheme and paying the agreed employer's subsidy. The Authority has no responsibility for the level of payment of pensions. During 2015/16 a new modified pension scheme was introduced for retained firefighters.

2.16 Financial Instruments

2.16.1 Financial Assets

Financial assets are classified into three types, these types are based on the intention of use when the asset was purchased:

- **Amortised Cost** – Held to collect contractual cash flows of principal and interest on specific dates
- **Fair Value Through Other Comprehensive Income** – held to both collect contractual cash flows and sell the financial asset on specified dates.
- **Fair Value through Profit or Loss** – Achieve objectives by any other means than collecting contractual cash flows.

Financial assets are recognised in the Statement of Accounts when the Authority becomes party to the financial instrument contract, or, in the case of debtors, when the goods or services have been provided or delivered. Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

Loans and receivables are measured at amortised cost.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.
- Assets carried at Fair Value through Other Comprehensive Income have their loss allowance recognised in the Financial Instruments Revaluation Reserve.
- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

2.16.2 Financial Liabilities

Financial liabilities are recognised in the Statement of Accounts when the Authority becomes party to the contractual provisions of the financial instrument, or, in the case of creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

Financial liabilities are initially recognised at fair value and are carried at their amortised cost. For creditors this will be the invoice amount.

The Authority has liabilities in relation to loans borrowed from the Public Works Loans Board, described as financial liabilities at amortised cost and creditors for goods and services received which are categorised as other financial liabilities.

Interest payable is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year to which it relates.

2.17 Value Added Tax (VAT)

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

2.18 Fair Value Measurement of Non-Financial Assets

The Authority's accounting policy for fair value measurement of financial assets is set out in note 2.13.1. The Authority also measures some of its non-financial assets such as surplus assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

The Authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, 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 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 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, either directly or indirectly.

Level 3 – unobservable inputs for the asset.

3 Accounting Standards Issued Not Adopted

Under The Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not yet adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted.

The relevant standards are:

- IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year). Transition work is currently underway, and a working group has been established to assist with the implementation. The estimated likely impact on the opening balances of the 2024/25 accounts is the recognition of liabilities and corresponding right of use assets of approximately £0.1m.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
 - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
 - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

4 Critical Judgements in Applying Accounting Policies

At the current time there are no critical judgements that have been made that will affect these Statements.

5 Changes in Accounting Estimates

There were no changes in accounting estimates in the current or previous year.

6 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 Balance Sheet at 31 March 2024 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

6.1 Property, Plant and Equipment – Asset Lives

Asset are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

The useful lives of properties are estimated by Lambert Smith Hampton, a firm of RICS qualified property experts. The useful lives of other assets are determined by management, following the recommendation of the Fleet Services, ICT and Estates teams.

The carrying value of depreciating assets at 31 March 2024 is £96.6m. If the useful economic life (UEL) of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment assets would increase by £0.25m for every year that useful lives are reduced.

6.2 Property, Plant and Equipment – Property revaluations

All properties were revalued as at the 31st March 2024, the key assumptions are below:

Rebuild Cost – this is used in the depreciated replacement cost (DRC) valuation approach for Fire Stations. Rebuild cost is determined by the valuer, Lambert Smith Hampton, a firm of RICS qualified property experts, and is based on assumptions including statistics from the Building Cost Information Service (BCIS). Where the BCIS Rebuild Cost is higher, this will lead to a higher property valuation. The current carrying value of Land and Buildings valued at DRC is £113.5m.

Gross internal area (GIA) – the GIA of properties is measured by a survey of the estate as a minimum, every five years. The most recent site survey was conducted in 2023/24. The GIA of properties valued under DRC, including Fire Stations and Service Headquarters in the last survey was 36,647m².

Obsolescence – Functional, economic and environmental obsolescence is an assumption used in the depreciated replacement cost (DRC) valuation approach for Fire Stations. This is determined by the valuer based on the assumption that normal periodic maintenance will be carried out to maintain properties in their current state of repair. Where obsolescence is higher, the value of properties reduces on a straight line basis.

The current carrying value of Land and Building in the Balance Sheet is £113.5m, each 1% change in the valuation would amount to £1.14m.

6.3 Pensions Liability

Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting

actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying value of the net pension liability as at 31 March 2024 is £566,701k for the Firefighter's Pension Scheme (2023 £580,729k) and £18,432k for the Local Government Pension Scheme (2023 £4,683k).

The actuary has rolled forward the value of liabilities calculated for the latest full funding valuation from 31 March 2020 for the Firefighter's Pension Scheme and 31 March 2022 for the Local Government Pension Scheme. This introduces estimation uncertainty as it is not possible to assess the accuracy of the estimated value of liabilities without completing a full valuation. It is expected that for each year away from a full valuation, the difference could be between 2-3% of the net pension liability, (£11,334k 2% - £17,001k 3% for FPS and £369k 2% - £553k 3% for LGPS), however the actuary is satisfied that the roll forward approach has not materially distorted the valuation, provided that the actual results of the pension fund are broadly in line with the underlying assumptions detailed in note **27.5**.

The effect on the net pensions' liability as a result of changes in individual assumptions is detailed within note **27.5**.

7 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.

2023/24	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserve £000	Capital Receipts Reserve £000	
Adjustments to the 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:				
Pension costs (transferred to (or from) the Pensions Reserve)	5,410	-	-	(5,410)
Council tax & NDR (transfers to/(from) Collection Fund)	254	-	-	(254)
Holiday pay (transferred to the Accumulated Absences Reserve)	55	-	-	(55)
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)	6,644	-	-	(6,644)
Total Adjustment to Revenue Resources	12,363	-	-	(12,363)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	89	-	(2,450)	2,361
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,344)	-	-	4,344
Total Adjustments between Revenue and Capital Resources	(4,255)	-	(2,450)	6,705
Total Adjustments	8,108	-	(2,450)	(5,658)

2022/23 Comparative figures	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Earmarked General Fund Reserve £000	Capital Receipts Reserve £000	
Adjustments to the 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:				
Pension costs (transferred to (or from) the Pensions Reserve)	15,811	-	-	(15,811)
Council tax & NDR (transfers to/(from) Collection Fund)	(1,975)	-	-	1,975
Holiday pay (transferred to the Accumulated Absences Reserve)	84	-	-	(84)
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)	4,721	-	-	(4,721)
Total Adjustment to Revenue Resources	18,641	-	-	(18,641)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(113)	-	2,588	(2,475)
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,141)	-	-	4,141
Total Adjustments between Revenue and Capital Resources	(4,254)	-	2,588	1,666
Total Adjustments	14,387	-	2,588	(16,975)

8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans. Earmarked Reserves comprise:

Earmarked Contingency Reserves:

This relates to specific risk-based contingencies.

Earmarked Reserve – Productivity:

This relates to Earmarked Reserves set aside for investment in productivity improvements within the Authority.

Earmarked Reserve – Specific Purpose:

This relates to Earmarked Reserves set aside for other specific purposes.

Unspent Government Grants:

This relates to government grants without conditions, not yet used.

2023/24	Balance at 1 April	Additions made in year	Transfer to General Fund	Balance at 31 March
Earmarked Contingency Reserves	£000	£000	£000	£000
Demand Pressures	600	-	-	600
Taxbase and Collection Account Reserve	200	-	-	200
National Non-Domestic Rates Collection Reserve	233	200	-	433
Risk Protection	285	-	-	285
	1,318	200	-	1,518
Earmarked Reserve - Productivity				
On Call - Support	392	-	-	392
Invest to Save	523	-	-	523
Innovation and Transformation	2,420	-	(1,147)	1,273
	3,334	-	(1,147)	2,187
Earmarked Reserve - Specific Purpose				
Operational Training - Assurance & Delivery	489	-	-	489
Learning & Development Programme	1,155	-	(124)	1,031
Sprinkler Support	419	-	-	419
	2,063	-	(124)	1,939
Unspent Government grants				
COVID19 Grant	383	-	(262)	121
Pensions Grant	4	-	-	4
Protection Uplift Grant	-	265	-	265
Building Risk Review	-	46	-	46
Grenfell Grant	-	151	-	151
	387	462	(262)	587
Total Earmarked Reserves	7,102	662	(1,533)	6,231

2022/23	Balance at 1 April	Additions made in year	Transfer to General Fund	Balance at 31 March
Earmarked Contingency Reserves	£000	£000	£000	£000
Demand Pressures	600	-	-	600
Taxbase and Collection Account Reserve	200	-	-	200
National Non-Domestic Rates Collection Reserve	1,695	-	(1,462)	233
Risk Protection	285	-	-	285
	2,780	-	(1,462)	1,318
Earmarked Reserve - Productivity				
On Call - Support	463	-	(71)	392
Invest to Save	523	-	-	523
Innovation and Transformation	3,799	-	(1,379)	2,420
	4,785	-	(1,450)	3,334
Earmarked Reserve - Specific Purpose				
Unspent Government Grant - Covid 19	525	-	(142)	383
Operational Training Reserve	837	-	(348)	489
Learning & Development Programme	1,230	-	(75)	1,155
Community Safety Programme - Sprinkler Support	472	-	(53)	419
LGPS Deficit	304	-	(304)	-
Unspent Government Grant - Pensions	102	-	(98)	4
	3,470	-	(1,020)	2,450
Total Earmarked Reserves	11,035	-	(3,932)	7,102

9 Property, Plant and Equipment

The movement in fixed assets during the year is shown in the table below, followed by a table with the comparative figures for the previous year.

2023/24	Land and	Vehicles,	Assets under	Intangible	Surplus	Total PP&E
	buildings	plant & equipment	construction	Assets	Assets	
Cost or valuation	£000	£000	£000	£000	£000	£000
At 1 April	129,231	38,506	1,600	-	356	169,692
Transfer from AUC	2,146	2,264	(5,015)	605	-	-
Additions	-	-	4,063	-	-	4,063
Impairments	-	-	-	-	-	-
Transfer from prepayments	-	-	-	475	-	475
Revaluation increases/(decreases) to Revaluation Reserve	(13,225)	-	-	-	-	(13,225)
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(1,725)	-	-	-	-	(1,725)
Disposals	-	(2,904)	-	-	-	(2,904)
At 31 March	116,427	37,866	648	1,080	356	156,377
Depreciation and impairment						
At 1 April	-	27,906	-	-	-	27,906
Depreciation charge	2,342	2,416	-	154	6	4,918
Other movements in depreciation to the Revaluation Reserve	(2,342)	-	-	-	(6)	(2,348)
Other movements in depreciation to the surplus of deficit on the provision of services	-	-	-	-	-	-
Disposals	-	(2,770)	-	-	-	(2,770)
At 31 March	-	27,552	-	154	-	27,706
Net Book value						
At 31 March 2024	116,427	10,314	648	926	356	128,671
At 31 March 2023	129,231	10,600	1,600	-	356	141,786

2022/23	Land and	Vehicles,	Assets under	Intangible	Surplus	Total PP&E
	buildings	plant & equipment	construction	Assets	Assets	
Cost or valuation	£000	£000	£000	£000	£000	£000
At 1 April	124,826	35,702	1,986	-	1,701	164,214
Transfer from AUC	2,308	2,921	(5,229)	-	-	-
Additions	-	-	4,843	-	-	4,843
Impairments	(102)	-	-	-	-	(102)
Reclassifications and transfers	(365)	-	-	-	-	(365)
Revaluation increases/(decreases) to Revaluation Reserve	2,811	-	-	-	17	2,828
Revaluation increases/(decreases) to surplus or deficit on the provision of services	(247)	-	-	-	-	(247)
Disposals	-	(117)	-	-	(1,362)	(1,478)
At 31 March	129,231	38,506	1,600	-	356	169,693
Depreciation and impairment						
At 1 April	-	25,613	-	-	-	25,613
Depreciation charge	2,206	2,409	-	-	5	4,620
Other movements in depreciation to the Revaluation Reserve	(1,959)	-	-	-	(5)	(1,964)
Other movements in depreciation to the surplus of deficit on the provision of services	(247)	-	-	-	-	(247)
Disposals	-	(116)	-	-	-	(116)
At 31 March	-	27,906	-	-	-	27,906
Net Book value						
At 31 March 2023	129,231	10,600	1,600	-	356	141,787
At 31 March 2022	124,826	10,089	1,986	-	1,701	138,601

The net book value of revalued assets at 31st March 2024 is £113.5m (2023 - £129.9m).

At the 31 March 2024 the Authority had capital commitments of £1.2m in relation to new the new control system and other capital items (2023 - £2.5m).

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

Class of asset	Asset life for depreciation purposes
Buildings	5 to 60 years
Fire appliances	15 years
Cars and vans	3 to 10 years
Other operational vehicles	5 to 15 years
Operational equipment	5 to 20 years
Intangible assets - Software	7 years
IT equipment - Infrastructure	20 years
IT equipment - Other	3 - 4 years

An analysis of the capital expenditure and the way it was financed is set out on page 15.

The freehold and leasehold properties within the Authority’s property portfolio are valued by the Authority’s property advisors (Lambert Smith Hampton) with impairment reviews made annually by management. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost, other operational properties are valued at existing use value and surplus properties at fair value using Level 2 of the fair value hierarchy.

At the 31 March 2024 a revaluation review of all properties was carried out and an increase has been reflected as appropriate.

10 Financial Instruments

10.1 Financial Instrument Balances

The financial instrument balances are all carried at amortised cost and are summarised below:

	Non current		Current	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Investments				
Cash & cash equivalents	-	-	18,602	17,737
Debtors				
Short-term debtors	-	-	430	453
Creditors				
Short term creditors	-	-	(6,699)	(5,637)
Borrowings				
Long term borrowing	(23,500)	(22,500)	-	-
Short term borrowing	-	-	(249)	(1,249)

Current debtors and creditors are valued at invoice value or equivalent. The fair value of these balances is estimated to be equivalent to their carrying value. The accounts include interest payable of **£1,129k** and interest income of **£1,170k**.

The fair value of loans borrowed from the Public Works Loans Board (PWLB) is **£23.6m** compared to their book value of **£23.5m** (£23.4m, £23.5m in 2022/23).

10.2 Long Term Liabilities

Long term borrowing, undertaken for periods more than 364 days, is only undertaken for the purposes of financing capital expenditure. The Authority has secured its borrowing to date from the Public Works Loan Board. The loans carry the same interest rate for the whole term. The associated arrangement cost of the loans is not material and the Interest chargeable to the Income and Expenditure account remains the amounts payable under the loan agreements.

Long term borrowing, as at 31 March, is analysed in the following table, according to repayment periods. The maturity of borrowing has been determined by reference to the earliest date on which the lender can require repayment. At 31 March 2024 the fair value of PWLB debt is **£23.6m** compared to £23.4m as at 31 March 2023.

2022/23 PWLB loans		2023/24
£000		£000
Repayment period		
1,000	Between 1 - 2 years	1,000
1,000	Between 2 - 5 years	5,000
17,000	Between 5 - 10 years	12,000
4,500	Over 10 years	4,500
23,500	Balance at 31 March	22,500

The longest dated loan is one of **£4.5m** that runs until December 2034. The weighted average interest rate was 4.80% at 31 March (2022/23 4.80%).

10.3 Fair Value – Methodology and Assumptions

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cashflows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the NPV calculation is the prevailing rate of similar instrument with a published market rate.

The PWLB new borrowing rate has been used, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling a loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored. The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this includes accrued interest as at the balance sheet date, accrued interest is also included in the fair value calculation. The rates used were obtained from the Debt Management Office (PWLB) as at 31 March.

Interest is calculated using the most common market convention, ACT/365. Where interest is paid every 6 months on a day basis, the value of interest is rounded to 2 equal instalments. For fixed term deposits it is assumed that interest is received on maturity. No adjustment has been made for the interest value and date where a relevant date occurs on a non-working day. The fair value of PWLB borrowing is reported above.

10.4 Nature of Extent of Risks Arising from Financial Instruments

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Authority.
- **Liquidity risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- **Refinancing & Maturity risk** – the possibility that the Authority may not be able to replace expiring loans on equivalent terms; and
- **Market risk** – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Authority's treasury management function, under policies approved by the Authority in the annual treasury management strategy. The strategy details the Authority's approach and principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of surplus cash.

10.5 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority ensures that its counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited. Deposits are not made with banks and financial institutions unless they are on an approved list. Lloyds Bank is included on the lending list as it acts as the banker to the Authority. Other money market funds, banks and similar institutions with high grade credit ratings may be used subject to the agreement of the Chief Finance Officer. The Authority requires any new counterparty to have a minimum of an 'A' Fitch rating. Fitch is an independent organisation providing a rating for each individual financial institution. The Authority does not generally hold funds for longer term investment. The maximum exposure to credit risk at 31 March 2024 was £17.7m as detailed in note 12 (£18.6m at 31 March 2023).

10.6 Liquidity Risk

This reflects the possibility that the Authority might not have funds available to meet its commitments to make payments. The Authority forecasts its days to day cash requirements and has adopted a policy of maintaining a low level of cash and borrowing to fund capital expenditure. The Authority sets a balanced budget each year and has a high degree of certainty in its income streams from government and the collection of council tax by district councils and unitary authorities. The largest area of expenditure is on pay related costs which are highly predictable. It is therefore felt that there is no significant liquidity risk.

10.7 Refinancing and Maturity risk

This is the risk that it is difficult or expensive to replace existing loans as they fall due. This risk is recorded on the Authority's risk register and monitored on a regular basis. The Authority manages a small portfolio of loans from the public works loan board. The Authority operates well within the borrowing limits set as part of its treasury management and prudential indicators. This limits the risk that the Authority may not have the capacity to renew a loan. The risk that interest rates may increase is monitored in conjunction with treasury

management advisors and borrowing can be undertaken ahead of need if interest rates are favourable. There is not considered to be a significant refinancing and maturity risk.

10.8 Market Risk

The Authority's exposure to interest rate movements on its borrowings is limited to new arrangements. Advice from treasury management advisors on future interest movements is used to inform decisions concerning the timing of new loans. There is an interest rate risk if the Authority is required to replenish borrowings at a higher interest rate. The maturity of borrowing is spread to minimise this risk. The Authority's borrowing is fixed rate for the term of the borrowing, so is not sensitive to a rise in interest rates.

11 Debtors

The analysis of Debtors is shown below:

2022/23		2023/24
£000		£000
490	Central government bodies	430
3,587	Collection Fund	3,076
5,414	Pension Fund	3,159
3,577	Other entities and individuals	4,155
<u>13,068</u>		<u>10,820</u>

The aged debt analysis for trade debtors below shows that **£62k** (30%) of these debtors are past their due date for payment.

Aged analysis of sales ledger	£000	%
0 to 30 days	148	70
31 to 60 days	61	29
61 to 90 days	18	9
91 to 121 days	3	1
121+ days	(20)	(10)

12 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

2022/23		2023/24
£000		£000
7,555	Bank accounts	2,737
11,047	Cash equivalent investments	15,000
<u>18,602</u>		<u>17,737</u>

13 Assets Held for Sale

2022/23		2023/24
£000		£000
1,445	Balance at 1 April	350
350	Assets newly classified as held for sale	-
(1,445)	Assets sold	(350)
<u>350</u>	Balance at 31 March	-

Assets held for sale relate to surplus day crewed housing, actively marketed for sale at year end.

14 Creditors

The analysis of Creditors is shown below:

2022/23 £000		2023/24 £000
(10,059)	Trade payables	(8,337)
(1,388)	Other payables	(1,475)
<u>(11,447)</u>		<u>(9,812)</u>

15 Grant receipts in advance

The Authority has **£309k** grant receipts in advance (2023 - £1,303k), all of which is for revenue purposes.

16 Provisions

	Risk protection provision £000	Non- domestic rating appeals £000	Provision for taxation on pension scheme £000	Other provisions £000	Total provisions £000
Balance at 1 April	(125)	(661)	-	-	(786)
Adjustment to opening balance	-	-	-	-	-
Additional provisions made in year	-	-	(75)	(160)	(235)
Amounts used in year	-	76	48	-	124
Balance at 31 March	(125)	(585)	(26)	(160)	(896)

The balance of the Risk Protection provision at 31 March 2024 was £125k (2023 - £125k) and includes provision for claims for motor, employers' liability and public liability policies.

The Non-domestic rating provision is the Authority's share of amounts provided for by Essex billing authorities for non-domestic rating appeals.

17 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves statement. The nature and purpose of these reserves is set out below:

17.1 General Fund

This is the accumulated surplus of income over expenditure after allowing for any General Fund Reserves (as below). Its strategic use is to safeguard against budget risk and adverse impact on future funding levels.

17.2 Capital Receipts Reserve

These are proceeds of fixed assets sales available to finance or repay debt.

18 Unusable Reserves

An analysis of the unusable reserves is shown below:

2022/23 £000		2023/24 £000
43,840	Revaluation Reserve	31,989
66,198	Capital Adjustment Account	67,236
(1,353)	Holiday Pay Account	(1,408)
1,557	Collection Fund Adjustment Account	1,303
(585,412)	Pensions Reserve	(585,133)
<u>(475,170)</u>		<u>(486,013)</u>

18.1 Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation.
- or disposed of and the gains are realised.

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

2022/23 £000		2023/24 £000
41,336	Balance at 1 April	43,840
4,778	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	(10,876)
(696)	Difference between fair value depreciation and historical cost depreciation	(809)
(1,578)	Accumulated gains on assets sold	(166)
(2,274)	Amount written off to the Capital Adjustment Account	(975)
<u>43,840</u>	Balance at 31 March	<u>31,989</u>

18.2 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 depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains

recognised 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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The note below provides details of the transactions posted to the Account:

2022/23 £000		2023/24 £000
66,979	Balance at 1 April	66,199
	Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:	
(4,619)	Charges for depreciation & impairment of non current assets	(4,919)
(102)	Revaluation gains/(losses)	(1,725)
(2,808)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure statement	(485)
2,274	Adjusting amounts written out of the Revaluation Reserve (See Note 18.1 above)	975
(5,255)	Net written out amount of the cost of non current assets consumed in the year	(6,154)
	Capital financing applied in the year:	
332	Capital receipts funding	2,846
4,100	Statutory provision for the financing of capital investment charged against the General Fund balance	4,000
42	Direct revenue financing of capital investment charged against the General Fund balance	345
4,474		7,191
66,198	Balance at 31 March	67,236

18.3 Holiday Pay Account

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

2022/23 £000		2023/24 £000
(1,269)	Balance at 1 April	(1,353)
(84)	Change in amounts accrued at the end of the current year	(55)
(1,353)	Balance at 31 March	(1,408)

18.4 Collection Fund Adjustment Account

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

2022/23	2023/24
£000	£000
(418) Balance at 1 April	1,557
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(254)
1,975	(254)
1,557	1,303
Balance at 31 March	Balance at 31 March

18.5 Pension Reserve

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

2022/23	2023/24
£000	£000
(902,453) Balance at 1 April	(585,412)
332,852 Actuarial gains or (losses) on pension assets and liabilities	5,689
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of Services in the Comprehensive Income and Expenditure Statement	(5,410)
(15,811)	(5,410)
(585,412)	(585,133)
Balance at 31 March	Balance at 31 March

19 Governance Expenses

Governance expenses paid to the Police, Fire and Crime Commissioner for Essex in 2023/24 totalled **£231k** (£225k for 2022/23).

20 Officers' Remuneration

The number of officers whose remuneration, excluding pension contributions, was £50,000 or more during 2023/24 is listed below:

Remuneration band	Number of officers	
	2022/23	2023/24
£50,000 - £54,999	75	107
£55,000 - £59,999	47	60
£60,000 - £64,999	43	48
£65,000 - £69,999	14	35
£70,000 - £74,999	8	16
£75,000 - £79,999	13	16
£80,000 - £84,999	1	5
£85,000 - £89,999	2	2
£90,000 - £94,999	3	-
£95,000 - £99,999	2	3
£100,000 - £104,999	1	2
£105,000 - £109,999	-	2
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	-	1

Under the Code of Practise, the Senior Leadership Team are excluded from Officers over £50,000. Senior Leadership Team members have been excluded from both the 2022/23 and 2023/24 figures - details of their pay can be found in the Senior Officer's Remuneration note below.

20.1 Senior Officer Remuneration 2023/24

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution	Total
	Basic salary	Special allowances				
2023/24						
Chief Fire Officer and Chief Executive - Rick Hylton	£176,687	-	-	-	£50,879	£227,566
Deputy Chief Fire Officer - Moira Bruin	£150,597	-	-	£1,395	£43,372	£195,364
Director of Operations (1st April to 30th June 2023)	£46,960	-	-	-	£11,097	£58,057
Director of Operations (1st July 2023 onward)	£95,844	-	-	-	£19,138	£114,982
Director of People Services	£112,652	-	-	-	£23,077	£135,729
Director of Corporate Services	£115,315	-	£5,373	-	£23,575	£144,263
Chief Finance Officer	£97,436	-	£689	-	£19,954	£118,079
Assistant Director - Media, Comms and Brand	£90,832	-	-	-	-	£90,832

There was a change in the Director of Operations in the year, effective from 1st July 2023.

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band above. The remuneration of the Police, Fire and Crime Commissioner, Roger Hirst, is available within Essex Police Accounts.

20.2 Senior Officer Remuneration 2022/23

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution	Total
	Basic salary	Special allowances				
2022/23						
Chief Fire Officer and Chief Executive - Rick Hylton	£152,541	-	-	-	£43,920	£196,461
Deputy Chief Fire Officer	£130,000	-	-	£1,395	£37,440	£168,835
Director of Operations	£118,390	-	-	-	£34,365	£152,755
Assistant Chief Executive Officer - People Values and Culture	£105,509	£1,239	-	-	£21,026	£127,774
Director of Corporate Services	£113,834	-	£6,498	-	£22,885	£143,217
Chief Finance Officer	£93,339	-	£344	-	£18,647	£112,330

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band above.

21 External Audit Costs

The Authority paid £110k (2022/23 £51k) for external audit services carried out by the appointed auditor.

22 Grant & Operational Income

This table shows the grant and operational income credited to the Comprehensive Income and Expenditure Statement in the year:

2022/23 £000		2023/24 £000
	Specific grant income	
3,517	Additional Pension Grant	3,517
857	New Dimension	882
489	FireLink	367
156	Protection Uplift	726
-	ESMCP Grant	346
366	Other Grants	205
5,385		6,042
	Non specific grant income	
3,229	Small Business Rate Relief	4,287
1,139	Services Grant	668
-	Other Grants	142
4,368		5,098
	Other Operational Income	
148	Aerial Site Rental	138
315	Staff Secondments	353
74	Community Safety - Safer Essex Roads Partnership	78
53	Community Safety Youth Work - FireBreak courses	33
398	Shared Services/Collaboration Income	481
841	Other Operational Income	1,085
1,829		2,168
11,582	Total	13,308

23 Related Parties

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

Central Government - Central Government has effective control over the general operations of the Authority and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., Council Tax bills). Central Government is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of general and specific grants. Funding from central government for the redistribution of national non-domestic rates and revenue support grant is identified in the Comprehensive Income and Expenditure Statement.

The Police Fire and Crime Commissioner for Essex – R Hirst (The Commissioner) - The Commissioner has significant influence over the Authority though his power to participate in financial and operating policy decisions (paragraph 3.9.2.10 of the Code of Practice). The Authority had no transactions with the Commissioner in the current or previous year, as the Authority transacts with the PFCC (separate legal entity).

Police Fire and Crime Commissioner - Corporation Sole (PFCC) - The Commissioner has control over the PFCC. A related party relationship arises where an individual is able to influence the policies of two entities. The Authority made net purchases to the PFCC in 2023/24 of £499k (2022/23, net sales of £328k). This includes recharges for collaboration and office rent. At year end the Authority was owed £nil by the PFCC (2022/23, £1k). The Authority has recognised a debtor for un-invoiced income totalling £344k relating to recharges for collaboration costs relating to 2023/24 (2022/23, £240k).

Monitoring Officer - The Monitoring Officer is provided by the PFCC. The Authority had no transactions with the Monitoring Officer in the current or previous year, as the Authority transacts with the PFCC.

Essex Police - The Police Fire and Crime Commissioner has control over Essex Police. A related party relationship arises where an individual is able to influence the policies of two entities. The Authority made net sales to Essex Police in 2023/24 of £249k (2022/23, £7k). This includes recharges for collaboration projects. At the year end, the Authority was owed £nil by Essex Police (2022/23, £nil). The Authority has recognised a net creditor for un-invoiced collaboration expenditure totalling £4k for 2023/24 (2022/23, net debtor of £13k).

Senior Officers of the Authority - The total remuneration paid to senior officers is shown in note 20. Senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

24 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, 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.

2022/23		2023/24
£000		£000
31,734	Opening Capital Financing Requirement	32,103
	Capital investment	
4,843	Property, plant and equipment	4,539
	Sources of finance	
(332)	Capital receipts	(2,846)
	Sums set aside from revenue:	
(4,100)	Revenue provision for capital financing	(4,000)
(42)	Revenue contribution to capital	(345)
<u>32,103</u>	Closing Capital Financing Requirement	<u>29,451</u>
	Explanation of movements in year	
369	Increase/(Decrease) in underlying need to borrow	(2,652)
<u>369</u>	Increase/(Decrease) in Capital Financing Requirement	<u>(2,652)</u>

25 Operating Leases

The Authority has some property and vehicle leases which have been accounted for as operating leases. The commitments under these operating leases are shown below:

2022/23		2023/24
£000		£000
	Commitments under operating leases	
15	Property - Not later than one year	2
17	Vehicles - Not later than one year	8
141	Vehicles - Later than one year and not later than five years	92
<u>173</u>		<u>102</u>

26 Redundancy and Early Retirement Costs – Exit Packages

Redundancy and early retirement costs are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these payments.

These costs are recognised only when the Authority is demonstrably committed to terminate the employment on affected employees.

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

Exit Packages	---Number of Staff---		Total £000
	Compulsory	Other Departures	
2023-24			
Up to £5k	1	2	6
£15k to £20k	-	1	20
£25k to £30k	-	2	51
£45k to £50k	-	1	47
£80k to £85k	-	1	82
Total 2023-24	1	7	207
2022-23			
Up to £5k	1	1	6
£5k to £10k	1	-	8
£10k to £15k	1	-	11
£45k to £50k	1	-	48
Total 2022-23	4	1	73

The total cost of **£207k** above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

27 Pensions

27.1 Participation in Pension Schemes

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

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

27.2 Transactions Relating to Retirement Benefits

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

McCloud/Sargeant ruling on pension account disclosures

Two successful employment tribunal cases were brought against the Government in relation to discrimination on reforms to public sector pensions in 2015.

Local Government Pension Scheme: An assessment of these cases has been made by the Funds Actuaries, Barnett Waddingham, and is included in our disclosure and reflected in the accounts.

Firefighters' Pension Scheme: The result of these cases is reflected in our Actuary's disclosure and is included within these accounts.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Essex Fire does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

The following transactions have been made during the year:

	LGPS		Firefighters	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Net cost of services:				
Service cost	5,864	2,694	14,196	4,648
Net interest on the defined liability (asset)	749	145	22,372	27,280
Administration expenses	47	58	-	-
Remeasurements in Other Comprehensive Income	(29,310)	(289)	(303,542)	(5,400)
Net charge to the CIES	(22,650)	2,608	(266,974)	26,528
Adjustments between accounting basis & funding basis under regulations:				
Reversal of net charges made for retirement benefits in accordance with IAS 19	(6,660)	(2,897)	(36,568)	(31,928)
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	2,920	3,429	24,492	25,849

27.3 Assets and Liabilities in Relation to Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these will not actually be payable until employees retire, the Authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two defined benefit pension schemes:

- the Local Government Pension Scheme for civilian employees, administered by Essex County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2022. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

	LGPS		Firefighters	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Opening Defined Benefit Obligation	(112,225)	(88,919)	(872,596)	(581,130)
Current service cost	(5,863)	(2,625)	(14,196)	(4,648)
Interest cost	(2,897)	(3,520)	(22,372)	(27,280)
Change in assumptions	55,835	3,053	350,356	8,976
Liabilities assumed on settlements	-	-	-	-
Experience (loss)/gain on defined benefit obligation	(10,848)	(258)	(46,814)	(3,576)
Estimated benefits paid net of transfers in	2,572	3,160	28,147	29,844
Past service costs, including curtailments	(1)	(69)	-	-
Contributions by Scheme participants	(940)	(1,024)	(3,655)	(3,995)
Unfunded pension payments	18	20	-	-
Impact of asset ceiling	(14,570)	(9,572)	-	-
Closing Defined Benefit Obligation	(88,919)	(99,754)	(581,130)	(581,809)

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

	LGPS		Firefighters	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Opening fair value of Scheme assets	81,972	84,236	-	-
Interest on assets	2,148	4,074	-	-
Return on assets less interest	(1,855)	6,367	-	-
Administration expenses	(47)	(58)	-	-
Contributions by employer including unfunded	2,920	3,429	24,492	25,849
Contributions by Scheme participants	940	1,024	3,655	3,995
Estimated benefits paid plus unfunded net of transfers in	(2,590)	(3,180)	(28,147)	(29,844)
Other actuarial gains/(losses)	748	-	-	-
Settlement prices received	-	-	-	-
Closing fair value of Scheme assets	84,236	95,892	-	-

There is a difference between the pensions reserve and these tables as the above do not include accumulated movements for ill health £537k (£401k in 2022/23).

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

27.4 Scheme History

LGPS	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Fair Value of Assets in pension scheme	54,972	73,146	81,972	84,236	95,892
Present Value of Defined Benefit Obligation	(81,006)	(111,388)	(112,225)	(88,919)	(99,754)
Surplus/(deficit) in the Scheme	(26,034)	(38,242)	(30,253)	(4,683)	(3,862)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of **£681.6m** (£670.0m 2022/23) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of **£585.7m** (£585.8m 2022/23).

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

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary; and
- 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 Local government Pension Scheme by the Authority in the year to 31 March 2025 is **£3.5m**. Expected contributions for the Fire pension Scheme in the year to 31 March 2025 are **£12.0m**.

27.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Full actuarial valuations are carried out on a tri-annual basis. In the intervening periods the roll-forward approach is used where assumptions are based on experience and estimates, rather than actual membership data to arrive at net pension liabilities. This approach does result in some level of estimation uncertainty in the intervening years, but any differences are accounted for through Other Experience when actual membership data is used on each full tri-annual revaluation. The annual Fire Authority budget will make allowance for the firefighter's pension scheme payments based on an estimate of when such payments fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, has assessed both the Firefighters' scheme and the Local Government Pension Scheme liabilities.

The main assumptions used in their calculations are as follows:

	LGPS		Firefighters	
	2022/23	2023/24	2022/23	2023/24
Mortality assumptions:				
<i>Longevity at 65 for future pensioners:</i>				
Men	22.3 years	22.0 years	21.9 years	21.9 years
Women	25.0 years	24.7 years	24.4 years	24.6 years
<i>Longevity at 65 for current pensioners:</i>				
Men	21.1 years	20.8 years	20.6 years	20.6 years
Women	23.5 years	23.3 years	22.9 years	23.2 years
Inflation/Pension Increase Rate	NLR	NLR	NLR	NLR
Salary Increase Rate	3.85%	3.85%	3.90%	3.90%
Rate of increase in pensions	2.85%	2.85%	2.90%	2.90%
Discount Rate	4.80%	4.95%	4.80%	4.90%
Take-up of option to convert annual pension into retirement lump sum:				
Service to April 2009	50%	50%	50%	50%
Service post April 2009	50%	50%	50%	50%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. Our Actuaries have used the rolling forward method whereby the last full pension actuarial valuation is used to estimate individual employers IAS pension liabilities. This includes using estimated pension increases as opposed to actual. We are comfortable that this approach has not resulted any material uncertainty in our pension liabilities.

The main assumptions of each pension scheme valuation are detailed below:

	LGPS		Firefighters	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	£000	£000	£000	£000
Longevity (increase or decrease in 1 year)	78,212	73,105	603,625	560,829
Rate of increase in salaries (increase or decrease by 0.1%)	75,718	75,506	582,936	580,689
Rate of increase in pensions (increase or decrease by 0.1%)	76,865	74,393	589,987	573,846
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	74,315	76,945	572,906	590,943

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

	LGPS	
	2022/23	2023/24
	£000	£000
Equities	48,521	53,114
Bonds	1,232	1,713
Property	6,899	6,619
Cash	2,716	2,366
Alternative assets	13,332	14,579
Other managed funds	11,536	17,501
	84,236	95,892

27.6 Pensions Reserve

The change in the Pension Reserve for the year is shown in the following table:

	LGPS		Firefighters	
	2022/23	2023/24	2022/23	2023/24
	£000	£000	£000	£000
Opening balance:	30,253	4,683	872,596	581,130
Current service cost	5,863	2,625	14,196	4,648
Interest cost	2,897	3,520	22,372	27,280
Changes in assumptions	(55,835)	(3,053)	(350,356)	(8,976)
Experience loss/(gain) on defined benefit obligation	10,848	258	46,814	3,576
Impact of asset ceiling	14,570	9,572	-	-
Past service cost, including curtailments	1	69	-	-
Contributions by employer including unfunded	(2,920)	(3,429)	(24,492)	(25,849)
Interest on assets	(2,148)	(4,074)	-	-
Return on assets less interest	1,855	(6,367)	-	-
Other actuarial gains/(losses)	(748)	-	-	-
Administration expenses	47	58	-	-
Balance at 31 March	4,683	3,862	581,130	581,809

There is a difference between the Firefighters’ pension liability on the Balance Sheet and these tables as the above do not include accumulated movements for ill health £537k (£401k in 2022/23).

Firefighters' Pension Fund Account

Year Ended 31 March 2024

2022/23 £000	2023/24 £000
Contributions receivable	
From employer	
(8,240) Normal contributions	(8,931)
(204) Early retirements	(271)
(3,739) From members	(4,092)
Transfers in	
(79) Individual transfers in from other schemes	(142)
Benefits payable	
21,679 Pensions	22,183
4,985 Commutations and lump sum retirement benefits	5,606
Payments to and on account of leavers	
64 Individual transfers out to other schemes	-
14,466 Deficit for the year before top-up grant receivable from central government	14,353
(14,466) Top up grant payable by sponsoring department	(14,353)
- Net amount payable for the year	-

The Authority contracts with Essex Pension Fund for the administration of the Firefighters' Pension Fund. A separate ledger account is maintained for the Firefighters' Pension Fund, which is balanced to nil each year by the receipt of a top up grant from central Government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2024.

Firefighters' Pension Fund Net Assets Statement

The statement below identifies the Firefighters' Pension Fund assets and liabilities that are included in the Authority's Balance Sheet.

As at 31 March 2024

2022/23 £000	2023/24 £000
Net current assets and liabilities	
(5,414) Top up payable to/(receivable from) sponsoring department	(3,159)
1,900 Prepaid scheme expenditure	1,990
3,514 Amount owing to general Fund	1,169
-	-

Included within the Pension Fund Net Assets Statement is prepaid scheme expenditure of £2.0m (2023 - £1.9m), being amounts paid at the end of the financial year in respect of future periods due to the timing of pension payments.

The Firefighters' Pension Scheme in England

There are three firefighter pension schemes the 1992, 2006 and 2015 schemes. The Firefighters Pension Scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. The Scheme changed on the 1st April 2015 from a Final Salary Scheme to a Career Average Revalued Earnings Scheme (CARE). Members starting after the 1st April 2015, and members of the 1992 and 2006 Final Salary Schemes moved into the new 2015 Scheme, unless protections applied.

The funding arrangements for the Firefighters' Pension Scheme in England were introduced on 1 April 2006 by regulation under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. Prior to 1 April 2006 the firefighter scheme did not have a percentage of pensionable pay type of employer's contribution, the Authority was responsible for paying pensions of its former employees on a pay-as-you-go basis.

Under new funding arrangements the schemes remain unfunded but will not be on a pay-as-you-go basis as far as the Authority is concerned. Apart from the costs of injury awards the Authority no longer meets pension outgoings directly, instead it pays an employer's pension contribution based on a percentage of pay into the Pension Fund. This percentage of pay is based on a scheme valuation that takes place quadrennially reflecting up to date scheme membership and forecasts of outgoings.

The Authority is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the fund are specified by regulation. The Pension Fund is managed by the Authority and the day-to-day administration of the scheme is provided under contract by Essex Pension Fund.

Accounting policies

The Authority's accounting policies apply to the fund and are prepared on an accruals basis, apart from transfer values which are accounted for on a cash basis. Transfer payments between English Fire Authorities were repealed by Regulation 36 of Statutory Instrument 1810/2006. Therefore, any transfer payments which arise relate to firefighters transferring to/from Welsh and Scottish authorities or transferring out of the Firefighters Pension Scheme entirely.

The Pension Fund has no investment assets and is balanced to nil at the end of the financial year. This is achieved by either paying over to HO (Home Office) the amount by which the amounts receivable by the fund for the year exceeded the amounts payable, or by receiving cash in the form of pension top-up grant from HO equal to the amount by which the amounts payable from the fund exceeded the amounts receivable.

Details of the Authority's long term pension obligations can be found under notes to the Accounting Statements Note **27**.

Glossary Of Terms

Actuarial gains and losses

For defined benefit schemes, the changes in actuarial deficits or surpluses arise because: events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

Assets held for sale

Property, Plant and Equipment assets that the Authority is formally committed to sell and is actively marketing them in their current condition and where sale is expected within the next 12 months.

Capital financing

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Collection fund

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

Defined benefit pension scheme

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Depreciation

The measure of the cost of wearing out, consumption, or other reduction, in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Discretionary benefits (pensions)

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

Events after the balance sheet date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional items

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Extraordinary items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Government grants

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Authority. These grants may be specific to a particular scheme or may support the revenue spend of the Authority in general.

Impairment

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Authority.

Non-domestic rates (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy.

Operational assets

Fixed assets held and occupied, used or consumed by the Authority in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Pension scheme liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Precept

The levy made by precepting authorities to billing authorities, requiring the latter to collect income from Council Tax on their behalf.

Public Works Loan Board (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

Related parties

There is a detailed definition of related parties in IAS 24. For the Authority's purposes related parties are deemed to include the Authority's members, the Chief Executive, its directors and their close family and household members.

Related party transactions

The Code requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

Revenue expenditure

The day-to-day expenses of providing services.

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