NORTH YORKSHIRE POLICE, FIRE & CRIME COMMISSIONER
(FIRE & RESCUE AUTHORITY)
STATEMENT OF ACCOUNTS

12 MONTH PERIOD TO THE 31st MARCH 2022

DRAFT SOFA 14.6.2022

NARRATIVE REPORT

1. INTRODUCTION

This narrative report provides an overview of the accounting arrangements and the financial and non financial performance of the Authority during 2021/22. It also acts as a guide to the most significant matters impacting on the Authority's finances and provides an explanation of the key financial statements making them easier to understand.

Significant progress was made in stabilising the finances of the Fire Service in the first two years since the change in Governance, however the impact of firstly the pandemic and then then secondly the significant inflation that is being experienced within the economy, has created some new financial challenges that will need to be addressed over the coming years years.

In terms of the budget set for 2021/22, the impact of the financial settlement, the agreed precept increase of 1.99%, an agreed savings plan of £500,000, and changes in pay assumptions (which assumed a pay freeze in 2021/22) - resulted in the 2021/22 budget still requ requiring the use of non-specific reserves totalling £342,000 to balance the budget.

This Narrative Statement provides an overview of the financial performance for 2021/22 which which resulted in an underspend of £341,000 after planned and necessary transfers to reserves.

2. COVID-19

These accounts cover a period that incorporated a phased re-opening of the economy and the eventual removal of restrictions that had been placed on people over the previous 12+ months.

As expected a return to a more 'normal' way of living is having an impact on many aspects of public services, this aligned with financial pressures for both individuals and government is likely to be a key aspect of the landscape, within which we will operate, over the coming months and years.

As with 2020/21, 2021/22 saw North Yorkshire Fire and Rescue Service operate in extraordinary circumstances. The Service adapted its operational delivery model to respond to the pandemic, implemented business continuity plans and lent significant capacity to the partnership response through the Local Resilience Forum.

COVID-19 Financial Position:

The Authority has received grant from the Government to fund COVID related expenditure of £851,000 since March 2020. Net expenditure of £121,000 is recorded within the financial position reported in these accounts with total net expenditure of £523,000 since March 2020. Unspent grant over the 2 year period has been transferred to earmarked reserves, of which £245,000 to New developments to support projects and initiatives as part of the Risk Resource Model and Ambition 2025:

COVID-19 Financial Position:	2019/20	2020/21	2021/22
	£000	£000	£000
COVID earmarked reserve as at 1st April	**0**	**0**	**(132)**
Grant received in year	(108)	(696)	(47)
Net expenditure (see below)	25	212	13
Transfer to Collection Fund earmarked reserve	83	-	-
Transfer to New Developments earmarked reserve	-	187	58
COVID earmarked reserve as at 31st March	**0**	**(297)**	**(108)**

	2019/20	2020/21	2021/22
Net Expenditure:			
Staff		275	141
Non Staff	25	212	13
Savings in staff travel & subsistence costs		(110)	(33)
	25	**377**	**121**

3. THE STATEMENT OF ACCOUNTS

The Statement of Accounts cover the year ended 31st March 2022 and are in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code) issued by CIPFA and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by the Code. The Code is based upon International Financial Reporting Standards (IFRS). The Statements required by the Code are detailed below along with the objective of each:

(a) the **Movement in Reserves Statement** which shows the movement in the year on the different reserves held by the PFCC FRA, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The (Surplus) or Deficit on the provision of services line shows the true economic cost of providing services. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked reserves line shows the statutory General Fund Balance for council tax setting purposes.

(b) the **Comprehensive Income and Expenditure Statement** shows the accounting cost of providing the service in year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. PFCC FRA's raise taxation to cover expenditure in accordance with regulations, this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

An example of expenditure included within the accounting cost but not funded from precept is the cost of depreciation on the Authority's Property, Plant and Equipment of £1,926,000 in 2021/22 charged to the net cost of services within the Comprehensive Income and Expenditure Statement (CIES). However, this charge is not funded from Council Tax, nor is it included in the Net Service Expenditure reported within the Summary of Revenue Spending in paragraph 5 of this Narrative Report. A reconciliation of how the Net Service Expenditure relates to the amounts included within the CIES is shown within the Expenditure and Funding Analysis in Note 6 to the financial statements.

(c) the **Balance Sheet** shows the values as at 31st March 2022 of the assets and liabilities recognised by the Authority.

The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is 'usable reserves' i.e. those that can be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example, the Usable Capital receipts reserves may only be used to fund capital expenditure or repay debt). The second category is 'unusable reserves' which cannot be used to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available if the assets are sold; and reserves which hold timing differences which are shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

(d) the **Cashflow Statement** shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the Authority's services are funded by way of taxation, grant income or income generated from services provided.
Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of borrowing to the Authority.

(e) the **Pension Fund Accounts** show the income and expenditure during the financial year of the Firefighters Pension Fund and the financial position of the Fund on 31st March 2022.

(f) **the Statement of Accounting Policies** explains the principles, bases, conventions and rules applied by the Authority when preparing the Statement of Accounts. The statement can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years are shown below.

4. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS

(a) There have been no changes in accounting policy, nor in the presentation of the accounts in 2021/22.

(b) **Accounting Standards that have been issued but not yet adopted by the Authority**
The Code requires changes in accounting policy to be applied retrospectively unless otherwise specified. In addition, an authority is required to disclose information relating to the impact of an accounting change that will be required by a new standard which has been issued but not yet adopted.

There are no such standards applicable to the Authority for disclosure in 2021/22.

5. SUMMARY OF REVENUE SPENDING 2021/22

The Authority incurred revenue expenditure during the year generally spent on items consumed within the financial year and is financed from Precepts, Government Grants and other income. A forecast of outturn compared to budget with narrative detail is reported regularly to Management throughout the year. The Budget for 2021/22 and a comparison with the actual position as at 31st March 2022 is set out overleaf:

SUMMARY OF REVENUE SPENDING 2021/22	2021/22	2021/22	2021/22
	Approved	Provisional	Provisional
	Budget	Outturn	Variance
Funding	£'000	£'000	£'000
Funding for Net Budget Requirement	(29,949)	(29,948)	1
Specific Grants	(3,657)	(4,159)	(502)
Pensions Mitigation Grant	(1,711)	(1,711)	0
General Income	(620)	(709)	(89)
Total Funding	**(35,936)**	**(36,527)**	**(591)**
Expenditure			
Wholetime Firefighters	17,139	17,682	543
On Call Firefighters	3,342	3,250	(92)
Support Staff	3,423	3,460	37
Control Room Staff	789	793	4
Total Direct Staff Costs	**24,693**	**25,185**	**492**
Indirect Staff Costs	453	448	(5)
PFCC Staff Expenses	76	96	20
Premises	2,090	1,946	(144)
Transport	794	813	19
Supplies and Services	3,362	3,374	12
Operating Leases	51	41	(10)
External Service Agreements	212	128	(84)
PFI	1,480	1,473	(7)
Total Indirect Staff and Non Staff Costs	**8,518**	**8,319**	**(199)**
Pensions	**819**	**779**	(40)
TOTAL EXPENDITURE BEFORE CAPITAL CHARGES	**34,031**	**34,284**	**254**
Provision For Debt Repayment	1,132	986	(146)
External Interest	530	508	(22)
Revenue Contribution to Capital	585	385	(200)
Total Capital Charges	**2,248**	**1,879**	**(368)**
Delegation to the Tactical Leadership Team	0	0	0
TOTAL EXPENDITURE	**36,279**	**36,162**	**(117)**
Over/(Under) Spend before Reserve Transfers	**343**	**(365)**	**(707)**
Planned Transfers to/(from) Reserves:			
Revenue Budget Support	(343)	(196)	147
ESMCP	0	(129)	(129)
Protection Grants	0	155	155
Pensions	0	(10)	(10)
Pay and Price	0	(262)	(262)
COVID19	0	(121)	(121)
New Developments	0	(40)	(40)
Total Reserve Movements	**(343)**	**(603)**	**(260)**
(Surplus)/Deficit before Year End Reserve Transfers	**0**	**(968)**	**(968)**
Year End Transfers to/(from) Reserves:			
Capital	0	627	627
Final Over/(Under) Spend	**0**	**(341)**	**(341)**

The Budget for 2021/22 approved in February 2021 included a planned transfer from reserves of £343,000 to support an imbalance of expenditure requirements against funding available.

At the year end following all planned and necessary transfers to reserves, an underspend of £968,000 had occurred. This included £627,000 which was already factored into the Authority's 2022/23 Medium Term Financial Plan as a transfer to the capital earmarked reserve to help fund the future capital programme and therefore is largely presentational. In overall terms therefore the 2021/22 outturn provides £341,000 of underspends that are not factored into future financial plans. Further details on where the underspends occurred are set out in the paragraphs below.

Changes to Government grant receipts were confirmed following budget approval in February 2021 resulting in an additional £502,000 being received. This included £340,000 of Protection Uplift (Grenfell) grant, £91,000 of Host Authority Grenfell grant and also £47,000 to cover COVID related expenditure. Any unspent grant is transferred to earmarked reserves at the year end for use in future years.

Unbudgeted general income included £49,000 from the sale of old vehicles and equipment, £12,000 of joint use premises income and £17,000 in relation to Authority run BTEC courses.

The majority of Service expenditure (around 70%) is spent on core firefighting and operations which in addition to all operational responses includes the costs of answering emergency calls, the fleet of fire appliances and operational equipment used.

As regards staff expenditure, £262,000 was incurred due to an unbudgeted pay award in 2021/22, the expenditure being funded from the Pay and Price reserve. Unbudgeted project staff costs, funded from the New Developments reserve, were incurred on the Risk and Resource Model project (£152,000) and on the management of Enable projects.

Further unbudgeted staff costs were incurred on COVID related activities including providing support at the vaccine centre in York and also overtime covering staff absence. This totalled £141,000 funded from specific Government grant. The budget for On Call firefighters underspent by £92,000 taking into account vacancies in year, reduced turnout and attendance costs netted off by the cost of providing cover to the Operational Staffing Reserve.

There was a net underspend on the Premises budget. Whilst expenditure on energy costs was £141,000 was overspent primarily on Gas, the budgets for Building Maintenance and also Rates underspent by £142,000 and £130,000 respectively.

The External Services budget was underspent by £84,000. This was primarily due to expenditure on Legal Costs being £41,000 less than budget. There is recognised variability in costs year on year, expenditure being dependant on the volume and nature of the legal advice required. Other underspends in this area were in External Audit Fees and Cross-Border incident fees of £24,000 and £16,000 respectively.

Employer contributions made in relation to ill health retirements were lower than originally estimated by £40,000 as no new ill health retirements occurred in year. Due to the unpredictability of such expenditure year on year, costs are managed through the reserve earmarked for Pension costs.

The budget for the Provision for Repayment of Debt underspent by £131,000 due to Fire Engines having expected to become operational in the financial year 2019/20 remaining as assets under construction as at 31st March 2020. Finally, revenue contributions to capital were £210,000 less than budget due to slippage in the 2021/22 Capital Programme being transferred to the capital reserve to support future years' capital expenditure plans.

The PFCC approved a Reserves Strategy in February 2022 following a review of the reserves required to support the Authority's Medium Term Financial Plan for 2022/23 to 2024/25 approved at the same time. At the year end, taking account of the outturn for 2021/22, a net transfer to reserves of £365,000 was made including:

(a) The creation of a larger capital reserve to support the capital programme reducing the need for large annual recurring capital contributions from the Revenue budget.

(b) The replenishment of the Pay and Price Reserve to a level to support likely inflation challenges for next year, for example, it is already estimated that the Gas and Electricity budgets for 2022/23 will overspend by £200,000.

(c) Drawings from the New Development Reserve to fund agreed staffing costs of the Risk and Resource Model delivery plan have totalled £192,000, however the reserves have been able to be replenished to a similar level as at the start of the financial year.

The table below sets out all reserve transfers in year. At the year end, the General Fund Balance remained at £1,075,000 (being 3.3% of the net Budget Requirement) and total cashable revenue reserves were £7,241,000.

	Balance at	Reclassifications		Transfers	Transfers	Balance at
2021/22	**01-Apr-21**	**In**	**Out**	**In**	**Out**	**31-Mar-22**
	£000	£000	£000	£000	£000	£000
Pensions	1,860	0	(840)	56	(10)	1,066
Pay and Prices	757	0	(395)	237	(262)	337
New Development	1,125	11	(36)	199	(192)	1,108
Revenue Budget Support	849	0	(653)	0	(196)	0
Insurance	80	0	0	0	0	80
Recruitment	175	0	0	0	0	175
Hydrants Repair	200	0	(100)	0	0	100
Collection Fund	161	0	(95)	0	0	66
COVID19	132	0	(11)	0	(121)	0
Capital Expenditure	400	2,119	0	627	0	3,146
HO ESMCP	790	0	0	0	(129)	661
HO Protection Funding	347	0	0	199	(44)	502
Total	**6,876**	**2,130**	**(2,130)**	**1,319**	**(954)**	**7,241**
Net Transfer (to)/from reserves					**365**	

6. CAPITAL EXPENDITURE

In the year ended 31 March 2022, the Authority spent £2,259,000 on capital expenditure and a comparison with the revised Capital Plan is set out below:

	2021/22 Approved Budget £'000	Additional Slippage from 2020/21 £'000	2021/22 New approved items and changes to budgets £'000	2021/22 Slippage/Carry forward to future years £'000	2021/22 Revised Estimate £'000	2021/22 Provisional Outturn £'000
Vehicles						
Fire Appliances	2,309	0	0	(1,075)	1,234	1,260
ALP	0	0	0	0	0	4
Vans & Support Vehicles	400	52	0	(407)	45	54
4 x 4 Vehicles	180	75	0	(255)	0	0
Incident Command Unit	200	0	0	(200)	0	0
Response & Pool Cars	151	85	0	(76)	160	185
Sub Total Vehicles	**3,240**	**212**	**0**	**(2,013)**	**1,439**	**1,502**
Property:						
Minor Works	433	81	0	(50)	464	421
Major Schemes	610	0	12	(604)	18	18
Sub Total Property	**1,043**	**81**	**12**	**(654)**	**482**	**439**
Information Technology:						
Mobilising, Telephony & Bearers	193	0	0	(100)	93	82
Major IT Schemes	50	0	0	(50)	0	0
Ancillary Hardware & Software	134	0	0	(32)	102	120
Sub Total Information Technology	**377**	**0**	**0**	**(182)**	**195**	**202**
PPE - Rescue Jackets	116	0	0	0	116	116
Delegation to the Tactical Leadership Team	0	0	50	0	50	0
TOTAL CAPITAL EXPENDITURE	**4,776**	**293**	**62**	**(2,850)**	**2,281**	**2,259**

The Capital Plan approved in February 2021 was £4,776,000. The revised plan took into account the requirement to carry forward £2,850,000 of approved spend into 2022/23 due to slippage in expenditure plans primarily caused by delays in the order and delivery process of vehicles.

7. CAPITAL FUNDING AND BORROWING

Capital expenditure in 2021/22 was funded as follows:

	2021/22 Capital Expenditure £'000	2021/22 Capital Funding £'000	Difference £'000
FUNDING			
Capital Reserve brought forward			**400**
Revenue Contribution to Capital - Cars	184	200	16
Revenue Contribution to Capital - Other	201	801	600
Internal Borrowing	1,874	1,874	0
TOTAL FUNDING	**2,259**	**2,876**	**617**
Other In Year Transfers to Capital Reserves			2,129
Capital Reserve carried forward			**3,146**

The outturn on the capital plan has allowed for the transfer of £617,000 to the earmarked capital reserve to support future years' capital expenditure plans.

(a) External Borrowing

Total external borrowing at 31st March 2022 was £11,773,000, all of which has been for capital purposes, and is equivalent to £14.48 per head of population. No new external borrowing was taken during 2021/22.

(b) Internal borrowing

The Authority undertook internal borrowing of £1,875,000 in respect of the 2021/22 capital programme. Over the next 2-3 years, investment rates are expected to continue to be below long term borrowing rates. Value for money can therefore be obtained by delaying external borrowing and using internal cash balances to finance new capital expenditure. The Authority had average daily balances of £6,976,000 in 2021/22 consisting of cash flows generated (e.g. creditors), core cash held in reserves and cash built up through the provision for the repayment of existing debt, the majority of which is on a maturity basis.

8. PENSION SCHEMES

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

(a) Firefighters Pension Schemes which are unfunded schemes, meaning that there are no assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The three schemes administered by the Authority are the Firefighters Pension Scheme 1992 (FPS), New Firefighters Pension Scheme 2006 (NFPS) and the Firefighters Pension Scheme 2015.

(b) The Local Government Pension Scheme (LGPS) for Support staff administered by North Yorkshire County Council. It is a funded benefit scheme meaning that the Authority and employees pay contributions into a fund calculated at a level to balance the pension liabilities with investment assets.

The Authority's pension liability as at 31st March 2022 has been calculated by its Actuaries, in accordance with IAS19, to be £435,352,000 which shows the underlying commitments that the Authority has in the long term to pay retirement benefits. The liability has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. The impact results in a negative net worth of £403,242,000. However, statutory arrangements in place for funding the deficit mean that the financial position of the Authority remains healthy because:

(i) finance is only required to be raised to cover Firefighters' pensions when the pensions are actually due to be paid. Regular monitoring of movements relating to retirements is carried out in order to accurately forecast when retirements and payments will occur.

(ii) the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary.

9. <u>POLICE, FIRE AND CRIME PLAN AND ANNUAL REPORT</u>

The Fire and Rescue Plan 2019-21 was in place during 2020/21 which set out the strategic vision, priorities and objectives for North Yorkshire Fire and Rescue Service over those two years for how it will better respond to the needs of the communities of North Yorkshire. The plan set out the following 4 priorities:

(a) Caring about the vulnerable
(b) Ambitious collaboration
(c) Realising our potential
(d) Effective engagement

The priorities continued to underpin the revised 'Purpose' of the Service which is to 'Help people be safe and feel safe' and combine to work towards delivering the Vision of the Service to be 'an exemplary local service'. Services strategies and plans have been developed to promote this.

This strategic direction required transformational change within the organisation that was then translated into new Values and Behaviours. These new values and behaviours were launched during 2021/22.

To govern, support and provide assurance around all of this, a restructured Senior Leadership Team is n place with a comprehensive governance structure supporting all aspects of work within the service. This was embedded during 2021/22 albeit having operated remotely during the year.

Due to the unprecedented situation created by the COVID-19 world pandemic the PFCC elections which were due to take place on 7 May 2020 were cancelled and rescheduled and took place in May 2021.

The PFCC that was subsequently elected in May 2021 resigned in October 2021. This resulted in a by-election in November 2021. These events subsequently delayed the development and approval of the next Fire and Rescue Plan, however this is now in place and will cover the period 2022-25.

These events also delayed the work around the development on the new Risk and Resource Consultation on the Risk and Resource Model is currently underway before the finalisation and implementation of the final proposals can then begin to be implemented.

An Annual Report setting out progress against the Fire and Rescue Plan for 2019-21 will be reported to a future Police, Fire and Crime Panel and will be available on the PFCC website.

10. NON FINANCIAL PERFORMANCE DATA

(a) Incidents

Overall in 2021/22 the Service attended 1,124 (17%) more incidents compared to 2020/21 as shown in the tables below:

	2021/22	2020/21
Total Number of incidents attended	**7,594**	**6,470**
Fires	1,742	1,703
Special Services (e.g. people trapped in vehicles)	2,485	1,656
False Alarms	3,367	3,111

		From 2020/21
↑	Number of Secondary Fires attended (710)	Up by 1%
	Number of Rescue Person trapped non-Emergency attended (214)	Up by 34%
	Number of Total Fires attended (1742)	Up by 2%
	Number of Flooding in premises calls attended (142)	Up by 5%
	Number of Automatic Fire Alarms attended (2586)	Up by 10%
	Number of RTC Scene Safety attended (234)	Up by 34%
↓	Number of Residential Fires attended (244)	Down by 5%

The Service has seen an increase in most incidents in 2021/22. This is largely attributed to a return to pre-pandemic lifestyle, living and working arrangements. There were 5 fire deaths in the past 12 months which is an increase from 3 during 2020/21.

The number of special service calls have increased linked to weather related incidents and responding to requests to gain access on behalf of North Yorkshire Police and Yorkshire Ambulance Service.

(b) Response

The response model sets out the four parameters of fire cover for the Service based on fire appliances available, which forms part of the overall resilience arrangements:

Critical	Minimum	Optimum	Maximum
< 32 avail	(32 to 37 available)	(38 to 45 available)	(all 46 available)

Whilst the intention is to maintain full availability where possible, it is recognised that the availability of 46 appliances provides the ability to manage a number of simultaneous incidents, long term sustainability for protracted incidents and to maintain competence levels through training. Therefore on a normal daily basis, the optimum level is acceptable to enable the Service to cover these requirements. In 2021/22 optimum crewing levels were maintained 52.6% of the time which was achieved by utilising the Operational Staffing Reserve and other available staffing resources to maximise benefit on a daily basis.

Overall average availability of Fire Appliances was 86% in 2021/22, decrease from 92% in 2020/21. As people who are aligned to the On Call duty system have returned to their primary employment, the availability of those stations has reduced.

(c) <u>Prevention (Community Safety)</u>

In 2021/22 the service carried out 5054 home fire safety/safe and well visits. This activity has increased by 31% compared to last year.

33% of homes visited for home fire safety and safe and well visits had no working smoke alarms and, in these instances, the appropriate number of smoke alarms were fitted before leaving the property.

16% of homes visited for home fire safety and safe and well visits had an occupant who may find it difficult to escape in the event of a fire. A referral to other agencies for support can be agreed and a variance to the response in case of emergency can be put in place.

18% of the homes visited had one or more occupants that smoked. Smoking is identified as a potential fire risk factor and advice, or a referral is provided.

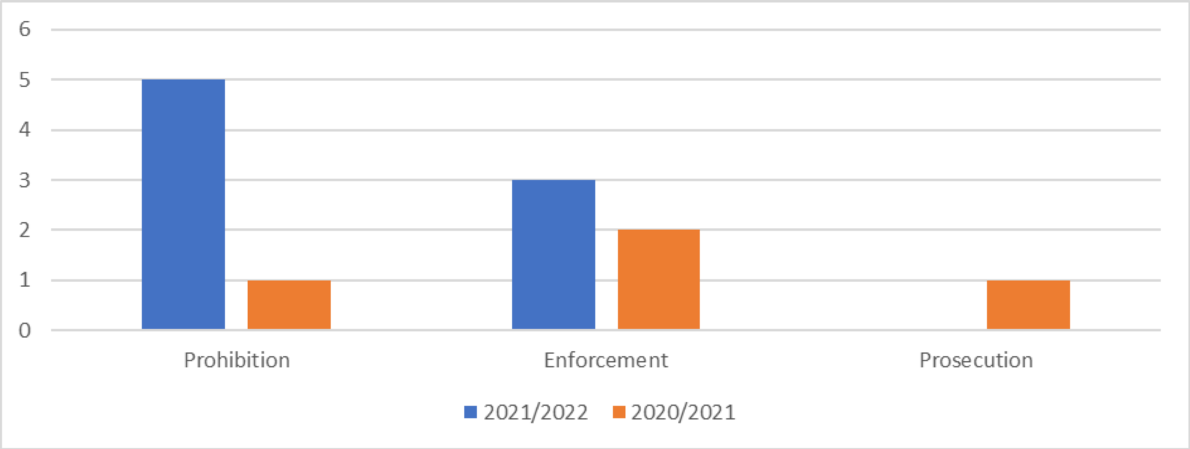
(d) <u>Protection (Business Fire Safety)</u>

Fire safety audits are used to assess whether a building complies with the relevant fire safety legislation. During 2021/22, there were 1001 fire safety audits carried out by the Service, this activity has increased by 778% compared to last year. The increase is an an outcome of people returning to the workplace and the Service being able to visit premises in person again.

The desk-based audit has continued and 48 appraisals were completed which is the same as last year. There are other protection activities which support improving business fire safety and these include:

After the Fire Audit	114
Fire Safety Complaints	163
Fire Safety Investigations	1

There are several outcomes following a fire safety audit including Satisfactory, Notification of Deficiencies, Enforcement, Prohibition or Prosecution. The table below shows the outcomes during 2021/22 compared to 2020/21:



11. FURTHER INFORMATION

Under Sections 25 and 26 of the Local Audit and Accountability Act 2014 (the Act) interested parties and local government electors have the right to inspect the Authority's accounts and supporting documents, and to question the auditor, or make objections to matters contained in them. The times at which the accounts are deposited for inspection are advertised on the Commissioner's website

Every effort has been made to ensure the accuracy of these accounts and compliance with accounting requirements.

The Authority's external auditors are:
Mazars
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

M Porter - Chief Finance Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS OF NORTH YORKSHIRE POLICE, FIRE & CRIME COMMISSIONER (FIRE & RESCUE AUTHORITY)

The responsibilities of the Police, Fire and Crime Commissioner for North Yorkshire

The Police, Fire and Crime Commissioner is required:

a) 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.

b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

c) to approve the Statement of Accounts.

The responsibilities of the Police, Fire and Crime Commissioner's Chief Finance Officer:

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 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

a) selected suitable accounting policies and then applied them consistently;

b) made judgements and estimates that were reasonable and prudent; and

c) complied with the Code of Practice.

The Chief Finance Officer has also:

a) kept proper accounting records which are up to date; and

b) taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Police, Fire and Crime Commissioner's Chief Finance Officer

I certify that the financial statements set out on pages 17 to 79 present a true and fair view of the financial position of North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) as at 31st March 2022 and its income and expenditure for the year then ended.

Signed: ……………………………………………….. Date: …………………….
M Porter
Chief Finance Officer for the Police, Fire & Crime Commissioner for North Yorkshire

The Statement of Accounts was approved by Police, Fire and Crime Commissioner for North Yorkshire

Signed: ……………………………………………….. Date: …………………….
Z Metcalfe
Police, Fire & Crime Commissioner for North Yorkshire

MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000
Balance at 31 March 2021	**1,075**	**6,876**	**0**	**0**	**7,951**	**5,176**	**16,421**
Movements in Reserves during 2021/22							
Total Comprehensive Income and Expenditure	**(13,317)**	**0**	**0**	**0**	**(13,317)**	**1,434**	**0**
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	13,699	0	0	0	13,699	(75)	823
Net increase/(decrease) before Transfers to earmarked reserves	**381**	**0**	**0**	**0**	**381**	**1,359**	**823**
Transfers to / (from) Earmarked Reserves (**Note 19**)	(381)	365	16	-	**0**	-	-
Increase / (Decrease) in 2020/21	**1**	**365**	**16**	**0**	**381**	**1,359**	**823**
Balance at 31 March 2022 carried forward	**1,075**	**7,241**	**16**	**0**	**8,332**	**6,535**	**17,244**

MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000
Comparative Year:							
Balance at 31 March 2020	**995**	**3,902**	**54**	**0**	**4,952**	**4,587**	**17,404**
Movements in Reserves during 2020/21							
Total Comprehensive Income and Expenditure	**(13,388)**				**(13,388)**		
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	16,442				16,389		
Net increase/(decrease) before transfers to earmarked reserves	**3,054**	**0**	**(54)**	**-**	**3,000**	**419**	**511**
Transfers to / (from) Earmarked Reserves (**Note 19**)							
Increase / (Decrease) in 2020/21	**78**	**2,975**	**(54)**	**-**	**3,000**	**419**	**511**
Balance at 31 March 2021 carried forward	**1,075**	**6,876**	**0**	**-**	**7,951**	**5,176**	**16,421**

MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
Balance at 31 March 2021	**1,075**	**6,876**	**0**	**0**	**7,951**	**5,176**	**16,421**	
Movements in Reserves during 2021/22								
Total Comprehensive Income and Expenditure	**(13,317)**	**0**	**0**	**0**	**(13,317)**	**1,434**	**0**	
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	13,699	0	0	0	13,699	(75)	823	
Net increase/(decrease) before Transfers to earmarked reserves	**381**	**0**	**0**	**0**	**381**	**1,359**	**823**	
Transfers to / (from) Earmarked Reserves (**Note 19**)	(381)	365	16	-	**0**	-	-	
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Balance at 31 March 2022 carried forward	**1,075**	**7,241**	**16**	**0**	**8,332**	**6,535**	**17,244**	

MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
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MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Collection Fund
	£000	£000	£000	£000	**£000**	£000	£000	£
Balance at 31 March 2021	**1,075**	**6,876**	**0**	**0**	**7,951**	**5,176**	**16,421**	
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Balance at 31 March 2022 carried forward	**1,075**	**7,241**	**16**	**0**	**8,332**	**6,535**	**17,244**	

MOVEMENT IN RESERVES STATEMENT 2020/21

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MOVEMENT IN RESERVES STATEMENT 2021/22

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MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
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Balance at 31 March 2021 carried forward	**1,075**	**6,876**	**0**	**-**	**7,951**	**5,176**	**16,421**	

MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
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Transfers to / (from) Earmarked Reserves (**Note 19**)	(381)	365	16	-	**0**	-	-	
Increase / (Decrease) in 2020/21	**1**	**365**	**16**	**0**	**381**	**1,359**	**823**	
Balance at 31 March 2022 carried forward	**1,075**	**7,241**	**16**	**0**	**8,332**	**6,535**	**17,244**	

MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
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Increase / (Decrease) in 2020/21	**78**	**2,975**	**(54)**	**-**	**3,000**	**419**	**511**	
Balance at 31 March 2021 carried forward	**1,075**	**6,876**	**0**	**-**	**7,951**	**5,176**	**16,421**	

MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Revaluation Reserve £000	Capital Adjustment Account £000	Collection Fund £
Balance at 31 March 2021	**1,075**	**6,876**	**0**	**0**	**7,951**	**5,176**	**16,421**	
Movements in Reserves during 2021/22								
Total Comprehensive Income and Expenditure	**(13,317)**	**0**	**0**	**0**	**(13,317)**	**1,434**	**0**	
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	13,699	0	0	0	13,699	(75)	823	
Net increase/(decrease) before Transfers to earmarked reserves	**381**	**0**	**0**	**0**	**381**	**1,359**	**823**	
Transfers to / (from) Earmarked Reserves (**Note 19**)	(381)	365	16	-	**0**	-	-	
Increase / (Decrease) in 2020/21	**1**	**365**	**16**	**0**	**381**	**1,359**	**823**	
Balance at 31 March 2022 carried forward	**1,075**	**7,241**	**16**	**0**	**8,332**	**6,535**	**17,244**	

MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	**Total Usable Reserves**	Revaluation Reserve	Capital Adjustment Account	Collection Fund
	£000	£000	£000	£000	**£000**	£000	£000	£
Comparative Year:								
Balance at 31 March 2020	**995**	**3,902**	**54**	**0**	**4,952**	**4,587**	**17,404**	
Movements in Reserves during 2020/21								
Total Comprehensive Income and Expenditure	**(13,388)**				**(13,388)**			
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	16,442				16,389			
Net increase/(decrease) before transfers to earmarked reserves	**3,054**	**0**	**(54)**	**-**	**3,000**	**419**	**511**	
Transfers to / (from) Earmarked Reserves (**Note 19**)								
Increase / (Decrease) in 2020/21	**78**	**2,975**	**(54)**	**-**	**3,000**	**419**	**511**	
Balance at 31 March 2021 carried forward	**1,075**	**6,876**	**0**	**-**	**7,951**	**5,176**	**16,421**	

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT
FOR YEAR ENDED 31st MARCH 2022

2020/21				2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
39,595	(6,035)	33,560	Fire Services	40,467	(6,287)	34,179
39,595	**(6,035)**	**33,559**	**Net Cost Of Services**	**40,467**	**(6,287)**	**34,179**
			Other Operating Expenditure			
34	0	34	(Gain)/loss on the Disposal of non current assets	(8)	0	(8)
34	**0**	**34**		**(8)**	**0**	**(8)**
			Financing and Investment Income and Expenditure			
834	-	834	Interest Payable and similar charges (**Note 29**)	783	-	783
8,571	-	8,571	Net interest on the net defined interest liability (**Note 28**)	8,604	-	8,604
-	(30)	(30)	Interest receivable and similar income (**Note 29**)	-	(17)	(17)
9,405	**(30)**	**9,375**		**9,387**	**(17)**	**9,370**
			Taxation and Non-Specific Grant Income			
-	(21,904)	(21,904)	Council tax income	-	(22,414)	(22,414)
-	(1,332)	(1,332)	Non domestic rates	-	(1,454)	(1,454)
-	(6,344)	(6,344)	Non ring-fenced government grants (**Note 24**)	-	(6,355)	(6,355)
- -		0	Capital grants and contributions (**Note 24**)	-	-	-
0	**(29,580)**	**(29,580)**		**0**	**(30,223)**	**(30,223)**
		13,388	**(Surplus) or Deficit on Provision of Services**			**13,317**
		(245)	Surplus or deficit on revaluation of non current assets (**Note 21a**)			(1,434)
		35,964	Remeasurements of the net defined benefit liability (**Note 28**)			(9,626)
		35,719	**Other Comprehensive Income and Expenditure**			**(11,060)**
		49,107	**Total Comprehensive Income and Expenditure**			**2,258**

BALANCE SHEET AS AT 31st MARCH 2022

31 Mar 2021 £000		Note	31 Mar 2022 £000
	Property, Plant & Equipment	7	
29,295	Other Land & Buildings		31,824
5,047	Vehicles		6,317
1,352	Plant & Equipment		1,389
1,995	Assets Under Construction		1,220
37,689			**40,750**
516	Intangible Assets - Software	8	413
70	Long Term Debtors	14	68
38,275	**Long Term Assets**		**41,231**
159	Inventories	13	243
4,055	Short Term Debtors	14	1,211
4,902	Cash and Cash Equivalents	15	5,924
9,116	**Current Assets**		**7,377**
(521)	Short Term Borrowing	30	(497)
(5,376)	Short Term Creditors	16	(3,090)
(5,897)	**Current Liabilities**		**(3,586)**
(11,773)	Long Term Borrowing	30	(11,378)
	Other Long Term Liabilities		
(228)	Long Term Creditors	16	-
(430,507)	Pensions Liability	28	(435,352)
(253)	Finance Lease obligations	12	(174)
(1,464)	PFI Obligations	11	(1,304)
(146)	Provisions	17	(56)
(444,371)	**Long Term Liabilities**		**(448,263)**
(402,877)	**Net Assets**		**(403,242)**
	Usable reserves		
-	Usable Capital Receipts Reserve	20	16
1,075	General Fund Balance		1,075
6,876	Earmarked Reserves	19	7,241
7,951			8,332
	Unusable Reserves	21	
5,176	Revaluation Reserve	(a)	6,535
16,421	Capital Adjustment Account	(b)	17,244
(430,507)	Pensions Reserve	(c)	(435,352)
(1,895)	Collection Fund Adjustment Account	(d)	0
(23)	Accumulated Absences Account	(e)	1
(410,828)			(411,572)
(402,877)	**Total Reserves**		**(403,242)**

CASHFLOW STATEMENT FOR YEAR ENDED 31st MARCH 2022

2020/21 £000		2021/22 £000
	Operating Activities	
	Taxation	
22,182	- Council Tax Income	22,542
3,097	- Non Domestic Rates Income	1,454
	Grants	
5,526	- General Government Funding	5,540
8,291	- Other Government grants	13,222
3,020	Cash received for goods and services	2,774
40	Interest received	13
42,156		45,546
(12,224)	Cash paid to and on behalf of employees	(12,723)
(8,924)	Cash paid to suppliers of goods and services	(10,099)
(832)	Interest Paid	(786)
(18,620)	Other payments for operating activities (**Note 26**)	(17,902)
(40,599)		(41,509)
1,557	**Net Cash Flow from Operating Activities**	**4,036**
	Investing Activities	
(757)	Purchase of PPE, investment property and intangible assets	(2,420)
(57)	Capital grants/contributions received	0
(815)	**Net cash flows from Investing Activities**	**(2,435)**
	Financing Activities	
0	Cash receipts of short and long term borrowing	0
148	Other receipts from financing activities (**Note 27**)	59
(241)	Cash payments for the reduction of the outstanding liability relating to finance leases and on balance sheet PFI contracts (principal)	(220)
(403)	Repayments of short and long term borrowing	(418)
(495)	**Net cash flows from financing activities**	**(579)**
247	**Net increase or (decrease) in cash and cash equivalents**	**1,022**
4,655	Cash and cash equivalents at the beginning of the reporting period (**Note 15**)	4,902
4,902	**Cash and cash equivalents at the end of the reporting period (Note 15)**	**5,924**

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

(a) Accounting Concepts

The code specifies many of the accounting policies and estimation techniques to be adopted for material items within the Statement of Accounts. In preparing information, the Authority has regard to the two underlying assumptions of:

- The **Accruals concept** - that income and expenditure is accounted for as it is earned or incurred, not as money is received, or paid out.
- The **Going Concern concept** meaning that these accounts are prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

The figures presented within the financial statements are rounded to the nearest £1,000 to assist in making them easier to read and understand. The numbers within the financial statements may appear not to add up, however this does not require rectification, it being due to rounding of numbers within electronic spreadsheets used in the construction of the statements. The Code allows for the rounding of numbers as long as the level of such is disclosed and effect is neither material to the presentation, nor hinders the requirement to present a true and fair view of the financial position of the Authority.

Information is defined as material by the Code if omitted or misstating it could influence decisions that users make on the basis of financial information about the Authority.

(b) 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 that are expected to generate economic benefit during more than one financial year are classified as Property, Plant and Equipment.

(i) **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost can be measured reliably. Expenditure 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 incurred. In accounting for non current asset acquisitions, a de minimis level of £10,000 is set and where capital expenditure is de minimis, this is charged direct to cost of services.

(ii) **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
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

- Assets under construction - historical cost
- Property, Plant and Equipment - current value, determined using the basis of existing use value (EUV). Where there is no market-based evidence of fair value because of the specialist nature of an asset, e.g. fire stations, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Surplus assets are valued at fair value and assets reclassified as held for sale are valued at market value.

(iii) Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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.

(iv) **Impairment**

Assets are assessed at each year end as to whether there is a material reduction in the value of an asset due to impairment (e.g. physical damage or deterioration in the quality of the service provided by the asset). Where identified, the loss is recognised through an impairment charge to the net cost of services.

Impairment losses are accounted for as a decrease in valuation as set out above.

Where an impairment loss is reversed subsequently, the reversal is credited to the net cost of services, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

(v) **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 assets that are not yet available for use (e.g. assets under construction).

Depreciation is calculated on the following bases:

- fire stations and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment - straight-line allocation over the useful life of the assets.

In the year that an asset is either acquired or disposed of, half a years depreciation is provided for.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This is to ensure that both the depreciation charge in the Net Cost of Services and also the asset carrying value in the Balance Sheet are materially correct. The Authority undertakes an annual review to evaluate whether the componentisation of any of its assets would lead to a materially different depreciation charge and asset carrying value being reported. To date this review has identified no such assets.

(vi) **Disposals and Non Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset 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.

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 is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on 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.

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

(c) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life and included net cost of services in the Comprehensive Income and Expenditure Statement (CIES).
Where impairment occurs, any losses recognised are also posted to the net cost of services. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses on Intangible Assets are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts reserve.

Charges to Revenue for Non Current Assets

Operational and support services are debited with the following amounts to record the cost of holding non current assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution (the Minimum Revenue Provision) 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.

(d) 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 conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement (CIES) 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 receipts in advance within Creditors. When no conditions exist or have been satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non Specific Grant Income (non ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, 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 until it is applied. Once applied, it is transferred to the Capital Adjustment Account.

(e) Cash and Cash Equivalents

Cash is represented by cash in hand. Cash equivalents are deposits invested on behalf of the Authority by North Yorkshire County Council as part of a blanket investment fund in accordance with the Treasury Management Service Level Agreement. These deposits 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.

(f) 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.

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

Finance Leases
Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment - applied to write down the lease liability, and
- a finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets.

Operating Leases
Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased Property, Plant or equipment.

(g) Accruals of Income and Expenditure
Both the revenue and capital accounts of the Authority are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or payable by the Authority during the year are included in the accounts whether or not the cash has actually been received or paid in the year. A de minimis limit of £3,000 is applied to this process.

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

(i) Provisions, Contingent Liabilities and Contingent Assets

(i) **Provisions**
Provisions represent the best estimate, at the balance sheet date, of expenditure required to settle a present obligation. The outcome must be able to be estimated reliably and have a probable outcome. For example, the Authority may be involved in a court case that could eventually result in the making of a settlement for the payment of compensation. Details of individual provisions are given in the notes to the Financial Statements.

(ii) **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.

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

(iii) **Contingent Assets**

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

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

(j) <u>Financial Instruments</u>

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. They are recognised in the Balance Sheet only when the Authority is committed to the contractual provisions of a financial instrument. The only exceptions are trade debtors and creditors when the Authority recognises these transactions on delivery or receipt.

Loans and Receivables

Loans (financial liabilities) and Receivables (financial assets) are measured at fair value and carried at their amortised cost. Annual charges or credits to the Comprehensive Income and Expenditure Statement (CIES) in the year are based on the carrying amount of the loan or receivable multiplied by the effective rate of the instrument. This means that for all the borrowing that the Authority has, the amount presented in the Balance Sheet is the outstanding principal (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement. For Authority investments, the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost on a lifetime basis applying the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses. This applies to trade receivables (Debtors) held by the Authority.

(k) <u>Fair Value</u>

The Authority measures its assets and liabilities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell an asset to transfer the liability takes place either:

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

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant known data (observable inputs) and minimising the use of estimates or unknowns (unobservable inputs).

or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:
Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - unobservable inputs for the asset or liability

(l) Exceptional and Extraordinary items and Prior Period Adjustments

Exceptional and extraordinary items are disclosed on the face of the Comprehensive Income and Expenditure Statement and fully explained in the notes to the financial statements.

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the Authority's financial position or performance. Where a change is made, it is accounted for retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had been applied.

(m) Reserves

The Authority sets aside specific amounts as reserves (Usable) 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 is to be financed from a reserve, 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 (Unusable) 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 to the financial statements.

(n) Employee Benefits

(i) **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 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.

(ii) **Termination Benefits**

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

(o) <u>Pensions</u>

The Authority participates in four different pension schemes, three of which meet the needs of Operational staff and the fourth the needs of Support staff. Both schemes provide members with defined benefits related to pay and services. Employees' and employers' contribution levels are based on percentages of pay set nationally and are subject to Actuarial triennial review. The schemes are as follows:

Firefighters Pension Schemes

The Authority meets the pension payments by the payment of an employer's pension contribution based upon a percentage of pay into the Pension Fund. Employee contributions are also paid into the fund which is topped up as necessary by Government Grant if the contributions are insufficient to meet the pension payments due. In the event of a surplus, this will be recouped by the Government.

All three Schemes are unfunded and do not take into account the liabilities to pay pensions and other benefits after the reporting period end.

Local Government Pension Scheme for Support staff is administered by North Yorkshire Pension Fund - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. The pension costs charged to the Authority's accounts equate to the employer's contributions paid to the fund on behalf of eligible employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

Pension schemes are accounted for in accordance with IAS 19 Employee Benefits. IAS 19 is based upon the principle that an organisation should account for all retirement benefits when it is committed to give them even if the actual giving will be many years into the future. This includes the recognition of a net asset/liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement (CIES) for movements in the asset/liability.

A net pensions asset indicates that an authority has effectively overpaid contributions relative to the future benefits earned by employees. A net liability shows an effective underpayment. The assets and liabilities are assessed by Scheme Actuaries being based upon the latest full valuation of Schemes as at 31st March 2019.

The change in the net pensions liability for all Pension Schemes is analysed into the following components:

- Current service cost - the increase in liabilities as a result of years of service earned this year.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.
- Net interest on the defined benefit liability/asset, i.e. net interest expense for the Authority
- Remeasurements comprising:
  - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability/asset.
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated assumptions.

The Code required the following accounting policies to be applied to the various elements of the net asset/liability:

- Where an authority participates in more than one scheme, schemes with net assets should be shown separately from those with net liabilities.
- The assets of each scheme should be measured at fair value, which is based on bid value.
- The liabilities of each scheme should be measured 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 and projections of projected earnings for current employees.
- Scheme liabilities should be discounted to their value at current prices using a discount rate reflecting the time value of money and the characteristics of the liability.
- The current service cost should be based on the most recent actuarial valuation at the beginning of the period, with the financial assumptions updated to reflect conditions at that date.
- The past Service cost should be disclosed on a straight line basis over which the increases in benefit rest.
- The interest cost should be based upon the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The expected rate of return on assets is based upon the long term expectations at the beginning of the period and is expected to be reasonably stable.
- Actuarial gains and losses arise from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date.
- Losses arising on settlement or curtailment not allowed for in the actuarial assumptions should be measured at the date on which the employer becomes demonstrably committed to the transaction and disclosed in the notes to the accounts covering that date. Gains arising from settlement/curtailments not allowed for in the actuarial assumptions should be measured at the date on which all parties are irrevocably committed to the transaction.

Pensions Grant - Firefighters Pension Schemes

The Code of Practice identifies Pension top up grant as a separate asset, which is excluded from IAS 19 entries in the Comprehensive Income and Expenditure Statement (CIES). Top up grant is credited directly to the Pension Fund account not the CIES. The grant is taken through the Movement in Reserves Statement (and movement in reconciliation of scheme assets) as an actuarial gain.

Change in Estimation Technique - Disclosure of effect of change in discount rate for liabilities

In assessing liabilities for retirement benefits, Actuaries are required to use a discount rate appropriate to each authority's circumstances, with the rate potentially changing each year with fluctuations in market circumstances. The effect of this change on the Authority's pension scheme liabilities are:

Local Government Pension Scheme

In assessing liabilities for retirement benefits at 31 March 2021 for the 2020/21 Statement of Accounts, the Actuary assumed a discount rate of 2.10%, a rate based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2021/22 Accounts, the Actuary has advised that a rate of 2.7% is appropriate. Application of this rate has resulted in an decrease in liabilities at today's prices of £5,166,000 (13.2% of liabilities), adjusted by a remeasurement gain recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Firefighters Pension Schemes
In assessing liabilities for retirement benefits at 31 March 2021 for the 2020/21 Statement of Accounts, the Actuary assumed a discount rate of 2.0%, a rate based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2021/22 Accounts, the Actuary has advised that a rate of 2.65% is appropriate. Application of this rate has resulted in an decrease in liabilities at today's prices of £52,000,000 (12.1% of liabilities), adjusted by a remeasurement gain recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Injury Awards - Firefighters Compensation Scheme
Under the Firefighters Compensation Scheme, injury awards are payable to those firefighters who have sustained a qualifying injury in the exercise of their duties as a firefighter. As these benefits are payable through the Firefighters Pension scheme, under IAS 19 they are accounted for as part of the pension arrangements. Separate disclosures have been provided for this scheme.

(p) Overheads and Support Services
The cost of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance. As a single service provider, the Authority charges all such overheads and support service costs to a single segment i.e. Fire within the Comprehensive Income and Expenditure Statement (CIES).

(q) Private Finance Initiative (PFI)
The Authority is party to one PFI Scheme arrangement for the provision of a Fire Station at Huntington and a Fire Training Centre and Station (at Easingwold). The treatment of transactions under the scheme are in accordance with IFRIC 12 - Service Concessions and the IFRS Code.

As ownership of the land and buildings will pass to the Authority at the end of the contracts for a nominal charge, the Authority carries the assets used on its Balance Sheet. The original recognition of these assets at fair value (based on the cost to purchase) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The assets are revalued and depreciated in the same way as property plant and equipment owned by the Authority.

The amounts payable to the PFI operator each year are analysed into four elements:
- Fair value of the services received during the year - debited to net cost of services in the Comprehensive Income and Expenditure Statement (CIES).
- Finance cost - an interest charge of 7.5% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent - increases in the amount to be paid for the property arising during the contract debited to the Financing and Investment Income and Expenditure line in CIES.
- Payment towards liability - applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

(r) VAT
VAT is included in the accounts only if it is irrecoverable from Her Majesty's Revenue and Customs (HMRC).

(s) Precept and Non Domestic Rates
Billing authorities in England are currently required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non domestic rates

(NNDR). In its capacity as a billing authority, it acts as an agent - it collects and distributes council tax and NNDR income on behalf of itself and other major preceptors such as the NYPFCC FRA.

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 NNDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amounts collected could be less or more than predicted.

The council tax and NNDR income of the Authority included in the Comprehensive Income and Expenditure Statement (CIES) is the accrued income for the year. However, the difference between the accrued income included in the CIES and the amount required to actually be credited to the general fund in year is taken to the Collection Fund Adjustment Account. This account is held on the Balance Sheet, and included as a reconciling item in the Movement in Reserves Statement. Hence the difference between accrued precepts and NNDR income received and actual amounts received does not impact on the General Fund or the revenue budget of the Authority.

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

(t) <u>Post Balance Sheet Events</u>

Events after the Balance Sheet date are reflected by the Authority up to the date when the Accounts are authorised for issue: Two types of event 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.

2. Critical Judgements in Applying Accounting Policies

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

(i) In the current economic environment there continues to be a high degree of uncertainty about future levels of funding for Fire Services. However, it has been determined that this uncertainty is not sufficient to provide an indication that assets might be impaired or levels of service provision reduced. The Authority keeps under review the planning assumptions upon which the current Medium Term Financial Plan is based and projections are amended accordingly.

(ii) The Authority is deemed to control the services provided under its PFI arrangement and is also able to control the residual value of these buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £4,878,000) are recognised as Land and Buildings on the Authority's Balance Sheet.

3. 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 these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are:

(i) **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements and projections advised by the Actuaries, which include; the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on pension fund assets where applicable. Details of the impact of changes in actuarial assumptions are detailed in Note 28 to the financial statements.

(ii) **Non Current Assets**

Assets are depreciated over the useful life that they will be operational. The useful life is dependent on assumptions about the level of repairs and maintenance expenditure in relation to individual assets. Should insufficient expenditure be incurred to properly maintain an asset, it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required, and a resultant decrease in the carrying amount of the asset. It is estimated that the annual depreciation charge for non current assets would increase by £246,000 for every year that useful lives are reduced.

Valuation of assets and consideration of impairment depends on a number of complex judgements and a firm of Valuers is engaged to provide expert advice about the assumptions to be applied. The valuation (and any impairment review) is commissioned in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation standards. The valuation date was 31st March 2022.

All properties valued in 2021/22 were Fire Stations. The valuation of a Fire Station is on a depreciated replacement cost (DRC) basis, which are based on Building Cost Information Service (BCIS) average build costs, then adjusted by obsolesce factors, any changes in value are therefore derived from changes in build costs and any adjustments to obsolesce factors. The Valuer has stated that it does not consider there to be significant or material changes to values, unless informed by the Authority that the functionality of any particular property has changed significantly. The valuations are not based on market evidence so it does not consider there would be variations that might be derived from changes in the market.

4. Events after the Balance Sheet Date

There have been no events after the Balance Sheet date to report.

5. Adjustments between accounting basis & 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 arrive at the amounts that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure:

	Usable Reserves	
2021/22	General Fund Balance £000	Capital Receipts Reserve £000
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/(from) the Pensions Reserve (see Note 21c)	14,471	-
Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)	2,043	-
Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)	(24)	-
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 (See Note 21b)	735	-
Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)	0	
Total Adjustments to Revenue Resources	**17,224**	**0**
Revenue and Capital		
Statutory provision for the repayment of debt	(1,096)	-
Capital expenditure financed from revenue resources	(386)	-
Total Adjustments between Capital and Revenue Resources	**(1,482)**	**0**
Adjustments to Capital Resources		
Use of capital receipts reserve to finance new capital expenditure	-	0
Total Adjustments to Capital Resources	**0**	**0**
Total Adjustments	**15,742**	**0**
	Usable Reserves	

Comparative figures in 2020/21	General Fund Balance £000	Capital Receipts Reserve £000
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/(from) the Pensions Reserve (see Note 21c)	13,437	-
Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)	2,043	-
Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)	(34)	-
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 (See Note 21b)	2,324	-
Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)	0	
Total Adjustments to Revenue Resources	**17,770**	**0**
Adjustments between Revenue and Capital Resources		
Statutory provision for the repayment of debt	(1,131)	-
Capital expenditure financed from revenue resources	(196)	
Total Adjustments between Capital and Revenue Resources	**(1,327)**	**0**
Adjustments to Capital Resources		
Use of capital receipts reserve	-	(54)
Total Adjustments to Capital Resources	**0**	**(54)**
Total Adjustments	**16,442**	**(54)**

Descriptions of the reserves that the adjustments are made against:

(a) **General Fund Balance** is the main revenue fund from which the Authority's cost of services is met. It represents the accumulated credit balance i.e. the excess of income over expenditure, which provides a working balance to help manage uneven cash flows and avoid unnecessary borrowing. The General Fund balance also includes a contingency element to manage unexpected and consequently unbudgeted events and circumstances.

(b) **Capital Receipts Reserve** records balances of receipts for capital disposals that can be retained for qualifying capital purposes, expenditure of a capital nature or repayment of borrowings.

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the 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 generally accepted accounting practices which is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

	2021/22		
	Net Expenditure Chargeable to the General Fund Balance	Adjustment between the Funding and Accounting Basis (Note 6a)	Net Expenditure in the CIES
	£000	£000	£000
Fire Services	29,067	5,111	34,179
Net Cost Of Services	**29,067**	**5,111**	**34,179**
Other Income and Expenditure	(29,433)	8,572	(20,861)
(Surplus) or Deficit on Provision of Services	**(364)**	**13,684**	**13,317**
Opening General Fund and Earmarked Reserves	**7,951**		
Plus/(Less) Surplus or (Deficit) on the General Fund and Earmarked Reserves in year	364		
Closing General Fund and Earmarked Reserves as at 31st March 2022	**8,315**		

2020/21 Comparative Figures

	Net Expenditure Chargeable to the General Fund Balance	Adjustment between the Funding and Accounting Basis (Note 6a)	Net Expenditure in the CIES
	£000	£000	£000
Fire Services	27,730	5,829	33,559
Net Cost Of Services	**27,730**	**5,829**	**33,559**
Other Income and Expenditure	(30,784)	10,614	(20,170)
(Surplus) or Deficit on Provision	**(3,053)**	**16,443**	**13,388**
Opening General Fund and Earmarked Reserves	**4,898**		
Plus/(Less) Surplus or (Deficit) on the General Fund and Earmarked Reserves in year	3,053		
Closing General Fund and Earmarked Reserves as at 31st March 2021	**7,951**		

(a) Note to the Expenditure & Funding Analysis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure amounts

	Adjustments for Capital Purposes (see (i) below) £000	Net change for the Pensions adjustment (see (ii) below) £000	Other Differences (see (iii) below) £000	Total Adjustments £000
Fire Services	(755)	5,867	-	5,111
Net Cost Of Services	**(755)**	**5,867**	**0**	**5,111**
Other Income and Expenditure from the Expenditure & Funding Analysis	(8)	8,604	(24)	8,572
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(763)**	**14,471**	**(24)**	**13,684**

2020/21 Comparative Figures

	Adjustments for Capital Purposes (note i) £000	Net change for the Pensions adjustment (note ii) £000	Other Differences (note iii) £000	Total Adjustments £000
Fire Services	963	4,866	-	5,829
Net Cost Of Services	**963**	**4,866**	**0**	**5,829**
Other Income and Expenditure from the Expenditure & Funding Analysis	34	8,571	2,009	10,614
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**997**	**13,437**	**2,009**	**16,443**

(i) **Adjustments for Capital Purposes**

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

Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these amounts are not chargeable under generally accepted accounting practices.

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

(ii) **Net Change for the Pensions Adjustments**

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

For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute which are replaced with current and past service costs.

For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

(iii) **Other differences**

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

For services this represents the adjustment for timing differences in relation to accumulated staff absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March.

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

(b) Expenditure & Income analysed by nature

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

	2021/22	2020/21
	£000	£000
Expenditure:		
Employee benefits expenses	40,860	38,868
Other service expenses	7,484	7,009
Depreciation, amortisation, reavulations and impairment	727	2,290
Interest Payments	783	834
(Gain) or Loss on Disposal of non current assets	(8)	34
Total expenditure	**49,846**	**49,035**
Income:		
Fees, charges & other service income	(695)	(718)
Interest and investment income	(17)	(30)
Income from council tax and non domestic rates	(23,868)	(23,236)
Government grants and contributions	(11,948)	(11,661)
Total income	**(36,527)**	**(35,645)**
(Surplus) or Deficit on Provision of Services	**13,317**	**13,389**

7. Property, Plant and Equipment

Movements on Balances

In 2021/22	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
Cost or Valuation (GCA):							
As at 1st April 2021	29,295	14,446	3,222	-	1,995	48,958	4,552
Additions	440	239	318	0	1,263	2,259	-
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	(657)	-	-	-	-	(657)	(82)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,441	-	-	-	-	1,441	408
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provision of Services	1,305	-	-	-	-	1,305	-
Derecognition - disposals	-	(145)	(14)	-	-	(159)	-
Other movements in cost or valuation *	-	2,039	-	-	(2,039)	0	-
At 31st March 2022	**31,824**	**16,579**	**3,526**	**0**	**1,220**	**53,147**	**4,878**

Movements on Balances

In 2021/22	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) Included in Other Land & Buildings £000
Accumulated Depreciation & Impairment:							
As at 1st April 2021	0	(9,399)	(1,870)	-	-	(11,270)	0
Depreciation Charge	(646)	(1,006)	(274)	-	-	(1,926)	(82)
Accumulated Depreciation written off to Gross Carrying Amount	657	-	-	-	-	657	82
Accumulated Impairment written off to Gross Carrying Amount	-	-	-	-	-	0	-
Impairment losses / (reversals) recognised in the Revaluation Reserve	(8)	-	-	-	-	(8)	-
Impairment losses / (reversals) recognised in the Surplus/Deficit on the provision of services	(3)	-	-	-	-	(3)	-
Derecognition - disposals	-	144	8	-	-	151	-
At 31st March 2022	**1**	**(10,261)**	**(2,136)**	**-**	**-**	**(12,398)**	**0**
Net Book Value							
At 31st March 2022	**31,824**	**6,317**	**1,389**	**-**	**1,220**	**40,750**	**4,878**
At 31st March 2021	**29,295**	**5,047**	**1,352**	**-**	**1,995**	**37,688**	**4,552**

Comparative Movements in 2020/21

	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) inc. in Other Land & Buildings (Restated) £000
Cost or Valuation:							
As at 1st April 2020	30,291	14,303	3,286	-	2,271	50,152	4,770
Additions	329	145	90	-	265	829	-
Depreciation & Impairment written off to Gross Carrying	(1,416)	-	-	-	-	(1,416)	(121)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	245	-	-	-	-	245	(97)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the provision of services	(155)	-	-	-	-	(155)	-
Derecognition - disposals	-	(2)	(155)	-	-	(157)	-
Derecognition - other						0	-
Other movements in cost or valuation	-	-	-	-	(542)	(542)	-
At 31st March 2021	**29,295**	**14,446**	**3,222**	**0**	**1,995**	**48,958**	**4,552**

Comparative Movements in 2020/21

	Other Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Surplus Assets £000	Assets under Construction £000	Total £000	PFI Assets (Note 11) inc. in Other Land & Buildings (Restated) £000
Depreciation							
As at 1st April 2020	(747)	(8,325)	(1,715)	-	-	(10,787)	(34)
Depreciation Charge	(670)	(1,077)	(276)	-	-	(2,023)	(87)
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	1,416	-	-	-	-	1,416	121
Depreciation written out to the Surplus / Deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-			-		-	-
Derecognition - Disposals	-	2	121	-	-	123	-
At 31st March 2021	**0**	**(9,399)**	**(1,870)**	**-**	**-**	**(11,270)**	**0**
Net Book Value							
At 31st March 2021	**29,295**	**5,047**	**1,352**	**-**	**1,995**	**37,688**	**4,552**
At 31st March 2020	**29,544**	**5,978**	**1,571**	**-**	**2,271**	**39,365**	**4,736**

Depreciation

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

- Land - not depreciated
- Buildings 15 - 60 years
- Vehicles 2 - 15 years
- Plant & Equipment 5 - 15 years

Capital Commitments

At 31st March 2022, the Authority is within contracts for Vehicles for which the expenditure commitment in future years is estimated at £111,000.

Revaluations

Assets are carried in the Balance sheet using the asset management bases set out in Accounting Policy Note 1 (b) (ii)

The Authority carries out a rolling programme that ensures that all Land and Property required to be measured at current value is revalued at least every five years. Valuations under the rolling programme in 2021/22 were carried out by Carter Jonas LLP, an independent external valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Institution of Chartered Surveyors. The remainder of the Estate outside of the 2021/22 rolling programme has been subject to a 'desk top' style indexation review using Building Cost Information Service (BCIS) indices. The effective date of all valuations undertaken is 31st March 2022.

The significant assumptions applied in estimating the current values are:

- That the properties and values are unaffected by any matters which would be revealed in a local search or inspection of any register, and remains useable for its intended purpose.
- That good title can be shown.
- That all sites are free of high alumina cement, concrete or calcium chloride additive, or asbestos, woodwool slabs or other potentially deleterious materials.
- All properties are free of radon gas.
- For the depreciated replacement cost method, the cost of constructing the property is calculated and then depreciated to reflect factors of age and obsolescence. An addition is then made for the value of the land on which the property is situated.
- Remaining useful lives are based upon the assumption that the Authority continues to undertake appropriate maintenance and repair, but that rebuilding or extension works will not be undertaken.

Current Value of Assets	Other Land and Buildings	Vehicles	Plant & Equipment	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	6,317	1,389	-	1,220	8,926
Valued at current value as at:						0
31 March 2022	2,274	-	-	-	-	2,274
31 March 2021	2,669	-	-	-	-	2,669
31 March 2020	7,676	-	-	-	-	7,676
31 March 2019	5,239	-	-	-	-	5,239
31 March 2018	8,517	-	-	-	-	8,517
Total Cost or Valuation	**26,376**	**6,317**	**1,389**	**0**	**1,220**	**35,302**

8. Intangible Assets

The Authority's Intangible assets consist wholly of software licences for the Authority's IT systems. The useful lives of the licences are based on assessment of the period that they are expected to be of use to the Authority. The useful lives assigned to the software licences range from 3 - 8 years. The carrying amount of intangible assets is amortised on a straight line basis. Amortisation of £103,028 in 2021/22 (£62,628 in 2020/21) was charged to revenue to the Information Technology Service and Support cost centre.

The movement on Intangible Asset balances during the year is as follows:

	2021/22	2020/21
Balance at the start of the year:	£000	£000
Gross carrying amounts	1,372	1,023
Accumulated amortisation	(857)	(951)
Net carrying amount at start of year	**515**	**72**
Additions	-	15
Disposals	(467)	(207)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	(50)
Amortisation for the period	(103)	(63)
Derecognition - Disposals	467	207
Other movements in cost or valuation	-	542
Net carrying amount at end of year	**413**	**516**
Comprising:		
Gross carrying amount	516	1,372
Accumulated amortisation	(103)	(857)
	413	**516**

9. Impairment Losses

The Authority recognised impairment losses of £10,803 in 2021/22. This relates to capital expenditure on Property which did not enhance the value of the assets concerned. (Impairment losses of £50,000 were recognised in 2020/21).

10. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), 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 can be analysed as follows:

	2021/22 £000	2020/21 £000
Opening Capital Financing Requirement	**16,607**	**17,144**
Capital investment		
Property, Plant and Equipment	2,260	829
Intangible Assets	0	15
Sources of finance		
Capital receipts	-	(54)
Government grants and other contributions	-	-
Direct revenue contributions	(386)	(196)
Minimum Revenue Provision	(1,096)	(1,131)
Closing Capital Financing Requirement	**17,385**	**16,607**
Explanation of movements in year		
Increase/(decrease) in underlying borrowing (supported by Government financial assistance)	(235)	(245)
Increase/(decrease) in underlying borrowing (unsupported by Government financial assistance)	1,299	15
Assets acquired under finance leases	(175)	(169)
Assets acquired under PFI contracts	(111)	(138)
Increase/(decrease) in Capital Financing Requirement	**778**	**(537)**

11. Private Finance Initiatives and Similar Contracts

The PFI Scheme is an arrangement under which a contractor designs, builds, finances and operates a Fire Station (at Huntington) and a Fire Training School and Fire Station (at Easingwold) for the Authority. The contract was signed in July 2001 and the fire station and training centre opened in May 2002. The contract period is for 25 years and commenced in May 2002. During the contract period the Contractor is responsible for maintaining the assets and for the provision of certain facilities management services (cleaning, window cleaning, catering janitorial, grounds maintenance, waste management and pest control). The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or below the minimum standards. The contract may be extended by mutual agreement between the two parties. Should the contract run to its natural close, the Authority can purchase the land and buildings at a nominal cost of £10 per site. The element of the contract payable for the Facilities Management Service is market tested at five yearly intervals throughout the contract period. The testing is based upon the basket of services being supplied by the contractor at the time.

Property Plant and Equipment

The assets used to provide services at the sites are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement of Land and Buildings balances in Note 7.

Payments

The Authority makes an agreed payment each year which is increased annually by RPI and can be reduced if the contractor fails to meet availability and performance standards in any year but which otherwise is fixed unless the agreed maximum usage is exceeded. The total payment in the year to 31st March 2022 was £1,472,825 (£1,417,607 in 2020/21).

Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability/performance deductions) are set out in the following table:

	Reimbursement of Capital Expenditure £000	Interest Charge £000	Payment for Service £000	Total £000
Payable within one year	160	107	990	1,257
Payable in the 2nd to 5th year (final)	1,304	233	3,812	5,350
	1,464	**341**	**4,802**	**6,606**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractor for capital expenditure is as follows:

	2021/22 £000	2020/21 £000
Balance outstanding at 1 April	1,575	1,713
Payments during the year	(111)	(138)
Capital expenditure incurred in the year	-	-
Balance outstanding at 31 March	**1,464**	**1,575**

The balance outstanding as at 31st March is disclosed as follows on the Balance Sheet:

Payable within one year - included with Short Term Creditors	160
PFI Obligations - long term liability	1,304
	1,464

12. Leases

(a) Authority as Lessee

(i) Finance Leases

The Authority has acquired fire appliances under finance lease arrangements. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31st March 2022 £000	31st March 2021 £000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	148	267
	148	**267**

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

	31st March 2022 £000	31st March 2021 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	79	176
Non-current	174	253
Finance costs payable in future years	11	27
Minimum lease payments	**264**	**456**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000
No later than one year	88	192	79	176
Later than one year and not later than five years	176	264	174	253
Later than five years	0	0	0	0
	264	**456**	**253**	**429**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were payable by the Authority in either 2021/22 or 2020/21.

(ii) Operating Leases

The Authority has acquired land, buildings, vehicles, information technology and communications equipment by entering into operating leases, with lives ranging from two to forty five years. A number of these arrangements include payments for non lease elements (e.g. internet bandwidth, mobile phone airtime) where the payment cannot be accurately identified between the lease element and the non lease element. These arrangements are disclosed separately from those arrangements which contain a lease element only. The minimum lease payments due under non-cancellable leases in future years are:

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000
No later than one year	63	51	2	2
Later than one year and not later than five years	26	-	8	8
Later than five years	-	-	60	62
	89	**51**	**70**	**72**

Expenditure charged to the Comprehensive Income and Expenditure Statement during the year in respect of these leases was:

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Minimum lease payments	63	98	2	41
Contingent rents	-		12	12
	63	**98**	**14**	**53**

(b) Authority as Lessor

(i) Operating Leases

The Authority leases out property and equipment under operating leases for the following purposes:

- A part of Bedale Fire Station is leased to the Office of the Police, Fire and Crime Commissioner North Yorkshire (OPFCCNY) for use as a police station on a 99 year lease. The annual rent is peppercorn, the building construction costs being met equally by the two Authorities, and annual running costs shared on occupation basis.
- A part of the Transport & Logistic Hub in Thirsk is leased on a 99 year agreement to the OPFCCNY as a shared facility. The annual rent is peppercorn, the building construction costs and annual running costs being met by the two Authorities on an occupation basis.
- A part of Ripon Fire Station is leased on a 3 year agreement to the OPFCCNY for use as a police station. The annual rent is peppercorn, the OPFCCNY paying 100% of the running costs of the area they occupy and 50% of shared areas.
- Easements for underground power cables.

As all leased property is let at either peppercorn rent or for short term agreements, there are no future minimum payments receivable under non-cancellable leases to disclose.

13. Inventories

2021/22	Uniform	Transport inc. Fuel	Operational Equipment	Other	Total
	£000	£000	£000	£000	£000
Balance at 1st April	23	120	4	12	159
Purchases	459	602	306	35	1,402
Recognised as an expense in year	(447)	(571)	(253)	(41)	(1,312)
Written off balances	(5)	-	-	-	(5)
Reversal of write offs in prior years	-	-	-	-	0
Balance at 31st March	**30**	**151**	**57**	**6**	**243**

2020/21 Comparatives	Uniform	Transport inc. Fuel	Operational Equipment	Other	Total
	£000	£000	£000	£000	£000
Balance at 1st April	23	75	33	12	143
Purchases	640	475	310	47	1,472
Recognised as an expense in year	(638)	(430)	(327)	(47)	(1,442)
Written off balances	-	-	(12)	-	(12)
Reversal of write offs in prior years	-	-	-	-	0
Balance at 31st March	**23**	**120**	**4**	**12**	**159**

14. Debtors

	Long Term		Short Term	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£000	£000	£000	£000
Central Government bodies	-	-	773	2,706
Other Local Authorities	68	70	105	797
Other entities and individuals	-	-	332	553
Total	**68**	**70**	**1,211**	**4,055**

15. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:	31st March 2022 £000	31st March 2021 £000
Cash held by the Authority	2	2
Bank current accounts	(1)	(1)
Short-term deposits with banks and financial institutions	5,923	4,900
Total Cash and Cash Equivalents	**5,924**	**4,902**

16. Short-Term Creditors

	Long Term		Short Term	
	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000
Central Government Bodies	-	-	838	713
Other Local Authorities	-	228	678	2,930
NHS Bodies	-	-	0	-
Other entities and individuals	-	-	1,574	1,733
Total	**0**	**228**	**3,090**	**5,376**

17. Provisions

	Short Term	Long Term Insurance Claims	Total
	£000	£000	£000
Balance as at 1 April 2021	-	(146)	(146)
Provisions Made 2021/22	-	0	0
Amounts used in 2021/22	-	61	61
Unused amounts reversed in 2021/22	-	30	30
Balance as at 31 March 2022	**0**	**(56)**	**(56)**
	£000	£000	£000
Balance as at 1 April 2020	-	(111)	(111)
Provisions Made 2020/21	-	(86)	(86)
Amounts used in 2020/21	-	46	46
Unused amounts reversed in 2020/21	-	6	6
Balance as at 31 March 2021	**0**	**(146)**	**(146)**

Insurance Claims

Under the Authority's insurance policies, the Authority is liable for an excess per claim of between £25,000 and £52,000 dependant upon the date of the originating event giving rise to the claim. The Insurers have advised that as at 31st March 2022, there are no open claims requiring provision within the 2021/22 account. Claims of £61,000 have been paid in year and unused provision of £29,000 has been reversed and credited to the net cost of services.

Municipal Mutual Insurance (MMI) was the predominant insurer of public sector bodies, including the Authority, until it stopped underwriting operations in 1992. The 1993 implementation of a 'Scheme of Arrangement' means that even today, these public sector bodies have exposure to MMI due mainly to subsequent and much higher than expected levels of industrial disease type claims. MMI's deteriorating solvency position has led to insolvent liquidation. As a result of the Scheme of Arrangement, following advice from the Insurers, the current provision of £56,000 remains sufficient.

18. Termination Benefits

There were two exit packages charged to the Comprehensive Income & Expenditure Statement in 2021/22. All were in respect of voluntary redundancy agreements:

	2021/22		2020/21	
Band:	Number	£000	Number	£000
£0-£100,000	2	110	-	-

19. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22:

2021/22	Balance at 1 April 21 £000	Transfers In £000	Transfers Out £000	Balance at 31 March 22 £000
Pensions	1,860	56	(850)	1,066
Pay and Prices	757	237	(657)	337
New Development	1,125	210	(228)	1,108
Revenue Budget Support	849	0	(849)	0
Insurance	80	0	0	80
Recruitment	175	0	0	175
Hydrants Repair & Maintenance	200	0	(100)	100
Collection Fund	161	0	(95)	66
COVID19	132	0	(132)	0
Capital Expenditure	400	2,746	0	3,146
HO ESMCP	790	0	(129)	661
HO Protection Funding	347	199	(44)	502
Total	**6,876**	**3,449**	**(3,084)**	**7,241**

The net transfers from Earmarked Reserves in year as shown in the Movements in Reserves Statement is an increase of £230,000.

Transfers to / from Earmarked Reserves

2020/21 Comparatives	Balance at 1 April 20	Transfers In	Transfers Out	Balance at 31 March 21
Pensions	1,711	149	0	1,860
Pay and Prices	721	36	0	757
New Developments	345	1,277	(497)	1,125
Revenue Budget Support	244	849	(244)	849
Insurance	80	0	0	80
Recruitment	211	0	(36)	175
Hydrants Repair & Maintenance	388	0	(188)	200
Collection Fund	202	161	(202)	161
COVID19	0	132	0	132
Capital Expenditure	0	400	0	400
HO ESMCP	0	790	0	790
HO Protection Funding	0	347	0	347
Total	**3,902**	**4,141**	**(1,167)**	**6,876**

20. Usable Reserves

	31st March 2022 £000	31st March 2021 £000
Usable Capital Receipts Reserve	16	-
General Fund Balance	1,075	1,075
Earmarked General Fund Reserves	7,241	6,876
Total Usable Reserves	**8,332**	**7,951**

Movement in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

21. Unusable Reserves

	31st March 2022 £000	31st March 2021 £000
Revaluation Reserve	6,535	5,176
Capital Adjustment Account	17,244	16,421
Pensions Reserve	(435,352)	(430,635)
Collection Fund Adjustment Account	(3,938)	(1,895)
Accumulating Compensated Absences Adjustment Account	1	(23)
Total Unusable Reserves	**(415,511)**	**(410,956)**

The Movement in Reserves Statement provides details of the source of all transactions posted to the reserves above.

(a) Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised

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

Revaluation Reserve	2021/22 £000	2020/21 £000
Balance at 1st April	**5,175**	**5,006**
Upward revaluation of assets	1,450	519
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(16)	(274)
	1,434	245
Surplus or deficit on revaluation/impairment of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-	-
Difference between fair value depreciation and historical cost depreciation	(75)	(76)
Accumulated gains on assets sold or scrapped	-	-
Amount written off to the Capital Adjustment Account	(75)	(76)
Balance at 31st March	**6,535**	**5,175**

(b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES) with reconciling posting from the Revaluation Reserve to convert fair value figures to a historical cost basis. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2021/22	2020/21
	£000	£000
Balance at 1st April	**16,421**	**17,288**
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	(1,929)	(2,072)
Revaluation Gains/(Losses) on Property, Plant and Equipment	1,305	(155)
Amortisation of intangible assets	(103)	(63)
Amounts of non-current assets written off on disposal or sale as part of gain/(loss) on disposal to the CIES	(7)	(34)
	(735)	(2,324)
Adjusting amounts written out of the Revaluation Reserve	75	76
Net written out amount of the cost of non current assets consumed in year	(660)	(2,248)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	54
Capital grants and contributions credited to the CIES that have been applied to capital financing	-	-
Statutory provision for the financing of Capital investment charged against the General Fund balance	1,096	1,131
Capital expenditure charged against the General Fund	386	196
	1,482	1,381
Balance at 31st March	**17,244**	**16,421**

(c) Pensions Reserve

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

Pensions Reserve	2021/22	2020/21
	£000	£000
Balance at 1st April	(430,507)	(381,234)
Remeasurement of the net defined benefit liability	9,626	(35,836)
Pensions costs transferred to the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the CIES	(19,933)	(19,027)
Employer's pensions contributions and payments to pensioners in the year	5,462	5,590
	(14,471)	(13,437)
Balance at 31st March	**(435,352)**	**(430,507)**

(d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement (CIES) as it falls due from Council Tax and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2021/22	2020/21
	£000	£000
Balance at 1st April	(1,895)	148
Amount by which council tax and non domestic rate income credited to the CIES is different from council tax and non domestic rate income calculated in accordance with statutory requirements	(2,043)	(2,043)
Balance at 31st March	**(3,938)**	**(1,895)**

(e) Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in 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 this account.

	2021/22	2020/21
	£000	£000
Balance at 1st April	(23)	(57)
Settlement/cancellation of accrual made at the end of the preceding year	23	57
Amounts accrued at the end of the current year	1	(23)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	24	34
Balance at 31st March	**1**	**(23)**

22. Officers' Remuneration

(a) Senior Employees

The remuneration paid to the Authority's senior employees in 2021/22 is as follows:

	Salary (including allowances) £	Lease Car Allowance £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2021/2022 Total £
(i) Chief Fire Officer	46,766	0	3,362	50,128	13,469	63,597
(ii) Acting Chief Fire Officer/ Deputy Chief Fire Officer	119,503	4,150	0	123,653	44,574	168,227
(iii) Acting Deputy Chief Fire Officer	67,367	0	0	67,367	19,402	86,769
	233,636	**4,150**	**3,362**	**241,147**	**77,445**	**318,592**

(i) The Chief Fire Officer retired from the Authority on 5th August 2021.
(ii) The Deputy Chief Fire Officer became the Acting Chief Fire Officer & Chief Executive on 22nd July 2021.
(iii) The Director of Assurance became the Acting Deputy Chief Fire Officer on 30th July 2021.

Three elected Police, Fire & Crime Commissioners (PFCC) for North Yorkshire were in post between April 2021 and March 2022. The post holders' full remuneration is reflected in the PFCC Group Accounts. The costs incurred within these accounts total £3,453:

Julia Mulligan	April - May 2021	£581
Philip Allott	May - Oct 2021	£1,558
Zoe Metcalfe	Nov 2021 - Mar 2022	£1,314

The current Chief Finance Officer of the Authority is Michael Porter. This function is discharged by the Police, Fire and Crime Commissioner for North Yorkshire via a collaboration agreement with the Police and Crime Commissioner for Cleveland who reflect the post holder's remuneration in its accounts. The costs incurred within these accounts in 2021/22 is £29,105.

2020/21 Comparative Figures - Restated

	Salary (including allowances) £	Lease Car Allowance £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2020/2021 Total £
Chief Fire Officer	127,863	0	3,362	131,225	36,825	168,050
Deputy Chief Fire Officer	103,100	4,150	0	107,250	38,456	145,706
	230,963	**4,150**	**3,362**	**238,475**	**75,281**	**313,756**

* The Chief Fire Officer (Andrew Brodie) took up post on 21st January 2019. Between this date and 8th December 2019 the function was discharged via a secondment agreement with Leicester, Leicestershire & Rutland Combined Fire Authority who reflect the post holder's remuneration within

its accounts. During 2019/20 £105,368 was incurred in respect of this agreement. From 9th December 2019, the Chief Fire Officer became an employee of the Authority. The remuneration in the table above is in respect of the period 9th December 2019 to 31st March 2020.

** The Interim Deputy Chief Fire Officer became the Deputy Chief Fire Officer on 16th September 2019.

The Police, Fire & Crime Commissioner (PFCC) for North Yorkshire is Julia Mulligan. The post holder's full remuneration is reflected in the PFCC Group Accounts. The costs incurred within these accounts in 2019/20 amounts to £3,414.

The current Chief Finance Officer of the Authority is Michael Porter. This function is discharged by the Police, Fire and Crime Commissioner for North Yorkshire via a collaboration agreement with the Police and Crime Commissioner for Cleveland who reflect the post holder's remuneration in its accounts. During 2019/20 £28,400 was incurred in respect of this agreement.

The pension contributions payable in 2021/22 and 2020/21 by Employers and Employees are set out in Note 1 to the Pension Fund Accounts.

(b) The following table sets out the number of employees whose total remuneration, excluding pension contributions, was more than £50,000 for the year ended 31st March 2022. The table excludes employees included in (a) above.

Band:	2021/22 Number of employees	2020/21 Number of employees
£50,000 - £54,999	8	10
£55,000 - £59,999	8	6
£60,000 - £64,999	5	2
£65,000 - £69,999	7	6
£70,000 - £74,999	4	3
£75,000 - £79,999	2	1
£80,000 - £84,999	1	1
£85,000 - £89,999	1	-
	36	29

Remuneration is all amounts receivable by an employee, including expenses and allowances chargeable to tax and the estimated money value of any other benefits received.

23. Audit Fees

The Authority has incurred the following costs in relation to fees payable to auditors appointed under the Local Audit and Accountability Act 2014 with regard to external audit services carried out under the Code of Audit Practice prepared by the Comptroller and Audit General in accordance with s18 of the 2014 Act.

	2021/22 £000	2020/21 £000
Fees payable to Mazars appointed under the Local Audit and Accountability Act 2014 with regard to external audit services	24	31
	24	**31**

A rebate in respect of the 2020/21 audit fee for £4,810 was received from the Public Sector Audit Appointments in 2021/22.

24. Grant Income

The Authority credited the following grants, contributions and donations (over £10,000) to the Comprehensive Income and Expenditure Statement in 2021/22:

	2021/22	2020/21
Credited to Taxation and Non Specific Grant Income	£000	£000
Non Domestic Rates Top Up	2,987	2,987
Revenue Support Grant	2,554	2,540
Rural Services Delivery Grant	540	515
PFI Grant (to match interest charge)	275	303
Total Non ring-fenced government grants	**6,355**	**6,344**
Capital Grants & Contributions	-	0
	6,355	**6,344**
Credited to Services		
New Dimension Grant	34	33
COVID 19	47	696
Protection Uplift Grant	340	256
Building Risk Review Grant	-	60
Infrastructure Grant	-	54
Host Authority Infrastructure Grant	92	51
Accreditation Grant	-	7
Fire Link Project	209	252
Sec 31 NDR Grant	2,662	698
Levy Account Surplus Grant	13	-
PFI Grant	374	346
ESMCP (Emergency Services Mobile Communications Programme)	-	807
Pension Mitigation Grant	1,767	1,770
Apprenticeship Levy Grant	56	96
Transparency Set Up Grant	-	8
Tax Income Guarantee Scheme	-	161
	5,593	**5,295**

The Authority received no grants in year that had yet to be recognised as income at 31st March 2022.

25. 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 considered 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 Authority has sound arrangements for internal control and corporate governance (including a scheme of delegations and purchase, contract and procurement regulations) which minimise the potential for a single officer to constrain the actions of the Authority, and which seek to ensure that the Group obtains value for money in all transactions.

Central Government

Central government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, providing significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from Government are set out in Note 6 (b). Grant receipts outstanding as at 31 March 2022 are included in Debtors (Note 14).

Key Management

Key management are also classed as related parties. Key management are considered to be the Police, Fire and Crime Commissioner and other Senior Officers (as defined in Note 22) and other persons having the authority for planning, directing and controlling the activities of the Authority, including the oversight of these activities.

The Police Fire and Crime Commissioner for North Yorkshire (NYPFCC) has statutory responsibility for North Yorkshire Fire and Rescue Service, as the Fire and Rescue Authority (NYPFCCFRA). NYPFCCFRA is a separate sole, independent of NYPFCC. During 2021/22 the FRA purchased services to the value of £462,000 from the NYPFCC, and received income of £169,000 from the PFCC in respect of the recharge of expenditure and the provision of services. Of these amounts, £389,000 was owed to, and £111,000 due from, the PFCC at year end.

No other related party transactions occurred in 2021/22.

26. Other Payments for Operating Activities

As required under the Code, Other Payments for Operating Activities within the Cashflow Statement of £17,901,058 (£18,620,157 in 2020/21) comprise Employers National Insurance and pension contributions and also payments to Pensioners of the Firefighters Pension Schemes.

27. Other Receipts from Financing activities

As required under the Code, where an Authority acts as an agency, transactions will not be reflected in its financial statements, with the exception of cash collected or expenditure incurred by the agency on behalf of the principal in which case the net cash position is included in financing activities in the cash flow statement. During 2020/21 and 2021/22, the Authority acted as 'host' for Home Office grant to fund expenditure incurred on salaries of staff seconded by other Authorities to the Home Office to work on findings of the grenfell enquiry. The net cash (creditor) position under this arrangement as at 31st March 2022 was £58,897.

28. Defined Benefit Pension Schemes

(a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in four pension schemes:

(i) **Local Government Pension Scheme** for Support staff is administered by North Yorkshire Pension Fund - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. The pension costs which are charged to the Authority's accounts equate to the employer's contributions paid to the fund on behalf of eligible employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis, and cash has to be generated to meet these payments as they fall due.

(ii) **Firefighters Pension Scheme -** these are unfunded schemes, meaning that there are no assets built up to meet pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. There are three schemes administered by the Authority - the Firefighters Pension Scheme 1992 (FPS), the New Firefighters Pension Scheme 2006 (NFPS) and the Firefighters Pension Scheme 2015.

(b) Injury Allowances - Firefighters Compensation Scheme 2006

Injury awards and awards payable on the death of a firefighter attributable to a qualifying injury are not part of the Firefighters Pension Scheme because they are payable irrespective of whether an employee is a member of the scheme. New tax rules with effect from 1st April 2006 prevent injury awards from being part of the Pension Scheme Regulations and the opportunity was taken to move the injury awards into a separate Firefighters Compensation Scheme 2006 with all injury awards previously covered by the FPS being paid from the Authority's Income and Expenditure account, not its Pension Fund.

The principal risks to the Authority of the Schemes are the longevity assumptions, statutory changes to the schemes, structural changes to the schemes (i.e. large scale withdrawals from the schemes), changes to inflation, bond yields and the performance of the equity investments held by the LGPS. The impact of the assumptions, and how they interact, is detailed within this note. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts as set out below.

Transactions relating to Retirement and Injury Benefits

The Authority recognises the cost of retirement and injury benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of benefits is reversed out of the General Fund via the Movement in Reserves Statement (MIRS). The transactions below have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the MIRS during the year:

Comprehensive Income & Expenditure Statement	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
Cost Of Services :	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(1,508)	(350)	(50)	(9,120)	(220)	(11,248)
Past Service Cost *	(81)	0	0	0	0	(81)
Financing and Investment Income and Expenditure :						
Net Interest Expense	(164)	(6,610)	(640)	(850)	(340)	(8,604)
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(1,753)	(6,960)	(690)	(9,970)	(560)	(19,933)
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included within net interest expense)	(107)	-	-	-	-	(107)
Experience gains/(losses) arising on pension liabilities	(130)	(470)	680	(2,770)	(1,110)	(3,800)
Actuarial gains/(losses) arising on changes in financial and demographic assumptions	3,139	13,923	577	(4,296)	190	13,533
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	2,902	13,453	1,257	(7,066)	(920)	9,626
Movement in Reserves Statement						
Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19	1,753	6,960	690	9,970	560	19,933
Actual Amount charged to the General Fund Balance for pensions in the year						
Employers contributions and benefits payable to Pensioners	(596)	(407)	(43)	(3,636)	(780)	(5,462)

2020/21 Comparative Figures:

Comprehensive Income & Expenditure Statement	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
Cost Of Services:	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(996)	(1,050)	(120)	(8,080)	(210)	(10,456)
Past Service Cost	-	-	-	-	-	0
Financing and Investment Income and Expenditure:						
Net Interest Expense	(151)	(6,670)	(640)	(750)	(360)	(8,571)
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(1,147)	(7,720)	(760)	(8,830)	(570)	(19,027)
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included within net interest expense)	6,125	-	-	-	-	6,125
Experience gains/(losses) arising on pension liabilities	358	(8,170)	1,280	7,190	50	708
Actuarial gains/(losses) arising on changes in financial and demographic assumptions	(7,834)	(19,726)	(4,227)	(9,770)	(1,240)	(42,797)
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(1,351)	(27,896)	(2,947)	(2,580)	(1,190)	(35,964)
Movement in Reserves Statement						
Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19	1,147	7,720	760	8,830	570	19,027
Actual Amount charged to the General Fund Balance for pensions in the year						
Employers contributions and benefits payable to Pensioners	(497)	(1,396)	(87)	(2,830)	(780)	(5,590)

The amount included in the Balance Sheet arising from the Authority's obligation to meet it's defined benefit schemes is as follows:

	Local Government Pension Scheme 2021/22 £000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £000	Firefighters 2015 Pension Scheme 2021/22 £000	Firefighters Compensation Scheme 2021/22 £000	Total 2021/22 £000
Present Value of the defined benefit obligation	39,118	328,780	31,340	50,800	18,130	468,168
Fair value of plan assets	(32,816)	-	-	-	-	(32,816)
Net liability arising from the defined benefit obligation	6,302	328,780	31,340	50,800	18,130	435,352

2020/21 Comparative Figures:

	Local Government Pension Scheme 2020/21	Firefighters 1992 (FPS) Pension Scheme 2020/21 £000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £000	Firefighters 2015 Pension Scheme 2020/21 £000	Firefighters Compensation Scheme 2020/21 £000	Total 2020/21 £000
Present Value of the defined benefit obligation	40,592	335,680	31,950	37,400	17,430	463,052
Fair value of plan assets	(32,545)	-	-	-	-	(32,545)
Net liability arising from the defined benefit obligation	8,047	335,680	31,950	37,400	17,430	430,507

Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme 2021/22 £000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £000	Firefighters 2015 Pension Scheme 2021/22 £000	Firefighters Compensation Scheme 2021/22 £000	Total 2021/22 £000
Opening Fair Value	32,545	-	-	-	-	32,545
Interest Income	679					679
Remeasurement loss - the return on plan assets, excluding the amount included in the interest expense	(107)	-	-	-	-	(107)
Other	-	10,363	67	(5,176)	-	5,254
Employer contributions	596	407	43	3,636	780	5,462
Employee contributions	198	140	60	1,610	-	2,008
Benefits paid	(1,095)	(10,910)	(170)	(70)	(780)	(13,025)
Closing Fair Value	32,816	0	0	0	0	32,816

2020/21 Comparative Figures:

	Local Government Pension Scheme 2020/21 £000	Firefighters 1992 (FPS) Pension Scheme 2020/21 £000	Firefighters 2006 (NFPS) Pension Scheme 2020/21 £000	Firefighters 2015 Pension Scheme 2020/21 £000	Firefighters Compensation Scheme 2020/21 £000	Total 2020/21 £000
Opening Fair Value	25,644	-	-	-	-	25,644
Interest Income	591					591
Remeasurement loss - the return on plan						0
assets, excluding the amount included in						0
the interest expense	6,253	-	-	-	-	6,253
Other	-	10,064	123	(4,160)	-	6,027
Employer contributions	497	1,396	87	2,830	780	5,590
Employee contributions	192	200	80	1,490	-	1,962
Benefits paid	(632)	(11,660)	(290)	(160)	(780)	(13,522)
Closing Fair Value	32,545	0	0	0	0	32,545

Reconciliation of present value of scheme liabilities

	Funded liabilities:		Unfunded liabilities:			
	Local Government Pension Scheme 2021/22 £000	Firefighters 1992 (FPS) Pension Scheme 2021/22 £000	Firefighters 2006 (NFPS) Pension Scheme 2021/22 £000	Firefighters 2015 Pension Scheme 2021/22 £000	Firefighters Compensation Scheme 2021/22 £000	Total 2021/22 £000
Opening Balance 1 April	40,592	335,680	31,950	37,400	17,430	463,052
Current Service Cost	1,508	350	50	9,120	220	11,248
Past Service Cost	81	-	0	-	-	81
Interest Cost	843	6,610	640	850	340	9,283
Contributions by members	198	140	60	1,610	-	2,008
Re-measurement (gains)/losses:						
Experience (gains)/losses						
on pension liabilities	130	470	(680)	2,770	1,110	3,800
Actuarial (gains)/losses						
arising on changes in financial and						
demographic assumptions	(3,139)	(3,560)	(510)	(880)	(190)	(8,279)
Benefits paid	(1,095)	(10,910)	(170)	(70)	(780)	(13,025)
Closing Balance 31 March	39,118	328,780	31,340	50,800	18,130	468,168

2020/21 Comparative Figures:

	Funded liabilities:	Unfunded liabilities:				
	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	31,818	301,460	28,330	28,820	16,450	406,878
Current Service Cost	1,011	1,050	120	8,080	210	10,471
Past Service Cost	-	-	-	-	-	0
Interest Cost	727	6,670	640	750	360	9,147
Contributions by members	192	200	80	1,490	-	1,962
Re-measurement (gains)/losses:						
Experience (gains)/losses on pension liabilities	(358)	8,170	(1,280)	(7,190)	(50)	(708)
Actuarial (gains)/losses arising on changes in financial and demographic assumptions	7,834	29,790	4,350	5,610	1,240	48,824
Benefits paid	(632)	(11,660)	(290)	(160)	(780)	(13,522)
Closing Balance 31 March	40,592	335,680	31,950	37,400	17,430	463,052

Local Government Pension Scheme assets comprised:

The Firefighters' Pension and Compensation Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Scheme consist of the following categories:

	Quoted	Unquoted	Quoted	Unquoted
	2021/22	2021/22	2020/21	2020/21
Asset Category	£000	£000	£000	£000
Equities	18,279	-	18,811	-
Property	2,428	-	1,985	-
Government Bonds	5,513	-	5,272	-
Corporate Bonds	2,527	-	683	-
Cash	361	-	1,074	-
Other	1,280	2,428 *	2,636	2,083
	30,388	2,428	30,462	2,083

* Other unquoted is the Fund's investment in Private Debt and Insurance Linked Securities.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liability has been assessed by AON Limited, and the Firefighters Pensions and Compensation Schemes' liabilities have been assessed by the Government Actuary Department, both firms of Actuaries.

The estimates for the Local Government Pension Scheme are based upon the latest full valuation of the scheme as at 31st March 2019. For the Firefighters Pension Schemes, the estimates are based upon the latest full valuation of the scheme as at 31st March 2020.

The significant assumptions advised by the Actuaries are:

Mortality Assumptions (years):	Local Government Pension Scheme		Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
Member aged 65 for current pensioners:	2021/22	2020/21	2021/22	2020/21
Men	21.8	21.9	21.5	21.4
Women	23.8	24.0	21.5	21.4
Member aged 45 for future pensioners :				
Men	23.5	23.6	23.2	23.1
Women	25.7	25.8	23.2	23.1
Rate of CPI inflation %	3.00	2.70	3.00	2.40
Rate of increase in salaries %	4.25	3.95	4.75	4.15
Rate of increase in pensions %	3.00	2.70	3.00	2.40
Rate for discounting scheme liabilities %	2.70	2.10	2.65	2.00

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 reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed remains 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 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 type of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Impact on Defined Benefit Obligation:	Local Government Pension Scheme	
	£m increase	£m decrease
Longevity (increase or decrease in one year)	1.37	-1.37
Rate of inflation (increase or decrease by 0.1%)	0.74	-0.74
Rate of increase in salaries (increase or decrease by 0.1%)	0.08	-0.08
Rate of increase in pensions (increase or decrease by 0.1%)	0.74	-0.74
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	-0.82	0.86

Impact on Defined Benefit Obligation:	Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
	increase £m	decrease £m
Longevity (increase or decrease in one year)	3.2	(3.2)
Rate of inflation (increase or decrease by 0.1%)	6.6	(6.6)
Rate of increase in salaries (increase or decrease by 0.1%)	1.2	(1.2)
Rate of increase in pensions (increase or decrease by 0.1%)	6.6	(6.6)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(8.0)	8.0

Asset and Liability Matching (ALM Strategy)

Local Government Pension Scheme

The pension committee of North Yorkshire County Council has determined the investment strategy aimed at growing North Yorkshire Pension Fund's assets to meet obligations when they fall due. As required by the regulations, the suitability of various classes of investments have been considered including the benefit of asset class diversification. The fund is primarily invested in equities (56% of scheme assets) and fixed income (25%) with investments also in property and alternatives, the proportions being not materially dissimilar to last year. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency of the fund.

Impact on the Authority's Cash Flows

Local Government Pension Scheme

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the Scheme's actuary to achieve a funding level of 100% over 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2022.

The Authority anticipates to pay £536,000 contributions into the Local Government Pension Scheme in the year to 31st March 2023. The weighted average duration of the defined benefit obligation for scheme members is 21.4 years in 2021/22. (21.4 years 2020/21)

Firefighters Pension Schemes

The Firefighters' Pension Schemes have no assets to cover their liabilities. Finance is only required to be raised to cover Firefighters' pensions when the pensions are actually due to be paid. Regular monitoring of movements relating to retirements is carried out in order to accurately forecast when retirements will occur.

The Authority anticipates to pay £4,398,000 contributions into the Firefighters Pension and Compensation Schemes in the year to 31st March 2023.

29. Financial Instruments

(a) The Authority has adopted CIPFA's Treasury Management in the Public Services Code of Practice and has a set of treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Categories of Financial Instruments

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

Financial Assets	**Non Current**		**Current**		
	Investments	Debtors	Cash & Cash Equivalents	Debtors	Total
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
	£000	£000	£000	£000	£000
Amortised Cost	-	-	5,923	(607)	5,317
Non Financial Assets	-	-	-	-	0
Total	**0**	**0**	**5,923**	**(607)**	**5,317**

Financial Liabilities	**Non Current**		**Current**		
	Borrowings 31st Mar 2022 £000	Creditors 31st Mar 2022 £000	Borrowings 31st Mar 2022 £000	Creditors 31st Mar 2022 £000	Total 31st Mar 2022 £000
Amortised Cost	11,378	-	521	1,201	13,100
Non Financial Liabilities:					
PFI	-	1,304	-	111	1,415
Finance Leases	-	174	-	176	350
Total	**11,378**	**1,478**	**521**	**1,488**	**14,865**

2020/21 Comparative Figures:	**Non Current**		**Current**		
	Investments 31st Mar 2021 £000	Debtors 31st Mar 2021 £000	Cash & Cash Equivalents 31st Mar 2021 £000	Debtors 31st Mar 2021 £000	Total 31st Mar 2021 £000
Financial Assets					
Amortised Cost	-	-	4,900	269	5,169
Non Financial Assets	-	-	-	-	0
Total	**0**	**0**	**4,900**	**269**	**5,169**

Financial Liabilities	Non Current		Current		
	Borrowings 31st Mar 2021 £000	Creditors 31st Mar 2021 £000	Borrowings 31st Mar 2021 £000	Creditors 31st Mar 2021 £000	Total 31st Mar 2021 £000
Amortised Cost	11,773	-	521	1,201	13,496
Non Financial Liabilities:					
PFI	-	1,464	-	111	1,575
Finance Liabilities	-	253	-	176	429
Total	11,773	1,717	521	1,488	15,499

(b) Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Surplus or Deficit on Provision of Services £000 2021/22	Other Comprehensive Income & Expenditure £000 2021/22	Surplus or Deficit on Provision of Services £000 2020/21	Other Comprehensive Income & Expenditure £000 2020/21
Net gains/losses on:				
Financial Assets measured at amortised cost	1	-	1	-
Interest revenue				
Financial Assets measured at amortised cost	17	-	30	-
Interest Expense	783	-	834	-

The Fair Value of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required)

All financial liabilities and financial assets held by the Authority are classified as loans and receivables and long term debtors and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows:

	31st March 2022		31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Assets				
Loans and Receivables	5,923	5,923	4,900	4,900
Debtors	(607)	(607)	269	269
	5,317	**5,317**	**5,169**	**5,169**

Short term Loans and Receivables and Debtors are carried at cost as this is a fair approximation of their value.

	31st March 2022		31st March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities	£000	£000	£000	£000
Financial Liabilities held at amortised cost				
Public Works Loan Board (PWLB) Loans	11,874	13,118	12,295	14,394
Other liabilities:				
PFI	1,464	2,276	1,575	2,584
Finance Leases	253	253	429	429
Creditors	1,697	1,697	1,201	1,201
	15,287	**17,344**	**15,499**	**18,608**

<u>PWLB Loans:</u>

The Authority assessed the fair value of PWLB loans by calculating the present value of the cash flows that will take place over the remaining life of the loans applying the following rates:

(a) For the fair value measured according to the requirements of Section 2.10 of the Code - new borrowing available from the PWLB, rates as at the balance sheet date of 31st March 2022; and

(b) for the value reflecting the amount that the Authority would have to pay to repay the loans as at 31st March 2022 - PWLB premature repayment rates as at 31st March 2022.

(c) The fair value, as calculated in accordance with the Code, of £13,118,139 measures the economic effect of the past terms agreed with the PWLB compared with new borrowing rates from the PWLB as at 31st March. This is because the Authority has the ability to borrow at concessionary rates from the PWLB rather than from the markets and therefore this provides a more useful figure for users of the Authority's financial statements as opposed to a value using prevailing market rates. The fair value of the liabilities is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than PWLB rates as at 31st March 2022. This shows a notional future loss (based upon economic conditions as at the date) arising from a commitment to pay interest to the PWLB above its current rates.

(d) However, it is important for users of the accounts to recognise that if the Authority were to seek to avoid the projected loss by repaying the loans early, the PWLB would charge a premium to reflect the additional interest that would not then be paid. The amount the Authority would have to pay to repay the loans early using premature repayment rates as at 31st March 2022 is £14,122,818 being the outstanding debt including accrued interest of £11,873,431 plus a premium of £2,249,387. The fact that this repayment figure is higher than both the carrying amount and also the fair value of the liabilities demonstrates why the Authority has undertaken no debt repayment or rescheduling exercise to date.

PFI Liabilities

The difference between the fair value and the carrying value of the PFI liability is due to the differing required accounting treatments of the corresponding asset and liability in the accounts of the PFI Provider and of the Authority.

The fair value of PFI Liability represents the costs arising on the construction of the assets including initial tender costs. During asset construction, interest on income to be received is capitalised within the finance debtor receivable. Once the assets were accepted by the Authority, a constant proportion of the planned net revenue (the unitary charge paid by the Authority) is allocated to fully repay the debtor over the life of the contract.

The carrying value in the Balance Sheet of the Authority as at 31st March 2022 is reported in accordance with IFRS Interpretations Committee (IFRIC) 12 Service Concession Arrangements as required by the Code. The allocation of the unitary charge is split into four elements as stated in accounting policy 1(q). The recognition of the liability for the amount due to the PFI Provider to pay for the capital investment uses the same principles as for a finance lease in accordance with International Accounting Standards (IAS) 17 Leases.

Other Non Financial Liabilities

Finance Leases are exempt from the IFRS13 Fair Value measurement requirements. The carrying amount calculated in accordance with the requirements of IAS17 Leases is taken to be a reasonable approximation of fair value.

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

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31st March 2022 £000
Financial Assets				
Loans and Receivables	-	5,923	-	5,923
Debtors	(607)	0	-	(607)
	(607)	**5,923**	**0**	**5,317**
Financial Liabilities				
Financial Liabilities held at amortised cost				
PWLB Loans	-	13,118	-	13,118
PFI Liabilities	-	2,276	-	2,276
Creditors	1,697	-	-	1,697
	1,697	**15,394**	**0**	**17,091**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels of the hierarchy during the year.

Valuation Techniques used to Determine Level 2 Fair Values for the liabilities and assets

in the table above:

Loans and Receivables

Fair value has been measured from the perspective of a market participant that holds the identical item as a liability. The fair value represents the value of the corresponding liability in the North Yorkshire County Council's Balance Sheet as at 31st March 2022 who make short term investments of the Authority's daily cash balances under a Service Level Agreement.

PWLB Loans:

The Authority assessed the fair value amounts disclosed in the table above by calculating the the present value of the cash flows that will take place over the remaining life of the loans applying new borrowing rates available from the PWLB as at 31st March 2022.

PFI Liabilities

Fair value has been measured from the perspective of a market participant that holds the identical item as an asset. The fair value represents the value of the corresponding asset in the PFI Contractor's Balance Sheet as at 31st March 2022.

Changes in Liabilities arising from Financing Activities

To enable users of financial statements to evaluate changes in liabilities arising from financing changes arising from both cash flows and non-cash changes, below is a reconciliation of the opening and closing balances in the Balance Sheet:

	Balance at 1 Apr 2021	Cashflows	Non Cashflows	Balance at 31 Mar 2022
Financial liability:	£000	£000	£000	£000
Short and long term borrowing	12,294	(521)	101	11,873
Finance Lease Obligations	429	(109)	(67)	254
PFI Obligations	1,574	(111)	0	1,463
	14,298	(741)	34	13,591

30. Nature and Extent of Risks Arising from Financial Instruments

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

(a) **Credit Risk** - the possibility that other parties might fail to pay amounts due to the Authority.

(b) **Liquidity Risk** - the possibility that the Authority might not have funds available to meet its commitments to make payments.

(c) **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 financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (both revised in 2017). Overall, these procedures require the Authority to manage risks in the following ways:

- adopt the requirements of the Code of Practice

- approve annually in advance, prudential indicator limits for the following three years regarding:

- Affordability of the Authority's capital investment plans including its borrowing limits;
- Treasury Management, for example, the maturity structure of borrowing; and
- maximum annual exposures to investments maturing beyond a year.

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

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the Authority's financial instrument exposure. It is approved by the Police, Fire and Crime Commissioner (PFCC) before the beginning of the financial year. In addition, it is current practice that the PFCC receives, as a minimum, a mid year review and a performance outturn report on the Authority's investment and borrowing activity.

(a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Management Strategy for 2021/22.

North Yorkshire County Council provide Treasury Management arrangements for short term investment of the Authority's daily balances. The investment credit criteria applied by the Authority is in line with the County Council's who prepare an approved lending list of Counterparties. The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention is focused on the credit standing of counterparties with whom the Council can invest funds in conjunction with advice from its Treasury Management advisors (Link Asset Services).

In order to minimise the risk to investments, a minimum acceptable credit criteria is applied in order to generate a list of highly creditworthy counterparties.

The County Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies.
- CDS spreads that may give early warning of likely changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the County Council to determine the suggested duration for investments.

All credit ratings will be monitored daily. The County Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

If a downgrade results in the counterparty / investment scheme no longer meeting the County Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings, the County Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data daily via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the County Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the County Council will also use market data and market information, as well as information on any external support for banks to support its decision making process.

The above is seen as a practical response to the current money market instability and volatility which enables the Authority to manage its money market risk exposure whilst also ensuring that it can still achieve a return that is consistent with available market rates.

Amounts arising from Expected Credit Losses
The Authority recognises expected credit losses on its financial assets held at amortised cost on a lifetime basis applying the simplified approach which measures the loss allowance at an amount equal to lifetime expected credit losses.

Loans and Receivables:
Cash invested with NYCC on the 31st March has been classified within the Balance Sheet as cash and cash equivalents due to it being recallable on demand i.e. very short term in nature. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropriate.

Debtors:
The Authority does not generally allow credit for Customers. Information disclosed by Company Liquidators is circulated within the Authority by the Income Officer to ensure that such companies are not granted a chargeable service.

The Authority has the following exposure to credit risk at 31st March 2022 based upon experience of default and uncollectability over the last three years adjusted to reflect current and forecast market conditions (i.e. the simplified approach):

	Carrying Value at 31st March 2022 £000	Historical experience of default %	Expected Credit Losses %	Credit Loss Allowance £000
Deposits with banks and financial institutions	5,923	-	-	-
Customers	(607)	0.0	0.5	(3)

(b) Liquidity Risk
The Authority has ready access to borrowings from the money markets to cover day to day cash flow needs whilst the PWLB provides access to longer term funds. There is, therefore, no significant risk that it will be unable to meet commitments under financial instruments. The approved prudential indicator 'Limits for the Maturity Structure of Debt' is the key parameter used by the Authority to address liquidity risk and is used in planning when new loans are to be taken and when it is economic to do so, making early loan repayments.

The limits in 2021/22 on the amount of projected borrowing maturing in each period as a percentage of total projected borrowing is:

	%
Less than 1 year	10
Between 1-2 years	10
Between 2-5 years	30
Between 5-10 years	50
Between 10-20 years	100
More than 20 years	100

All long term borrowing as at the 31st March 2022 was with the Public Works Loan Board (PWLB). Interest is payable at fixed rates between 3.48% and 4.48%.

Analysis of loans by maturity:

	31st March 2022 £000	Maturity Profile %	31st March 2021 £000	Maturity Profile %
Less than 1 year	396	3.4%	418	3.4%
Between 1-2 years *	1,537	13.1%	396	3.2%
Between 2-5 years	2,060	17.5%	2,698	22.1%
Between 5-10 years	4,326	36.7%	5,225	42.9%
Between 10-15 years	2,020	17.2%	2,020	16.6%
Between 15-20 years	1,435	12.2%	1,435	11.8%
	11,773	100.0%	12,191	100.0%

* The limit set as regards debt falling due within 1-2 years is 10% of total debt. As at 31st March 2022, actual debt falling due within this period of £1,536,549 is 13.1% of outstanding borrowing. However, this is due to the Authority not taking any new external borrowing in year to finance the capital programme, whilst also repaying debt of £418,000. This reduces total remaining debt and shortens the periods within which amounts are repayable. The limits are to be reviewed during 2022/23 alongside capital funding requirements and cash flow forecasts.

Borrowing due within 1 year is disclosed in the Balance Sheet as a current asset including interest due on borrowing within one year:

	£000
Borrowing due within 1 year	396
Interest on borrowing due within 1 year	101
	497

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

(c) Market Risk

(i) Market Risk - Interest Rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority.

For instance, a rise in interest rates would have the following effects:

- Borrowings at fixed rates - the fair value of the liabilities for borrowings will fall.
- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance pound for pound.

The Authority has a number of strategies for managing interest rate risk. The main strategy for undertaking new borrowing is to take advantage of the lowest rates possible whilst also focusing on borrowing over periods where there is currently no concentration of debt so as to achieve a balanced spread in the Authority's debt maturity profile. The Authority's debt position is reviewed as part of the Medium Term Financial Plan via the annual budget setting process which allows for any adverse changes to be considered and accommodated. This review also considers whether internal borrowing using cash balances be used as an alternative to new external borrowing. The use of internal borrowing which runs down investments, maximises short term savings and reduces exposure of low interest rates on investments, and the credit risk of counterparties.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000 +1%	£000 -1%
Change in interest receivable on variable rate investments (impact on Surplus or Deficit on Provision of Services)	0.2	(0.2)

(ii) Market Risk - Price risk
The Authority does not invest in equity shares and thus has no exposure to losses arising in movements in the price of shares.

(iii) Market Risk - Foreign exchange risk
The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

(iv) PFI Contract - Management of Risks
The PFI Contract allocates the majority of risks to the service provider. There are no significant risks to the Authority arising from the contract. However, the affordability of the contract relies on annual grant of £649,000 from Central Government. Any reduction in that provision would impact adversely upon the Authority's financial position.

31. Contingent Liabilities

Defined Benefit Pension Schemes:

The McCloud/Sargeant Judgement
In December 2018 the Government lost a Court of Appeal case (the McCloud/Sargeant Judgement) which found that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed amounted to illegal age discrimination. The Government has acknowledged that the difference in treatment will need to be remedied across all public service pension schemes.

Service costs relating to the estimated impact of McCloud on the pension liabilities of the Authority were included since the 2018/19 financial statements. In February 2021, the Government confirmed their approach to remedying the age discrimination. Secondary legislation concerning application of the remedy is currently awaited, expected to come into force by 1st October 2023. Once applied, the actual past service costs will be confirmed.

Members of the Firefighter Pension Scheme will make individual elections to choose the benefits they wish to take during the McCloud remedy window, 2015 to 2022. The Actuary has stated that where it has received such data from Authorities to date, it has assessed the impact of the change in member contributions on the liabilities of the scheme. Due to the low numbers of members who have made elections to date, the change is not material.

Legal advice is awaited as to whether any further costs to be borne by the Authority will arise in relation to application of the remedy. Until further guidance is provided, no estimation of the potential impact can be made.

Special Retained Members (Matthews)
In November 2018 a ruling on the legal case involving part-time judges (O'Brien v MoJ) had a direct impact on the equivalent case for Retained Firefighters (Matthews). Home Office Ministers have agreed to extend the pension entitlement for retained firefighters to cover service pre-July 2000. This will require Fire and rescue Authority's to undertake a second options exercise. It is currently unclear when the exercise will begin and there are additional uncertainties regarding the number of members who will elect to take up benefits and the size of the benefits they will elect to receive. Therefore, the Authority's Actuary is unable to proved a sensible estimate to include in the accounting disclosures at this time.

32. Material Items of Income and Expenditure within the Accounts

As explained in Note 7, the Authority carries out a rolling asset revaluation programme that ensures all land and property required to be measured at fair value is revalued at least every five years. Where the Valuer determines that the net book value within the accounts of any asset has changed, the the impact is accounted for as a revaluation gain or loss. The result of the 2021/22 rolling programme was a net revaluation gain of £330,000.

Alongside the rolling programme, the Authority considers whether there is an impact on the values of properties that have not been revalued by assessing the changes in the Building Cost Information Service (BCIS) indices that would be used within the revaluation process.

On average, the BCIS indices rose by 11.5% between 2021 and 2022 reflecting lengthening lead times and growing demand for building materials over the past 18 months alongside the increasing rate of inflation, the Consumer Prices Index (CPI) rising by 7% in the 12 months to March 2022.

The remainder of the Estate outside of the 2021/22 rolling programme has been subject to a 'desk top' style indexation review, the result being an additional revaluation gain of £2,416,000.

The total net revaluation gain in 2021/22 of £2,746,000 is above the Authority's materiality limit and requires separate disclosure within a note to the accounts.

The financial impact is a charge to the cost of services in the Comprehensive Income and Expenditure Statement (CIES), and to the Revaluation Reserve for the decrease in valuation. However, the charge to the CIES is not one against council tax nor the Authority's General Fund, rather an accounting adjustment through unusable reserves as set out in Note 21 (b).

FIREFIGHTERS PENSION FUND
FUND ACCOUNT FOR YEAR ENDED 31st MARCH 2022

2020/21			2021/22
		£000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable		
	Fire Authority:		
(3,981)	Contributions in relation to pensionable pay	(4,083)	
(86)	Early Retirements	-	
(1,758)	Firefighters contributions	(1,811)	
(7)	Other Firefighters contributions	(7)	
(5,833)			**(5,901)**
	Transfers in		
(294)	Individual transfers in from other schemes		**(25)**
	Benefits payable		
9,300	Pensions	9,349	
2,649	Commutations & lump sum retirement benefits	1,598	
128	Lump sum death benefits	-	
12,077			**10,947**
	Payments to and an account of leavers		
-	Individual transfers out to other schemes		**-**
	Other payments		
43	Scheme tax charges		**135**
5,992	**Deficit / (Surplus) for the year before top up grant receivable from/payable to Central Government**		**5,155**
(5,992)	**Top up grant receivable from Government**		**(5,155)**
-	**Net amount payable / (receivable) for the year**		**-**

FIREFIGHTERS PENSION FUND
NET ASSETS STATEMENT FOR YEAR ENDED 31st MARCH 2022

				2021/22
£000		Note	£000	£000
	Current Assets	**5a**		
97	Contributions due from Authority		41	
38	Contributions due from Firefighters		20	
1,895	Pension top up grant receivable from Government		(227)	
2,030				**(166)**
	Current Liabilities	**5b**		
-	Unpaid pension benefits		-	
-	Unpaid Scheme tax charges		-	
(2,030)	General Fund		166	
(2,030)				**166**
-	**Total Net Assets**			**-**

NOTES TO THE PENSION FUND ACCOUNTS

1. General Description of the Fund

There are three Pension Schemes currently administered by the Authority:

(a) Firefighters Pension Scheme 1992 (FPS) operated under the Firefighters Pension Scheme (Amendment) (No. 2) (England) Order 2006

(b) New Firefighters Pension Scheme 2006 (NFPS) operated under the Firefighters' Pension Scheme (England) Order 2006

(c) The Firefighters Pension Scheme 2015 as set out in the Firefighters' Pension Scheme (England) Regulations 2014 (SI 2014/2848)

All three Schemes are unfunded meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual payments as they fall due.

Entrants to the Service since 1st April 2015 are eligible to join the 2015 Scheme, a career average scheme with a normal retirement age of 60. Other members either transition to the 2015 Scheme, or in the case of firefighters who were within 10 years of retirement on 1st April 2012, will remain in either the 1992 (FPS) or the 2006 (NFPS), both of which are final salary schemes.

Under each scheme, the Authority pays firefighters' pensions via a separate Firefighters Pension Fund Account. An employer's contribution based on a percentage of pay is paid into the fund. The Authority is also required to make lump sum payments in respect of ill health retirements to meet locally, at least, some of the cost of retiring an employee on the grounds of ill health. Employee contributions are also paid into the fund. The fund is topped up as necessary by Government Grant if the contributions are insufficient to meet the pension payments due. In the event of a surplus, this will be recouped by the Government.

Each Fire and Rescue Authority in England is required by legislation to operate a Pension Fund and the amounts that must be paid into and out of the fund are specified by regulations under statute. The fund is administered and managed for the Authority by West Yorkshire Pension Fund via a service level agreement for Pensions Administration.

The contributions payable by Employees and Employers prescribed by the regulations above are:

Scheme	31/03/2022 Employer	31/03/2021 Employer	31/03/2022 Employee *	31/03/2021 Employee *
1992 (FPS)	37.3%	37.3%	11.0%-17.0%	11.0%-17.0%
2006 (NFPS)	27.4%	27.4%	8.5% - 12.5%	8.5% - 12.5%
2015 Scheme	28.8%	28.8%	11.0%-14.5%	11.0%-14.5%

* Employee rates vary which are dependent upon pensionable pay bandings.

2. Membership

The following summarises the membership of the Pension Fund at 31st March 2022:

Scheme	31/03/2022 Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	21	536	28
2006 (NFPS)	16	79	174
2015 Scheme	640	17	242

Scheme	31/03/2021 Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	28	530	28
2006 (NFPS)	17	76	174
2015 Scheme	565	15	207

3. Accounting Policies

The Pension Fund Accounts for the year ended 31 March 2022 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 issued by the Chartered Institute of Public Finance and Accountancy, known as 'the Code'.

4. Basis of Preparation

Except where otherwise stated below, the accounts have been prepared on an accruals basis.

5. Fund Account Transactions

Benefits payable and withdrawal of contributions have been brought into the Accounts on the basis of all valid payments due in the year. Transfer values are those sums receivable from, or payable to, other pension schemes for individuals and relate to periods of previous pensionable employment. Where possible, transfer values within the financial year are brought into the accounts at the net assets statement date. In a small number of cases it is not possible to obtain sufficient information from other pension schemes and these transfers are accounted for on a cash basis.

(a) Current Assets

Debtors are raised for known contributions due to the Pension Fund at 31st March 2022:

	31st March 2022 £000	31st March 2021 £000
Central Government Bodies	(227)	1,895
Other Local Authorities	-	-
Other entities and individuals	61	135
Total	**(166)**	**2,030**

(b) Current Liabilities

Creditors are raised for known contributions owing by the Pension Fund at 31st March 2022:

	31st March 2022 £000	31st March 2021 £000
Central Government Bodies	-	-
Other Local Authorities	-	-
Other entities and individuals	166	(2,030)
Total	**166**	**(2,030)**

No allowance has been made for liabilities to pay pensions and other benefits after the 31st March 2022

6. Long Term Pension Obligations

Details of the Authority's long term pension obligations in respects of the Firefighters Pension Schemes can be found in Note 27 to the financial statements.

GLOSSARY OF TERMS

ACCOUNTING PERIOD
The period of time covered by the accounts, normally a period of twelve months commencing on 1st April and ending as at the balance sheet date, 31st March.

ACCRUALS
The concept that income and expenditure is accounted for as it is earned or incurred, not as money is received or paid.

AMORTISATION
Written off over a suitable period of time, usually in line with the useful life of an asset.

ASSET
An item owned by the Authority, which has a monetary value. Assets are defined as **current or non current** :

- **Current assets** will be consumed or cease to have value within the next financial year, e.g. inventories and debtors
- **Non current assets** provide benefits to the Authority and to services it provides for a period of more than one year, for example, land, buildings, vehicles and equipment.

AUDIT
An independent examination of the Authority's activities, either by internal audit or the Authority's external auditor, which is 'Mazars LLP'.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a non current asset, which will be used in providing services beyond the current accounting period or, expenditure which adds to an existing non current asset.

CAPITAL FINANCING
The raising of money 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 contribution, revenue reserves and earmarked reserves.

CAPITAL RECEIPTS
The proceeds from the disposal of land or other assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used for general revenue purposes.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the professional institute that develops and promotes proper accounting practice for Local Government in England and Wales.

CONSISTENCY
The concept that the accounting treatment of like items is the same from one accounting period to the next.

CONTINGENT LIABILITY
A contingent liability is either:
- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or
- a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CONSUMER PRICE INDEX (CPI)
CPI is the official measure of inflation of consumer prices of the United Kingdom. It is a statistical estimate constructed using the prices of a sample of consumer goods, purchased by households whose prices are collected periodically

COUNCIL TAX
This is a banded property tax which is levied on domestic properties. The banding is based on estimated property values as at 1st April 1991.

CREDITOR
Amounts owed by the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.

DEBTOR
Amounts due to the Authority for works done, goods received or services rendered before the end of the accounting period but for which payments have not been received by the end of that period.

DEFINED BENEFIT OBLIGATION
Future pension liabilities payable by the Authority that have been promised under the formal terms of the defined benefit pension schemes provided to employees.

DEPRECIATION
The amount charged to revenue accounts to represent the reducing value of non current assets through consumption.

DEPRECIATED REPLACEMENT COST
A method of valuation based on the gross cost of replacing the asset/building less an allowance for depreciation.

EXISTING USE VALUE
A method of valuation based on the amount that would be paid for an asset/building based on its existing use.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arms 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 to support the cost of the provision of the Authority's services. These grants may be given specifically towards the cost of particular defined schemes, or to support the revenue spend of the Authority (known as Revenue Support Grant).

GROSS CARRYING AMOUNT (GCA)
The cost of a non current asset before the deduction of accumulated depreciation and/or impairment.

IMPAIRMENT
A reduction in the value of a non current asset, below it's carrying amount on the balance sheet.

INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)
Standards for the presentation and preparation of financial statements set by the International Accounting Standards Board (IASB) that organisations must follow. These standards were previously called **International Accounting Standards (IAS)**.

IFRS INTERPRETATIONS COMMITTEE (IFRIC)
The Interpretations Committee are responsible for the maintenance of IFRS. Its objective is to interpret the application of IFRS and provide guidance on financial reporting issues that are not specifically addressed, or where concerns are expressed about poorly specified disclosure requirements.

INVENTORIES
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later accounting period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

LIABILITY
A liability is where an authority owes payment to an individual or another organisation:
- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

LONG TERM BORROWING
The main element of long term borrowing is comprised of loans that have been raised to finance capital investment projects.

MARKET VALUE
The monetary value of an asset as determined by current market conditions.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to distortion of the financial statements to a reader of the statements.

MINIMUM REVENUE PROVISION (MRP)
Represents the statutory minimum amount that must be charged to a revenue account in each financial year to repay external borrowings.

NET BOOK VALUE
The amount at which non current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

NET REALISABLE VALUE
The open market value of the asset in its existing use, less the expenses to be incurred in realising the asset.

NON DOMESTIC RATES
National non domestic rates (also known as Business Rates) are a tax on properties which are not used for domestic purposes such as shops, factories, offices and fire stations. Business rates collected by Local Authorities are the way that those who occupy non-domestic properties contribute to the cost of local services.

OPERATIONAL ASSETS
Non current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

PEPPERCORN RENT
A very low or nominal rent payable for the use of an asset.

PRECEPT
The order made by Precepting Authorities on Billing Authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRIVATE FINANCE INITIATIVE (PFI)
A means of securing new assets and associated services in partnership with the private sector.

PROVISION
An amount put aside in the accounts for liabilities or losses which have occurred but uncertainty surrounds the exact amounts involved or the dates on which they will arise.

PRUDENCE
The concept that revenue is not anticipated but is recognised only when realised in the form of either cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

PUBLIC WORKS LOAN BOARD (PWLB)
This is a Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government itself can borrow.

RELATED PARTIES
Two or more parties are related, when at any one time during the financial period:
- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves are kept to manage the accounting processes for non current assets and retirement benefits and do not represent usable resources for the Authority.

RETAIL PRICE INDEX (RPI)
RPI is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.

REVENUE EXPENDITURE
The day-to-day expenses of providing services. It is usually of a constantly recurring nature and produces no permanent asset, e.g. salaries, wages, supplies and services, and debt charges.

REVENUE SUPPORT GRANT
This is a Central Government grant to authorities, contributing towards the cost of their services. It is based on the Government's assessment of how much an authority needs to spend to provide a standard level of service.

SECTION 151 OFFICER
The Officer designated as Chief Financial Officer under the terms of S151 of the Local Government Act 1972 and S112 of the Local Government Finance Act 1988 to assume overall responsibility for the administration of the financial affairs of the Fire Authority and for the preparation of the Authority's Statement of Accounts.

SHORT TERM INVESTMENT
Short term investments are deposits of temporary surplus funds with banks or similar institutions.

USEFUL LIFE
The period over which the Authority will derive benefits from the use of a non current asset.