



# **HEREFORD & WORCESTER Fire Authority**

**Audit and Standards Committee**

## **AGENDA**

**Wednesday, 19 April 2023**

**10:30**

**Wyre Forest House Council Chamber  
Wyre Forest District Council, Wyre Forest House,  
Finepoint Way, Kidderminster, Worcestershire, DY11 7WF**

## Wyre Forest House Location Map

SAT NAV: DY11 7FB

Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF  
Reception at Wyre Forest House 01562 732101

### From Stourport:

Head towards Kidderminster on the A451 Minster Road, passing Stourport High School and Stourport Sports Club on your left. When you reach the traffic lights at the crossroads, turn left into Walter Nash Road West (signposted Wyre Forest House). Then take your first left onto Finepoint Way. Follow the road around to your left and Wyre Forest House is at the end of the road on the left. Visitor parking is available and signposted from the mini roundabout.

### From Kidderminster:

From Kidderminster, follow the signs for Stourport and head out of Kidderminster on the A451 Stourport Road, this road becomes a dual carriageway. You will pass 24/7 Fitness and Wyre Forest Community Housing on your left. At the crossroads with traffic lights turn right into Walter Nash Road West (there is a dedicated right hand-turn lane), signposted for Wyre Forest House. Then take your first left onto Finepoint Way. Follow the road around to your left and Wyre Forest House is at the end of the road on the left. Visitor parking is available and signposted from the mini roundabout.



**ACCESS TO INFORMATION – YOUR RIGHTS.** The press and public have the right to attend Local Authority meetings and to see certain documents. You have:

- the right to attend all Authority and Committee meetings unless the business to be transacted would disclose “confidential information” or “exempt information”;
- the right to film, record or report electronically on any meeting to which the public are admitted provided you do not do so in a manner that is disruptive to the meeting. **If you are present at a meeting of the Authority you will be deemed to have consented to being filmed or recorded by anyone exercising their rights under this paragraph;**
- the right to inspect agenda and public reports at least five days before the date of the meeting (available on our website: <http://www.hwfire.org.uk>);
- the right to inspect minutes of the Authority and Committees for up to six years following the meeting (available on our website: <http://www.hwfire.org.uk>); and
- the right to inspect background papers on which reports are based for a period of up to four years from the date of the meeting.

**Please note that when taking part in public participation, your name and a summary of what you say at the meeting may be included in the minutes.**

A reasonable number of copies of agenda and reports relating to items to be considered in public will be available at meetings of the Authority and Committees. If you have any queries regarding this agenda or any of the decisions taken or wish to exercise any of these rights of access to information please contact Committee & Members’ Services on 01905 368209 or by email at [committeeservices@hwfire.org.uk](mailto:committeeservices@hwfire.org.uk).

**WELCOME AND GUIDE TO TODAY’S MEETING.** These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Councillors** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire and Rescue Authority comprises 25 Councillors and appoints committees to undertake various functions on behalf of the Authority. There are 19 Worcestershire County Councillors on the Authority and 6 Herefordshire Council Councillors.

**Agenda Papers** - Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

**Chairman** - The Chairman, who is responsible for the proper conduct of the meeting, sits at the head of the table.

**Officers** - Accompanying the Chairman is the Chief Fire Officer and other Officers of the Fire and Rescue Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

**The Business** - The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

**Decisions** - At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Councillors to vote. The Officers do not have a vote.



# Hereford & Worcester Fire Authority

## Audit and Standards Committee

Wednesday, 19 April 2023, 10:30

### Agenda

Councillors

Mr M Hart (Chairman), Mr A Amos (Vice Chairman), Mr D Boatright, Mr S Bowen, Mr B Brookes, Mr B Clayton, Mr I D Hardiman, Mr Al Hardman, Mrs E Marshall, Ms N McVey, Mr R J Morris, Mrs D Toynbee

No.	Item	Pages
1	<b>Apologies for Absence</b> To receive any apologies for absence.	
2	<b>Named Substitutes</b> To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.	
3	<b>Declarations of Interest (if any)</b> This item allows the Chairman to invite any Councillor to declare an interest in any of the items on this Agenda.	
4	<b>Confirmation of Minutes</b> To confirm the minutes of the meeting held on 18 January 2023.	1 - 16
5	<b>Internal Audit Progress Report</b> To provide an update in regards to the delivery of the Internal Audit Plan 2022/23.	17 - 28
6	<b>Internal Audit Plan 2023/24</b> To provide the Committee with the 2023/24 Audit Plan Revision.	29 - 34

<b>7</b>	<b>Annual Governance Statement</b>	<b>35 - 83</b>
	1. To consider evidence compiled during the self assessment review which provides the assurances that sit behind the Annual Governance Statement.	
	2. To put forward the Draft Annual Governance Statement 2022/23 for approval.	
<b>8</b>	<b>National Fraud Initiative 2022/23</b>	<b>84 - 89</b>
	To update Members on the National Fraud Initiative (NFI).	
<b>9</b>	<b>Annual Compliments, Complaints, Concerns and Requests for Information 2022/23</b>	<b>90 - 93</b>
	To update the Committee with details of compliments, complaints, concerns and requests for information made by the public to the Service over the past 12 months.	
<b>10</b>	<b>Health and Safety Committee Update: October to December 2022 (Quarter 3)</b>	<b>94 - 111</b>
	To provide a Health & Safety update on activities and items of significance.	
<b>11</b>	<b>Late item: Statement of Accounts 2021/22</b>	<b>112 - 232</b>
	To present the 2021/22 Statement of Accounts for approval.	



Hereford & Worcester Fire Authority

Audit and Standards Committee

Wednesday, 18 January 2023, 10:30

## Minutes

**Members Present:** Mr A Amos, Mr D Boatright, Mr S Bowen, Mr B Brookes, Mr I D Hardiman, Mr Al Hardman, Mr M Hart, Mrs E Marshall, Ms N McVey

### 0256 Apologies for Absence

Apologies were received from Cllr B Clayton, Cllr R Morris and Cllr D Toynbee.

### 0257 Named Substitutes

There were no named substitutes.

### 0258 Declarations of Interest (if any)

There were no interests declared.

### 0259 Confirmation of Minutes

***RESOLVED that the minutes of the meeting held on 20 July 2022 be confirmed as a correct record and signed by the Chairman.***

### 0260 External Audit Findings Report 2021/22

The External Auditor, Grant Thornton UK LLP, presented the Audit Findings Report for consideration and the Letter of Representation for approval.

Members were disappointed that the Audit had not been completed, which was mostly due to the incompleteness of audit work on land and building valuations currently being undertaken.

The External Auditor advised that the Accounting entries for the valuations used were all correct, but there were additional questions about the valuations themselves.

*[Cllr A Hardman entered the room at 10.40am].*

Members therefore were not able to approve the Letter of Representation and the Audit Findings Report could only be noted.

**RESOLVED:**

***i) that the Audit Findings Report be noted; and  
ii) that representations be made to CIPFA and the National Audit Office regarding the treatment of property valuations within the accounts.***

**0261 Statement Of Accounts 2021/22**

The Treasurer presented the 2021/22 Statement of Accounts.

Unfortunately, due to the incompleteness of the Audit, Members were unable to approve the Statement of Accounts. Members noted that it was hoped the final Accounts would be presented at the Authority meeting on 13 February 2023, subject to the completion of the valuations. If this was not possible, the next convenient meeting would be the Audit and Standards Committee meeting on 19 April 2023.

*[Cllr D Boatright entered the meeting at 10.51am].*

***RESOLVED that the approval of the Statement of Accounts be deferred pending completion of the external audit.***

**0262 External Auditors' Annual Report 2021/22**

The External Auditors, Grant Thornton UK LLP presented the Auditors Annual Report 2021/22.

Members noted the financial pressures that will be faced over the coming years and that further savings plans would be required to address the structural budget gap and future budgetary pressures in particular with pay costs and inflation.

***RESOLVED that the Auditors Annual Report 2021/22 from the External Auditors, Grant Thornton UK LLP, be noted.***

**0263 Internal Audit Draft Audit Plan 2023/24**

The Head of Internal Audit Shared Service presented the Draft Audit Plan for 2023/24.

Members were pleased to note that operational progress against the internal Audit Plan for 2023/24 will be closely monitored and the Head of

Internal Audit Shared Service will report the position to the Committee along with any exceptions identified during follow up work.

There was discussion relating to building maintenance and construction programmes. The Chief Fire Officer confirmed that a full survey looking at the carbon footprint at all locations would be built into the property schedule which would look at the energy usage. Members were also pleased to note that the build programme was accelerating despite a challenging financial background.

***RESOLVED that the 2023/24 Draft Internal Audit Plan be approved.***

**0264 Internal Audit Progress Report**

The Head of Internal Audit Shared Service presented an update in regard to the delivery of the Internal Audit plan 2022/23.

Members were pleased to note that there were no high priority recommendations reported and robust management action plans had been agreed and were in place to address the findings from the review. Follow ups completed to date had not identified any material exceptions to report.

***RESOLVED that the report be noted.***

**0265 Contract Standing Orders**

The Head of Legal Services presented amended Contract Standing Orders for approval.

*It had been recommended that the threshold at which competitive quotes would be required be increased to £15,000 instead of £5,000. Members instead decided that this figure be increased to £20,000 as it would help facilitate the continued use of local suppliers wherever possible and create less work for the Service.*

***RESOLVED that the Fire Authority be recommended to approve the amended Contract Standing Orders set out in Appendix A.***

**0266 Equality & Gender Pay Gap Report 2021-2022 and Equality Objectives Progress Update**

The Assistant Director of Prevention presented the Equality & Gender Pay Gap Report – 2021-2022 and a summary of progress against the Service's Equality Objectives 2021-2025 for Q1-Q2 2022-2023.

Although it was disappointing to note that there was a decrease of 1%

from last year of the number of operational female staff, it was positive to learn that an action plan for 2023-2025 was being developed to support recruitment and career progression to the most under-represented groups, most notably women into operational roles and also into more senior level positions. The new Inclusion & Organisational Development Manager would be supporting the delivery of these priorities.

Members were pleased with the continued support available to staff with with dyslexia and other types of neurodiversity and noted the fantastic outcomes where support and guidance had resulted in staff thriving in the workplace.

Members approved the Equality and Gender Pay Gap Report 2021-2022 for publication on the Service's website.

***RESOLVED that:***

***i) the Equality & Gender Pay Gap Report 2021-2022 be approved for publication; and***

***ii) progress made against the Equality Objectives 2021-2025 for Q1–Q2 2022-2023 be noted.***

#### **0267 Update on the Prevention Cause of Concern**

The Assistant Director of Prevention presented an update on the Service's progress against the Cause of Concern issued by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in relation to Prevention Activity.

Members were informed that the Inspectorate revisited the Service between 22 and 24 November 2022 to talk with relevant people, assist with triangulating evidence and review the systems and processes in place following the issuing of the Cause of Concern. Following that there was a hot debrief on 2 December 2022 with the Chief Fire Officer and Inspectorate and although there was no clear indication that the Cause of Concern had been discharged, the Chief Fire Officer felt confident that this would be the case due to investing heavily in prevention activity.

It was hoped that the Service would receive the outcome of the revisit on Friday 20 January 2023 and Members would be informed as soon as possible.

***RESOLVED that the update on the Service's progress against the Cause of Concern in relation to Prevention activity be noted.***

**0268 Update On Activities Of Women @HWfire group**

The Deputy Chief Fire Officer presented an update on the work of Women@HWFire.

Members were pleased to note the work delivered by Woman@HWFire which demonstrated the organisation's commitment to supporting under-represented groups within HWFRS.

***RESOLVED that the activities of the Women@HWFire group since it was set up in 2019 be noted.***

**0269 Health and Safety Committee Update: April to June 2022 (Quarter 1)**

The Deputy Chief Fire Officer presented the Health and Safety update for Quarter 1 on activities and items of significance.

Following a query, Members were pleased to note that the sickness levels within the Service were low in comparison with other authorities, despite the increase in respiratory conditions during the quarter.

***RESOLVED that the following issues, in particular, be noted:***

- i) The involvement of the Service in Health and Safety initiatives;***
- ii) Health and Safety performance information recorded during April to June 2022 (Quarter 1); and***
- iii) Workforce Health & Wellbeing performance (Quarter 1).***

**0270 Health and Safety Committee Update: July to September 2022 (Quarter 2)**

The Deputy Chief Fire Officer presented the Health & Safety update for Quarter 2 on activities and items of significance.

Members were pleased to note that following the resignation of the Health and Safety Advisor, a new Advisor had been recruited and would be starting later this month.

***RESOLVED that the following issues, in particular, be noted:***

- i) The involvement of the Service in Health and Safety initiatives.***
- ii) Health and Safety performance information recorded during July to September 2022 (Quarter 2); and***
- iii) Workforce Health & Wellbeing performance.***

The Meeting ended at: 12:17

Signed:.....

Date:.....

Chairman

## Contract Standing Orders

### 1. Scope & Purpose / Introduction

- 1.1. These Contract Standing Orders (CSOs) are part of the Fire Authority's Constitution and must be applied in the procurement and disposal of goods, materials and services and in the execution of works.
- 1.2. The objective of these CSOs is to ensure that contracts are obtained on the most favourable terms, having due regard to quality, service and fitness for purpose. All procurement and disposal procedures must:
  - Achieve best value for money
  - Be consistent with the highest standards of integrity
  - Ensure fairness and transparency
  - Comply with all legal requirements
  - Support the Fire Authority's corporate aims and policies.

### 2. Value of Contracts

- 2.1. The value of the contract will determine the route to procurement. The Responsible Manager for the proposed contract must agree a procurement plan and process with the Procurement & Contracts Manager (and Head of Legal Services where the contract value exceeds £25,000).
- 2.2. The value of the contract is the total estimated value of the goods/services to be procured during the life of the contract. This must take into consideration the acquisition price (net of VAT) plus any other costs we will incur as part of the same contract e.g. on-going maintenance if this is included in the contract.
- 2.3. Where the duration of the contract is indeterminate the value should be taken to be the estimated value of the contract over a period of four years.
- 2.4. In some cases a contract may be legitimately divided into separate lots, e.g. goods and services offered as two separate contracts or contracts split geographically where this will aid service delivery or facilitate tendering by local contractors. However, contracts must not be artificially split to avoid the relevant threshold and in assessing the value of a contract all lots should be aggregated.
- 2.5. Where the total value for a purchase or disposal is within the values in the first column below, the award procedure in the second column must be followed as a minimum. Regard should always be had as to whether the chosen procurement route is likely to secure best value for the Authority proportionate to the sums involved.

Total Contract Value Exceeding	Award Procedure	Minimum Advertising Requirements
<p>Above Public Contract Regulations 2015 threshold*</p> <p>*Currently £177,897 (exc.VAT)</p>	<p>Either:</p> <p>(a) Full Public Contract Regulation compliant tender process</p> <p>or</p> <p>(b) Public Contract compliant Framework</p>	<p>Publish on UK e-notification service AND Publish on Authority website as required by the Transparency Code but not prior to publication UK r-notification service;</p>
<p>£50,000 to Public Contract Regulations threshold</p>	<p>Either:</p> <p>(a) formal <u>open</u> tenders, or</p> <p>(b) invite tenders from a minimum 3 <u>select</u> tenderers where the CFO is satisfied, having regard to the nature of the contract, that restricting the number of tenderers will not disadvantage the Authority</p>	<p>Open tenders over £25,000 must be published on Contracts Finder and on Authority website as required by the Transparency Code</p>
<p>£20,000 to £49,999</p>	<p>Either:</p> <p>(a) Minimum 3 written quotations; or</p> <p>(b) tender (as above)</p>	
<p>Below £20,000</p>	<p>One or more written quotations to be obtained.</p>	

2.6. **The terms and conditions of all contracts over £25,000 must first be approved by Legal Services). It will therefore be necessary for the documentation to be**

**approved by Legal Services before the invitation to tender or request for quotes is sent out.**

### **3. Exceptions to the Award Procedures**

- 3.1. A contract that is below the Public Contracts Regulations 2015 threshold may be entered into on behalf of the Authority other than in accordance with Standing Order 2 (above) in the following circumstances and only with the prior approval of the Chief Fire Officer/Chief Executive or nominated responsible officer:
- (a) Where the works, supplies or services can be supplied only by a particular supplier for any of the following reasons:—
    - (i) goods, materials or services are of a unique or specialised nature;
    - (ii) competition is absent for technical reasons;
    - (iii) the protection of exclusive rights, including intellectual property rights;but only, where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;
  - (b) Where the supply of goods, materials or services are similar to or compatible with an existing provision so as to render only one source of supply appropriate. Special care must be taken and the Head of Legal Services must be consulted where the aggregate of the original contract value and any subsequent contracts exceeds the Public Contract Regulations threshold.
  - (c) Where the Chief Fire Officer/Chief Executive is satisfied that for reasons of extreme urgency brought about by events unforeseeable by the authority, the time limits for the relevant procurement procedures cannot be complied with. The circumstances invoked to justify extreme urgency must not in any event be attributable to the contracting authority
  - (d) For the supply of used or second-hand goods or materials where the Chief Fire Officer/Chief Executive is satisfied that the market for such goods or materials demonstrate good value and is such that it would be unreasonable to tender or where the time required to tender would lead to loss of opportunity to purchase a used or second-hand item.
  - (e) For the supply of goods, materials or services in any other circumstances where the Chief Fire Officer/Chief Executive is satisfied that there are proper service reasons for not tendering and that there would be no financial disadvantage to the Fire Authority as a result.
  - (g) Where the Fire Authority considers that there are special circumstances justifying the waiving of Standing Orders and authorises such waiver by resolution.
  - (h) Where procurement is undertaken through a Framework Agreement negotiated by another organisation and approved by the Head of Legal Services
  - (i) For purchase or sale of goods by public auction.
  - (j) Where, despite observing the procurement process as laid out in this document, due to market or other conditions, no tenders or no suitable tenders have been

submitted and provided that the initial conditions of the contract are not substantially altered. [Where the contract is above the threshold in the Public Contract Regulations additional restrictions apply]

- (k) Where procurement is carried out in collaboration with another organisation and the procurement rules of that other organisation have been followed, subject to approval of the Head of Legal Services
- (l) Where the Police & Crime Commissioner procures property related services or works on behalf of the Authority and has complied with procurement procedures approved by the Head of Legal Services

3.2. The responsible officer shall complete an 'Officer Delegated Decision' record with reasons and explanations in respect of all contracts made in accordance with Standing Order No. 3. This shall be recorded in the Contracts Register and published on the Authority's website.

#### **4. Framework Agreements**

- 4.1. A Framework Agreement is an arrangement whereby the Fire Authority can enter into a contract known as a "call-off contract" direct with a supplier but under the auspices of an agreement that has been entered into by another organisation and which has already complied with the EU procurement requirements.
- 4.2. The specification of the contract must be determined prior to identification of a framework or supplier(s) who are part of a framework agreement.
- 4.3. A call-off contract from a framework agreement can be obtained either by direct award or mini-competition depending on the terms of the Framework Agreement. In order to use a direct award under a framework the ordering officer must be able to justify how this gives the best outcome for the Fire Authority. Where a mini-competition is conducted in accordance with the tender procedure it will be subject to the terms of the Framework.

#### **5. Responsibilities**

- 5.1. Before seeking any quotes, tenders or awarding a contract, the Responsible Manager must:
  - ensure they have all appropriate authorisations and approvals on file (see Scheme of Delegations);
  - ensure there is sufficient budgetary provision;
  - seek all necessary legal, procurement, financial, risk management and technical advice;
  - provide a full specification before entering any procurement process;
  - agree a procurement plan and process with the Procurement & Contracts Manager (and Head of Legal Services where the contract value exceeds £25,000);
  - ensure that appropriate maintenance regimes for equipment purchased are put in place. When evaluating tenders or bids received, consideration must be given the

whole life costs of the contract e.g. maintenance arrangements and any residual valuations;

- complete any investigations and/or risk assessments necessary to discharge the Service's duties under the Health and Safety at Work Act 1974 and subsequent regulations or approved codes of practice;
- Complete all appropriate data impact assessments and/or equalities impact assessments in respect of the services to be provided or works to be procured.
- confirm the appropriateness of the suppliers asked to quote or to tender. Responsible Managers should take reasonable care in supplier selection and should ask for reasonable supporting information commensurate with the value/risk of the procurement. Appendix A contains a list of example information that the ordering officer may consider in assessing suppliers. Where potential suppliers are picked from a select list or register, the ordering officer should confirm with the compiler that suppliers have submitted satisfactory supporting information commensurate with the value/risk of the procurement;
- ensure written records are kept in relation to any pre-tender or quotation enquiries, including notes of telephone conversations and/or meetings with potential suppliers to be filed in the central repository /contract file (SharePoint);
- avoid any suggestion of impropriety and ensure any offers of gifts or hospitality from potential suppliers are declined and any personal interests have been declared in accordance with as in SO 13 (Compliance/Probity). The Contract Manager should also ensure that they comply with SO13
- provide details of all contracts valued over £5,000 to the Procurement and Contracts Manager for inclusion in the Contracts Register
- where the contract value exceeds £25,000 ensure that an Officer Delegated Decision record is completed and sent to Committee Services for publication on the Authority's website
- monitor and review the performance of the contract following award.

## **6. Contracts Register**

6.1. The Contracts Register shall be maintained by the Procurement & Contracts Manager or other nominated officer and shall contain a record of:

- All contracts entered into by the Authority valued over £20,000
- any action, statements of reasons and exceptions made under Sections 3 (Exceptions), 7 (Pre-tender / quotation enquiries), 9 (Submission, Receipt and Opening Tenders), 10 (Post Tender Negotiation), and 11 (Evaluation/Award of Contract) of these standing orders;
- any contracting decision and the reason for it;
- any information supplemental to the contract; and
- any conversations and meetings at any stage of the procurement process.

6.2. All contracts and relevant correspondence and records shall be retained in the Contracts Register for at least 6 years after the contract comes to an end. If made as a deed / under seal they must be kept for at least 12 years after the contract comes to an end.

## **7. Pre tender/quotation enquiries**

7.1. Enquiries of potential contractors in advance of a procurement exercise may be undertaken to prepare the marketplace for a tender and/or to assist the Authority to better understand what the market is able to provide to meet the outcome the Authority is trying to achieve. Such consultation with potential suppliers may be made in general terms and:

- no information shall be disclosed to one contractor which is not then disclosed to all those of whom enquiries are made
- no contractor shall be led to believe that the information they offer will necessarily lead to them being invited to tender, submit a quotation or to be awarded the contract
- technical advice on the preparation of an invitation to tender or quotation must not be sought or accepted from anyone who may have a commercial interest in bidding for the contract as this may prejudice the equal treatment of all potential tenderers and distort competition
- a written record, including notes of telephone conversations and/or meetings held with potential suppliers and the responses and names of all individuals spoken to or present shall be kept in a central file maintained by the Procurement & Contracts Manager

## **8. Invitations to Tender**

8.1. Contracts above the Public Contract Regulations threshold require specific information to be included with invitations to tender and such requirements must be followed.

When inviting tenders for below threshold contracts, the Contract Manager/Ordering Officer shall, as a minimum, supply the Tenderers with:

- An accurate specification or other description of the goods, materials works or services including copies of any relevant drawings or maps.
- All tenderers invited to tender or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis
- The invitation to tender or to submit a quotation must state that the Authority is not bound to accept any quote or tender.
- Instructions as to the manner in which any tender or quotation is to be submitted, including dates and times by which the tender must be returned.
- All invitations to tender shall state that any tender received after the date and time stipulated in the invitation to tender may be rejected and not considered.
- An outline of how any arithmetical errors discovered in the submitted tenders are to be dealt with. In particular, whether the overall price prevails over the rates of the tender or vice versa.
- Details of the Authority's the terms and conditions of the contract that have been approved by the Head of Legal Services.
- The invitation to tender must include a form of tender and instructions to tenderers including the requirement to complete a certificate relating to non-collusion
- Details of any additional or supporting documents that are required such as those listed in Appendix A of this document (include Whistleblowing, Ethical Framework, etc.).

## **9. Submission, Receipt and Opening of Tenders**

9.1. Potential tenderers must be given an adequate period to prepare depending on complexity / urgency. The Public Contract Regulations lay down specific time periods which must be followed in the case of procurements above the relevant threshold. For below threshold contracts the period should normally be a minimum of 4 weeks.

- 9.2. All tenders should normally be returned through the electronic tendering portal approved by the Head of Legal Services and which is designed to ensure the integrity and secrecy of tenders received. Emails and/or faxes cannot be accepted and must be rejected.
- 9.3. Once the deadline has passed the Procurement & Contracts Manager shall ensure there is a record of all tenders received and the amounts thereof and then provide the tender documents to the ordering officer / contract manager for assessment.
- 9.4. The Head of Legal Services may at his or her absolute discretion permit consideration of a tender submitted after the deadline has passed, provided:
  - (a) it is in the best financial interests of the Fire Authority to do so;
  - (b) they are satisfied that the tenderer has not secured an advantage over other tenderers; and
  - (c) the decision to admit the tender is taken before the remaining tenders are opened. A record of these tenders and the discretion exercised under this Standing Order must be kept in the Contracts Register.
- 9.5. If for technical reasons tenders are required to be returned by hard copy these— should be returned to the Head of Legal Services

## **10. Post Tender Negotiations**

- 10.1. The Chief Fire Officer/Chief Executive or nominated officer (ordering officer/contract manager) shall be empowered to accept the most economically advantageous/favourable tender received.
- 10.2. Where no tender meets the Authority's exact requirements, whether because the value of the tender exceeds the approved budget, the goods are not as required or for any other reason,
- 10.3. the Chief Fire Officer/Chief Executive or nominated officer may negotiate with the tenderer submitting the most economically advantageous/favourable tender to obtain improvements in terms of price, delivery or content unless the Chief Fire Officer/Chief Executive considers in all the circumstances that all those persons who originally submitted a tender for the contract should all be given an opportunity to re-tender.. However, such negotiation is the exception rather than the rule and the Head of Legal Services must be consulted prior to any negotiation. Where post tender negotiation results in fundamental change to specification or contract terms the contract must not be awarded but re-tendered,
- 10.4. A written record shall be kept of all negotiations including notes of meetings and names of those present and file in the central contract file.

## **11. Evaluation /Award of Contract**

- 11.1. Quotations and tenders must be evaluated and awarded in accordance with objective award criteria. The result must award the contract to the tender that achieves the highest score in the objective assessment.
- 11.2. Ordering officers / contract managers must ensure that:
  - submitted tender prices are compared with any pre-tender estimates and any discrepancies are examined and resolved;
  - arithmetic in compliant tenders is checked; and
  - a record is retained of the evaluation undertaken (for 6 years after expiration of contract)
- 11.3. All contracts must be in writing, either in terms of a formal legal agreement over £25,000 and/or a purchase order clearly indicating the nature and quantity of the work or service required, the price and any terms or conditions as to payment. Details of all orders must be entered and authorised on the Finance system.
- 11.4. The Head of Legal Services must sign all contracts over £25,000. Contracts below £25,000 may be signed by an Area Commander or Head of Service.

## **12. Following Award of Contract**

- 12.1. The details of any contract awarded over £25,000 must be published on Contracts Finder no later than 90 calendar days after the contract award date. All contracts over £20,000 must be published on the Authority's website on a quarterly basis.
- 12.2. Any decision to award a contract over the value of £100,000 must also be published on the Authority's website under the Openness of Local Government Bodies Regulations 2014, which requires the decision maker to set out the reasons for their decision and any alternative options that were considered but rejected. A record of Officer delegated decisions should be completed for this purpose.
- 12.3. Contracts above Public Contract Regulation thresholds cannot be awarded until after the mandatory standstill period. In these cases a standstill notice must be sent to all tenderers and any candidates.
- 12.4. Should an award of a contract be challenged, the contract must not be awarded and the Head of Legal Services must be notified.

## **13. Compliance / Probity**

- 13.1. The CSOs aim to protect staff against allegations of impropriety and therefore, all staff and any agents or consultants acting on their behalf must fully comply with these CSOs. All staff must also comply with any guidance and instructions regarding contractual arrangements as issued by the Head of Legal Services, the Director of Finance or the Procurement & Contracts Manager. A failure to comply may result in disciplinary action being taken.

13.2. Staff must be transparent, objective and non-discriminatory in all procurement activities and must not deliberately mislead suppliers. Commercial information obtained from suppliers, particularly pricing must be kept confidential and cannot be released to third parties without the prior approval of the supplier. However, there are various exceptions including requests under FOIA and publication of award notices.

13.3. The values and behaviours described in the Employee Code of Conduct and the Fire and Rescue Service Anti-Fraud, Bribery and Corruption Policy shall apply to all staff entering into and developing contracts. In addition, all staff must comply with the Register of Staff Interests Policy and register any interest they have in a contract or proposed contract with the Fire Authority, whether or not it is something they are dealing with personally. Staff must not invite any gift or reward in respect of the award or performance of a contract and must ensure that any offers of gifts and/or hospitality that are made by suppliers or potential suppliers are declined and registered in accordance with the Employee Code of Conduct and the Anti-Fraud, Bribery and Corruption Policy.

#### **14. Consultants**

14.1. The appointment of external consultants or architects must itself comply with Contract Procedure Rules. Subject to SO. 3.1(k) and (l) above, where external consultants or architects procure tenders on the Authority's behalf they must comply with Contract Procedure Rules as though it were being done in-house.

#### **15. Fire Authority as a Supplier**

15.1. The Director of Finance and Head of Legal Services must be consulted prior to contemplation of any contracts for the Authority to undertake work or provide services to other organisations.

#### **16. Disposal of Assets**

16.1. Any assets to be disposed of by the Authority shall be disposed of by whatever means is most likely to secure the best value for the Authority having regard to the nature and value of the assets concerned and shall first be approved by the Director of Finance and Head of Legal Services

## Report of the Head of Internal Audit Shared Service

### Internal Audit Progress Report

#### Purpose of report

1. To provide an update in regards to the delivery of the Internal Audit Plan 2022/23.
- 

#### Recommendation

*The Treasurer recommends that the report is noted.*

#### Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2018. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer and Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure systems function correctly.

#### Objectives of Internal Audit

3. The Public Sector Internal Audit Standards (as amended) defines internal audit as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. WIASS is committed to conforming to the requirements of the Public Sector Internal Audit Standards (as amended).

#### Aims of Internal Audit

4. The objectives of WIASS are to:
  - Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;
  - Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service’s objectives, policies and procedures;

- Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
  - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and
  - Advise upon the control and risk implications of new systems or other organisational changes.
5. Internal audit will work with external audit to try and avoid duplication of effort, provide adequate coverage for the 2022/23 financial year so that an internal audit opinion can be reached and support External Audit by carrying out reviews in support of the accounts opinion work. The audit plan is made available to the external auditors for information.

### **Audit Planning**

6. To provide audit coverage for 2022/23, an audit operational programme delivered by WIASS was discussed and agreed with the Authority's Senior Management Board and the Section 151 Officer and Treasurer. It was brought before Committee on 19<sup>th</sup> January 2022 for consideration. The audit programme provides a total audit provision of 111 audit days; including support days and draw down budgets which may not be used in full during the year. This report was written as at the end of February 2023.

### **Audit Delivery**

7. To assist the Committee to consider assurance on the areas of work undertaken, an overall assurance level is given, when appropriate, to each audit area based on a predetermined scale (Appendix 3). Also, the findings are prioritised into 'high', 'medium' and 'low' within audit reports with all 'high' priority recommendations being reported before committee (Appendix 2 and 3).

### **Assurance Sources**

8. We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Authority's operations e.g. cyber. Where possible we seek to place reliance on such work thus increasing the internal audit coverage as required.

## **Independence and Safeguards**

9. WIASS internal audit activity is organisationally independent. Internal Audit reports to the Treasurer but has a direct and unrestricted access to the Strategic Leadership Board and the Audit Committee Chair. Where WIASS provide assistance with the preparation of areas of work there are clear safeguards in place to ensure independence is not compromised. Safeguards include review within the audit service by an independent person to those who have completed the work as well as independent scrutiny by the Treasurer of the authority. Audit Committee can also challenge the reported findings and the minutes would record this.

## **Risk Management**

10. Risk Management is a high profile activity due to the nature of the Authority. Regular updates are brought before Committee and a robust and embedded risk management process exists within the Fire Authority. Regular review of the risk profile takes place with appropriate mitigation agreed and reported.

## **2022/2023 Audit Position**

11. Audit areas completed regarding the 2022/23 audit plan include:

- Accounts Receivable
- Accounts Payable
- Main ledger
- Payroll
- Transfer of Tech One System (Advisory)

12. Several reviews are currently in progress including:

- OPCC estates (Draft Report Stage)
- ICT
- Stores
- Fleet

13. These are progressing through the testing and clearance stages and will be reported on completion.

14. The outcome to the reviews for Accounts Receivable, Accounts Payable and Main Ledger was full assurance indicating a very sound control environment.

15. Payroll was given a significant assurance indicating a sound control environment and is reported in summary below:

### **Payroll**

16. The review found the following areas of the system were working well:
- Starters and leavers are only actioned upon correct authorisation
  - Statutory deductions
  - Only Bona Fide employees are paid through the system

17. There was an issue at the beginning of the financial year regarding the non-balancing of the costing file. This happened due to data being altered while the payroll was being run. The system will not allow any additions to the payroll when it is being run but will allow adjustments e.g. sickness days etc. In this case the payroll was run and then adjustments were made by the payroll team without the knowledge of Warwickshire County Council. A control has now been put in place to ensure that this does not happen again and basically if changes are made Warwickshire are informed and will then run the report again.
18. Work continues to strengthen the expenses process. Before there is a move to an automated self service approach project scoping, costing and identification of benefits is required. This project had not commenced at the time of the review.

There were no recommendations reported directly.

Final report was issued: 28<sup>th</sup> February 2023

Assurance: Significant

### **Follow Up Reviews**

19. Follow up takes place regarding previously completed audits e.g. procurement, safeguarding, young firefighters association, to provide assurance that recommendations have been implemented and any risk mitigated. Where there is a programmed annual visit to an area the 'follow up' is included as part of the audit review e.g. core financials. Any material exceptions arising from audit 'follow up' are brought to the attention of the Audit Committee. All follow up reviews found a positive direction of travel with all reported points either implemented or in progress of implementation. For the follow ups undertaken recently e.g. core financials, there are no material exceptions to report.

### **Conclusion/Summary**

20. The Internal Audit Plan for 2022/23 continues to see progress. For the 2022/23 finalised reports there are no high priority recommendations to report, and, robust management actions plans have been agreed and are in place to address the findings from the reviews. Follow ups completed to date have not identified any material exceptions to report before Committee. All finalised reviews will be reported to Committee in summary form on completion.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	There are no financial issues that require consideration.
<b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	Selected audits are risk based and linked to the delivery of priorities and policy framework.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	N/A
<b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure complaint handling)	

## Supporting Information

Appendix 1 – 2022/23 Audit Plan summary.

Appendix 2 – ‘High’ priority recommendations for completed audits.

Appendix 3 – ‘Assurance’ and ‘priority’ definitions.

Appendix 4 – ‘Follow Up’ reporting

INTERNAL AUDIT PLAN FOR 2022/23

Audit Area	Source	Planned days 2022/23	Service	Comment/ Potential Outline Scoping	Strategy link	Indicative Quarter & Progress
<b>Accountancy &amp; Finance Systems</b>						
Main Ledger (inc Budgetary Control & Bank Rec)	Fundamental to HWFRS CRMP delivery	6	Finance	Reduction in days for a light touch system audit. Standard scoping for core financial.	Resourcing for the Future	Finalised December 2022
Creditors (a/c's payable)	Fundamental to HWFRS CRMP delivery	7	Finance	Reduction in days for a light touch system audit. Standard scoping for core financial.	Resourcing for the Future	Finalised December 2022
Debtors (a/c's receivable)	Fundamental to HWFRS CRMP delivery	5	Finance	Reduction in days for a light touch system audit. Standard scoping for core financial.	Resourcing for the Future	Finalised December 2022
Payroll & Pensions inc GARTAN	Fundamental to HWFRS CRMP delivery	11	Service Support	Reduction in days for a light touch system audit. Standard scoping for core financial.	Resourcing for the Future	Finalised December 2023
<b>SUB TOTAL</b>		<b>29</b>				

Audit Area	Source	Planned days 2022/23	Service	Comment/ Potential Outline Scoping	Strategy link	Indicative Quarter & Progress
<b>Corporate Governance</b>						
Training Centre Droitwich	Fundamental to HWFRS CRMP delivery	10	Finance	Management of content and system changes are working.	Fire & Rescue Authority	Finalised September 2022
OPCC Estates	Fundamental to HWFRS CRMP delivery	12	Service Support	Arrangements in place working, processes, reactive & planned maintenance acceptable.	Fire & Rescue Authority	Draft Report March 2023
ICT	Fundamental to HWFRS CRMP delivery	15	Service Support	Cyber security, business continuity and back ups	Fire & Rescue Authority	Q4 Planning / Testing
<b>SUB TOTAL</b>		<b>37</b>				
<b>System / Management Arrangements</b>						
Stores & Equipment	Fundamental to HWFRS CRMP delivery	12	Service Support	Effective management, accountability of stock, systems are competent, equipment replenishment/ maintenance	Fire & Rescue Authority	Q3 / 4 Planning / Testing
Fleet	Fundamental to HWFRS CRMP delivery	10	Service Delivery	Links to 2021-2025 CRMP promises and deliverables.	Fire & Rescue Authority	Q3 / 4 Planning / Testing
<b>SUB TOTAL</b>		<b>22</b>				

<b>Audit Area</b>	<b>Source</b>	<b>Planned days 2022/23</b>	<b>Service</b>	<b>Comment/ Potential Outline Scoping</b>	<b>Strategy link</b>	<b>Indicative Quarter &amp; Progress</b>
Follow up Reviews	Good governance	7				
Advice, Guidance, Consultation, Investigations	Support	5				
Audit Cttee support, reports and meetings	Support	11				
<b>SUB TOTAL</b>		<b>23</b>				
<b>TOTAL CHARGEABLE</b>		<b>111</b>				

**'High' Priority Recommendations Reported for 2022/23 Finalised Reviews.**

There have been no 'high' priority recommendations reported to date within finalised reviews.

(Where recommendations are reported these definitions can also be applied to Appendix 4 where applicable)

**Definition of Priority of Recommendations**

<b>Priority</b>	<b>Definition</b>
<b>High</b>	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
<b>Medium</b>	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
<b>Low</b>	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

## Definition of Audit Opinion Levels of Assurance

Opinion	Definition
<b>Full Assurance</b>	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
<b>Significant Assurance</b>	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Moderate Assurance</b>	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>Limited Assurance</b>	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
<b>No Assurance</b>	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

**Follow Up Reviews**

There are no exceptions to report before Committee for 'follow up' reviews that have been completed. Direction of travel is positive with all the findings either implemented or in progress and working towards implementation.

## **Report of the Head of Internal Audit Shared Service**

### **Internal Audit Plan 2023/24**

#### **Purpose of report**

1. To provide the Committee with the 2023/24 Audit Plan Revision.
- 

#### **Recommendation**

***The Treasurer recommends that the 2023/24 Internal Audit Plan Revision is noted.***

#### **Introduction and Background**

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2018. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer. Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS) in which Hereford and Worcester Fire and Rescue Authority is a Partner. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that systems function correctly.

#### **Objectives of Internal Audit**

3. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: “an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness to achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource”. WIASS is committed to satisfying/achieving the requirement of the CIPFA Code of Practice for Internal Audit and conforms to the Public Sector Internal Audit Standards.

#### **Aims of Internal Audit**

4. The objectives of WIASS are to:

- Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;
  - Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service's objectives, policies and procedures;
  - Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
  - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and,
  - Advise upon the control and risk implications of new systems or other organisational changes.
5. Internal audit will work with external audit to avoid duplication of effort, provide adequate coverage for the 2023/24 financial year so that an internal audit opinion can be reached, and support External Audit by carrying out reviews in support of the accounts opinion work.

### **Audit Planning**

6. Due to the continuing changing environment any plan must be seen a framework for Internal Audit work for the forthcoming year. There is a need for flexibility in the plan to reflect changing demands and potential risks. To ensure audit resource is deployed effectively the plan is reviewed and updated periodically to address such challenges and to complement national initiatives.
7. The Draft 2023/24 Internal Audit Plan was approved before Committee on the 18<sup>th</sup> January 2023. Following consideration by the Strategic Leadership Board on the 21<sup>st</sup> February 2023 there were a couple of revisions agreed. These have been considered by The Treasurer and the Chief Internal Auditor and are shown at Appendix 1 for information.

### **Conclusion/Summary**

8. The operational progress of the revised 2023/24 Internal Audit plan will be closely monitored. The Head of Internal Audit Shared Service will report the position to the Audit and Standards Committee in the Progress Report along with any exceptions identified during follow up work. For information, all 'high' priority recommendations will be reported.

## Corporate Considerations

<p><b>Resource Implications</b> (identify any financial, legal, property or human resources issues)</p>	<p>There are financial implications that require consideration as the Authority is a partner in the Internal Audit Shared Service however these are not fully detailed in this report as the Treasurer is appraised of the position on a regular basis during the Partner Board meetings.</p>
<p><b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities &amp; policy framework and align to the Core Code of Ethics)</p>	<p>There are legal issues e.g. Collaborative Agreement that require consideration but are not fully detailed in this report as they are contained within the Agreement. The outline plan is formulated to link to potential risks associated with the Community Risk Management Plan 2021 – 2025.</p>
<p><b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).</p>	<p>The whole report is associated with potential risk.</p>
<p><b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)</p>	<p>N/A – no policy change is recommended</p>
<p><b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)</p>	<p>N/A</p>
<p><b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)</p>	<p>N/A</p>

## Supporting Information

Appendix 1 – Revised 2023/24 Internal Audit Plan

**FIRE & RESCUE SERVICE**  
**REVISED INTERNAL AUDIT PLAN FOR 2023/24**

<b>Audit Area</b>	<b>Source</b>	<b>Planned days 2023/24</b>	<b>Service</b>	<b>Comment/Outline Scoping</b>	<b>Strategy link</b>	<b>Indicative Quarter</b>
<b>Accountancy &amp; Finance Systems</b>						
Main Ledger (inc. Budgetary Control & Bank Rec)	Fundamental to HWFRS CRMP delivery	7	Finance	Full Audit	Resourcing for the Future	Q3
Creditors (a/c's payable)	Fundamental to HWFRS CRMP delivery	8	Finance	Full Audit	Resourcing for the Future	Q3
Debtors (a/c's receivable)	Fundamental to HWFRS CRMP delivery	5	Finance	Full Audit	Resourcing for the Future	Q3
Payroll & Pensions inc. GARTAN	Fundamental to HWFRS CRMP delivery	12	Service Support	Full Audit	Resourcing for the Future	Q3

<b>SUB TOTAL</b>		<b>32</b>					
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<b>Audit Area</b>	<b>Source</b>	<b>Planned days 2023/24</b>	<b>Service</b>	<b>Comment/Outline Scoping</b>	<b>Strategy link</b>	<b>Indicative Quarter</b>
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**Corporate Governance**

<i>New training system – LEO</i> REPLACED WITH Culture, Whistleblowing & Ethics	Fundamental to HWFRS CRMP delivery	<b>12</b>	Service Support	Implementation of recommendations of the 2022/23 audit - hybrid review	Fire & Rescue Authority	Q1 / 2
Business Continuity Plans	Fundamental to HWFRS CRMP delivery	<b>11</b>	Service Support	Linked to those relevant areas of the risk register (including emerging industrial action)	Fire & Rescue Authority	Q2
His Majesty Inspectorate – Action Plan	Fundamental to HWFRS CRMP delivery	<b>11</b>	Protection	Areas of improvement	Fire & Rescue Authority	Q1
<b>SUB TOTAL</b>		<b>34</b>				

**System / Management Arrangements**

<i>Performance and Information Plan</i> REMOVED	Fundamental to HWFRS CRMP delivery		Service Support	Progress against the aims and objectives	Fire & Rescue Authority	Critical Friend Q1
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Declaration of Interests & Hospitality	Good governance	3		Service Support	Process and registration transparency	Fire & Rescue Authority	Q1
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Audit Area	Source	Planned days 2023/24		Service	Comment/Outline Scoping	Strategy link	Indicative Quarter
Procurement	Fundamental to HWFRS CRMP delivery	9		Service Support	Contract Management to ensure value for Money	Fire & Rescue Authority	Q1 / 2
Follow up Reviews	Good Governance	7					Q1 to Q4
<b>SUB TOTAL</b>		<b>19</b>					
Advice, Guidance, Consultation, Investigations	Support	5					Q1 to Q4
Audit Cttee support, reports and meetings	Support	11					Q1 to Q4
Contingency		10					
<b>SUB TOTAL</b>		<b>26</b>					
<b>TOTAL CHARGEABLE</b>		<b>111</b>					

## Report of the Head of Legal Services

### Draft Annual Governance Statement 2022/23

#### Purpose of report

1. To consider evidence compiled during the self assessment review which provides the assurances that sit behind the Annual Governance Statement.
  2. To put forward the Draft Annual Governance Statement 2022/23 for approval.
- 

#### Recommendation

***It is recommended that the Draft Annual Governance Statement 2022/23 be approved.***

#### Introduction and Background

3. Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
4. The Accounts and Audit (England) Regulations 2015 require that the Fire Authority reviews its arrangements for governance and systems of internal control at least on an annual basis. To meet this requirement, the operation of the Authority's governance arrangements is subject to an annual self assessment against the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) framework 'Delivering Good Governance in Local Government (2016 Edition)'.
5. The annual self assessment review sets out the evidence of how the Authority has performed against the CIPFA/SOLACE framework and identifies any actions that are needed for the forthcoming year.

#### Annual Governance Statement

6. The Annual Governance Statement is essentially a summary of the governance arrangements of which Members are familiar. It reports publicly on the extent to which the Authority's governance arrangements have met the values, principles and best practice, as set out in the Authority's Code of Corporate Governance. Likewise, should the Authority have any significant governance weaknesses these will also be disclosed publicly within the Annual Governance Statement.
7. The Annual Governance Statement is a backward looking document up to the date of the approval of the Statement of Accounts. The draft Annual Governance Statement is attached at Appendix 1.

8. It includes how the Authority has monitored the effectiveness of its governance arrangements, setting out any planned changes for the current period and sets out to:
  - identify the Authority's obligations and objectives;
  - identify tasks to achieve those objectives;
  - establish controls to manage risks; and
  - ensure the controls are working effectively.
9. The Annual Governance Statement will be audited by the External Auditors who will examine it as part of their work on the financial statements and the Value for Money Conclusion, which are included in the External Audit Findings 2022/23.
10. In addition to the Annual Governance Statement, the Authority is required to publish an Annual Statement of Assurance, as required by the revised Fire and Rescue National Framework that was published by Government in 2018. The Annual Statement of Assurance will be reported to this Committee later in the year.

### **Self- Assessment**

11. The self assessment uses the CIPFA/SOLACE Framework. The framework sets out 91 behaviours and actions against which the Authority must demonstrate good governance in practice. Officers have assessed existing arrangements and documents against the CIPFA/SOLACE requirements and the status of how the Authority complies with each requirement is included.
12. The evidence compiled during the self assessment review forms the assurances that sit behind the Annual Governance Statement (attached at Appendix 2). Members will note from the self-assessment that the Authority has provided evidence of compliance with all the core and supporting principles of good governance. There are no areas where immediate action is required.
13. Members will also note that there were no areas where the direction of travel had decreased during 2022/23 or where the status was less than satisfactory.

### **Conclusion/Summary**

14. The Annual Governance Statement reports publicly on the extent to which the Authority's governance arrangements have met the values, principles and best practice, as set out in the Authority's Code of Corporate Governance. Likewise, should the Authority have any significant governance weaknesses these will also be disclosed publicly within the Annual Governance Statement.
15. The Committee has delegated responsibility to approve the Annual Governance Statement which will accompany the Statement of Accounts. The draft Annual Governance Statement is attached together with the relevant assurances for consideration.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	The Annual Governance Statement links with 'Our Strategy' as it demonstrates how the Authority ensures the delivery of quality services.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	No this has not been necessary as the Annual Governance Statement is a summary of existing arrangements. There are no new proposals set out that would need to be assessed in terms of equalities.
<b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)	

## Supporting Information

Appendix 1 – Draft Annual Governance Statement

Appendix 2 – Annual Governance Statement Assurance

Background papers:

Accounts and Audit (England) Regulations 2015

CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

Hereford & Worcester Fire Authority Code of Corporate Governance

## ANNUAL GOVERNANCE STATEMENT 2022/23

### 1. Scope of Responsibility

- 1.1 The Fire Authority (the Authority) has a statutory responsibility to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. To do this the Authority must ensure that proper arrangements exist for the governance of its affairs. This includes maintaining a sound system of internal control and ensuring that robust arrangements for the management of risk are in place.

### 2. The Purpose of the Governance Framework

- 2.1 Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
- 2.2 The system of internal control is designed to manage risk to a reasonable level (rather than to eliminate all risk). The Authority maintains a sound system to protect against risks and mitigate their impact. The systems are regularly reviewed and updated.

### 3. Key Elements of the Governance Framework and Internal Control System

- 3.1 The Authority has adopted a Code of Corporate Governance, which sets out how the Authority promotes good governance. A copy of the code is available at [hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx](http://hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx) or may be obtained from Hereford & Worcester Fire Authority Headquarters, Hindlip Park, Worcester, WR3 8SP.
- 3.2 The Authority has the following protocols and processes in place which demonstrate the core principles as required by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016:

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

- **Members' Code of Conduct and Registers of Interests** – a local Code of Conduct for all Members is in place and a Register of Financial Interests for each Member is published on the Authority's website.
- **Ethical Framework** - reflects the Authority's commitment to always operating fairly and ensuring dignity and respect in the workplace and in the communities we serve, in an environment which values individual contributions and work towards the elimination of unlawful discrimination.
- **Core Code of Ethics for Fire & Rescue Services** – the Authority has adopted the Core Code of Ethics for Fire and Rescue Services in England, which was developed in partnership by the National Fire Chiefs Council (NFCC), the Local Government Association and the Association of Police Crime Commissioners
- **Equality, Diversity & Inclusion Plan** – sets out the Authority's commitment to our equality objectives by being an inclusive organisation which recognises and diverse backgrounds, beliefs and needs of our staff and the communities we serve. There is

an Equality, Diversity & Inclusion Officer is in post and three Fire Authority Members are appointed as Equality, Diversity & Inclusion Champions

- **Code of Conduct for Staff and Register of Staff Interests** - requires employees to perform their duties with honesty, integrity, impartiality and objectivity.
- **Whistleblowing Policy** - in place for receiving and investigating complaints from staff and/or contractors.
- Independent reporting line - The Authority has implemented an independent and confidential reporting line for concerns using 'Say So' – 0800 321 3546/ [www.say-so.co.uk](http://www.say-so.co.uk)
- **Complaints Systems** - in place for receiving and investigating complaints from the public. A procedure is also in place for complaints relating to alleged breaches of the Code of Conduct by Members.
- **Anti-Fraud, Bribery and Corruption Policy** – the Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside the organisation.
- **Monitoring Officer** - provides advice on the scope of the powers and responsibilities of the Authority. The Monitoring Officer has a statutory duty to ensure lawfulness and fairness of decision making and also to receive allegations of breaches of the Code of Conduct by Authority Members. The Head of Legal Services acts as the Authority's Monitoring Officer and is governed by the professional standards set by the Solicitors' Regulation Authority.

#### **Core Principle B: Ensuring openness and comprehensive stakeholder engagement demonstrated through:**

- **Public Participation at Authority meetings** – members of the public can raise any topic at full Authority meetings as long as it is relevant to the duties and power of the Fire Authority.
- **Public Consultation** - public consultation on the draft Community Risk Management Plan 2021-25 took place between 6 July 2020 and 25 September 2020. This included public focus groups and an on-line questionnaire sent to key stakeholders, including councillors, parish and town councils, libraries, housing associations and trusts, voluntary organisations, faith and community groups, as well as other fire and rescue services, emergency services and representative bodies. Further public consultation on changes to the Attendance Performance Measure was undertaken during 2022 and the outcomes were considered by the Authority in December 2022, resulting in changes to be implemented from April 2023.
- **Internal engagement** – the Authority is committed to ensuring effective engagement with its staff. In addition to consultation and negotiation with recognised trade union bodies, for example via the Joint Consultative Committee (JCC), staff groups such as [women@hwfire](mailto:women@hwfire) and the neuro diversity group provide forums for engagement with staff. The Authority has also appointed an Employee Engagement and Wellbeing Officer
- **Active engagement with partners** – the Authority is represented on Local Strategic Partnerships, the Safer Roads Partnership and local Community Safety Partnerships. The Authority has also worked closely with West Mercia Police with regards to sharing

buildings and assets and has set up a strategic alliance with Shropshire Fire and Rescue Service.

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

- **Annual Service Review 2022/23** – assesses the performance of the Service during the last year and how the Authority delivered against the CRMP (below)
- **Annual Service Plan 2023/24** - incorporates the future outlook and objectives for the year.
- **Community Risk Management Plan 2021-2025 (CRMP)** – sets out how we will deliver sustainable services for our communities.
- **Core Strategies** - the Service has published core strategies for Prevention, Protection and Response showing how the commitments in the CRMP will be delivered. These have been reviewed and updated during 2022
- **Strategic Projects Programme** – a programme of major projects identified as being critical to the success of the organisation because they ensure its on-going resilience in the coming years. The projects in the programme include new fire stations, the roll out of vital new technology upgrades as part of national projects, and pivotal work with local partner organisations.
- **Fleet Strategy**– provides a structured approach to vehicle management that ensures the Authority continues to provide and maintain an effective fleet of vehicles to ensure that staff can undertake their jobs effectively.
- **Property Strategy**– to ensure premises are sustainable, safe and meet operational need
- **ICT Strategy** - provides a comprehensive picture of how the Authority will use ICT to support the services it provides
- **Environmental Sustainability Plan 2021-2025** – sets out how we will continue to improve the ways in which we use our resources to ensure the least harm to our environment

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

- **Performance Management Framework** – a comprehensive set of key performance indicators measures the quality of service for users. Performance is monitored on a quarterly basis by the Authority's Policy & Resources Committee and Strategic Leadership Board to ensure that services are delivered in accordance with the Authority's objectives and best use of resources.
- **Medium Term Financial Plan** - sets out the resources needed to deliver services.
- **Strategic Risk Register** - identifies controls to mitigate inherent identified risks and is monitored on an on-going basis with exception reporting to the Strategic Leadership Board and to the Audit & Standards Committee.
- **Departmental Risk Registers** - reviewed by managers on a quarterly basis.

**Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it demonstrated through:**

- **Constitution** - defines the roles and responsibilities of the Authority, Committees, Members and Officers and the protocols to be followed.
- **Fire Authority Members** – all new Members are provided with an induction and information is available for all Members to further develop fire-specific knowledge during their tenure.
- **Strategic Leadership Board (SLB)** – involves all Principal Officers and Assistant Directors in supporting the Chief Fire Officer to lead the Service.
- **Statutory Officers Group (SOG)** – involves the Principal Officers, Treasurer and Monitoring Officer who meet on a regular basis to review any matters arising from SLB relating to the governance of the organisation
- **People Strategy 2022 - 2025**- sets out how the Authority is supporting its workforce to become more resilient and diverse, to develop their skills and maximise their wellbeing at work.
- **Staff Development Process** – Individual Appraisals are in place for all staff to enable personal objectives to be set which contribute to the overall aims of the Authority. This process has been reviewed and updated during 2022/23. Competency training records and a course management system are also in place.

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

- **Audit & Standards Committee** - reviews arrangements for identifying and managing the Authority's business risks and the approval of policies in respect of the Authority's governance framework.
- **Chief Financial Officer (Treasurer)** - ensures the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with s.151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015. The Chief Financial Officer is also governed by professional standards set by CIPFA.
- **Risk Management Strategy** - ensures that the Authority identifies strategic risks and applies the most cost effective control mechanisms to manage those risks.
- **Business Continuity Plans** – these plans were implemented during the Covid-19 pandemic and in readiness for possible industrial action by firefighters to ensure the delivery of core functions.

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

- **Transparency Information** - published on the website in accordance with the Local Government Transparency Code to promote openness and accountability through reporting on local decision making, public spending and democratic processes.
- **Agendas, minutes and decisions** – published on the website and includes the rationale and considerations on which decisions are based.
- **Internal Auditors** - Worcestershire Internal Audit Shared Service Audit Team provides the internal audit function for the Authority and reports quarterly to the Audit & Standards Committee.
- **External Auditors** - Grant Thornton UK LLP provides the external audit services to the Authority and reports regularly to the Audit & Standards Committee.
- **Annual Assurance Statement** - provides staff, partners and local communities with an assurance that the Authority is doing everything it can to keep them safe and that it is providing value for money.
- **His Majesty's Inspectorate of Constabulary and Fire & Rescue Services** – provides an additional external perspective on the effectiveness and efficiency of services provided.

#### 4. **Review of Effectiveness**

- 4.1 The Authority has prepared the Annual Governance Statement in accordance with the “Delivering Good Governance in Local Government Framework 2016” published by CIPFA/SOLACE. As part of the process the Audit & Standards Committee will consider the self-assessment review of its corporate governance arrangements against the CIPFA/SOLACE framework to ensure that the Authority’s governance arrangements are working correctly and are relevant to the current environment.
- 4.2 The Authority is satisfied that its financial management arrangements conform with the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government. In addition, the key financial systems are continually reviewed by the Internal Auditor. There were no major weaknesses identified in the 2022/23 financial year.
- 4.3 Budget Monitoring reports have been presented to the Policy and Resources Committee and have shown that the Authority’s finances continue to be well controlled. The increased cost of pay settlements in 2022/23 is likely to lead to budget pressures in the medium term. However these are well understood and a report with options for future efficiencies will be brought forward for consideration at a future date.

#### 5. **Significant Governance Issues**

- 5.1 Based on the information provided above there are no significant governance issues identified at this time. We are satisfied that the need for improvements will be addressed and we will thereafter monitor the implementation and operation of any agreed recommendations as part of our next annual review.

[Signed on original]

[Signed on original]

**Jon Pryce**  
**Chief Fire Officer/Chief Executive**

**Cllr Kit Taylor**  
**Chairman of the Fire Authority**

**Date: April 2023**

## Annual Governance Statement Assurances 2022/23 and Action Plan 2023/24 - Updated March 2023

Status of Compliance Key:



=action needed



=minor actions needed



=no action required

No change= →

Improvements made=↑

Improvement needed = ↓

### Core Principle A:

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

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> <li>• Audit &amp; Standards Committee oversight</li> <li>• Authority Member Role Description</li> <li>• Ethical Framework in place including Core Code of Ethics</li> <li>• Member Equality, Diversity &amp; Inclusion Champions with relevant role description in place</li> <li>• Code of Conduct for Members and complaints process</li> <li>• Member Training on Code of Conduct by Councils monitored</li> <li>• Equality, Diversity and Inclusion plan and Equality Objectives in place</li> <li>• Staff Code of Conduct</li> <li>• Registers of Interest for Members and Officers</li> <li>• Pay Policy Statement</li> </ul>	→	Core Code of Ethics adopted and implemented across the Service	Review Member code of conduct

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>• Payments to Members published</li> </ul>			
	<p>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p>	<ul style="list-style-type: none"> <li>• Local Members Code of Conduct approved by the Authority</li> <li>• Equality, Diversity and Inclusion Plan and Equality Objectives in place</li> <li>• Authority Committees oversee development and implementation of equality and fairness policies</li> <li>• Organisational values in place</li> <li>• Members approved full adoption of Core of Ethics for FRS</li> </ul>	→	<p>Core Code of Ethics has been implemented</p>	<p>Members' code of conduct to be reviewed</p>
	<p>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</p>	<ul style="list-style-type: none"> <li>• Standard authority report template includes corporate considerations, including equalities</li> <li>• Equality Impact Assessments (EIAs) – included in corporate considerations section of Authority reports</li> <li>• SLBSLB Sharepoint site</li> <li>• SLBSLB visits to stations and departments</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	<p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<ul style="list-style-type: none"> <li>• Register of Staff Interests Policy</li> <li>• Related party disclosure requirements</li> <li>• National Fraud Initiative</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Equality, Diversity and Inclusion plan and Equality Objectives in place</li> <li>• Whistleblowing Policy</li> <li>• Disciplinary Policy</li> <li>• Capability Policy</li> <li>• Dignity at Work Policy</li> <li>• Equality Monitoring Information</li> <li>• Ethical Framework and Code of Conduct</li> </ul>	→	<p>Anti-Fraud and Corruption Policy reviewed (no substantive changes required)</p>	
<p>Demonstrating strong commitment to ethical values</p>	<p>Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<ul style="list-style-type: none"> <li>• Audit &amp; Standards Committee</li> <li>• New Equality Objectives for 2021-2025</li> <li>• Our Strategy</li> <li>• Monitoring complaints</li> <li>• Equality, Diversity &amp; Inclusion Plan</li> <li>• Equality, Diversity &amp; Inclusion Officer in place</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	<ul style="list-style-type: none"> <li>• Staff Code of Conduct</li> <li>• Ethical Framework</li> <li>• Core Code of Ethics</li> <li>• Whistleblowing Policy</li> <li>• Confidential reporting line established</li> </ul>	→	There were no actions identified for 2022/23	
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	<ul style="list-style-type: none"> <li>• Core code of ethics implemented</li> <li>• Register of Staff Interests Policy</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Equality, Diversity and Inclusion plan and Equality Objectives in place</li> <li>• Whistleblowing Policy</li> <li>• Disciplinary Policy</li> <li>• Capability Policy</li> <li>• Dignity at Work Policy</li> <li>• Safeguarding Adults Policy</li> <li>• Safeguarding Young Person's Policy</li> <li>• Confidential reporting line</li> </ul>	→	Anti-Fraud and Corruption Policy reviewed	
	Ensuring that external providers on behalf of the organisation are required to act with integrity and in compliance with ethical	<ul style="list-style-type: none"> <li>• Standing Orders for Regulation of Contracts</li> <li>• Procurement guidance – contractors also expected to adhere to Ethical Framework</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	standards expected by the organisation	<ul style="list-style-type: none"> <li>• Modern Slavery statement adopted</li> </ul>			
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations	<ul style="list-style-type: none"> <li>• In-house Head of Legal Services to provide advice</li> <li>• Updates in Service Bulletin</li> <li>• Constitution sets out requirements</li> <li>• Ethical framework training</li> <li>• Training for managers on disciplinary policy</li> <li>• Safeguarding training</li> </ul>	→	There were no actions identified for 2022/23	
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<ul style="list-style-type: none"> <li>• Member/Officer Protocol</li> <li>• Constitution</li> <li>• Committee Terms of Reference</li> <li>• Scheme of Delegations to Officers</li> <li>• Members Role Description</li> <li>• Members Training</li> <li>• Statutory Officers Group</li> </ul>	→		<p>Induction training following Herefordshire Council elections, as necessary</p> <p>Member training in conjunction with authorities in Worcestershire</p>
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	<ul style="list-style-type: none"> <li>• Our Strategy</li> <li>• HWFRS/SFRS Principal Officer meetings</li> <li>• Local Strategic Partnership</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>• People &amp; Services Programme Board with West Mercia Police</li> <li>• Strategic Fire Alliance Board</li> <li>• In-house Head of Legal Services to provide advice</li> <li>•</li> </ul>			
	Dealing with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> <li>• In-house Head of Legal Services to provide advice</li> <li>• Whistleblowing Policy</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Safeguarding Policies</li> <li>• Modern Slavery Statement??</li> </ul>	→	There were no actions identified for 2022/23	Greater use of prosecution powers, as appropriate
	Ensuring corruption and misuse of power are dealt with effectively	<ul style="list-style-type: none"> <li>• Disciplinary Policy</li> <li>• In-house Head of Legal Services to provide advice</li> <li>• Whistleblowing Policy</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Confidential reporting line</li> </ul>	→	There were no actions identified for 2022/23	

**Core Principle B:**

**Ensuring openness and comprehensive stakeholder engagement**

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<ul style="list-style-type: none"> <li>• Website – your right to know section</li> <li>• Complaints process</li> <li>• Annual Service Review (backward looking)</li> <li>• Annual Service Plan (forward looking)</li> <li>• Consultation Process</li> <li>• Publication Scheme</li> <li>• Public Participation at Authority meetings – guidance on website</li> <li>• Protocol for filming / recording meetings</li> <li>• Meetings Schedule</li> <li>• Scheme of Delegation</li> <li>• Transparency Information published on website to meet Government's Transparency requirements</li> <li>• Service Bulletin</li>   <li>• Women@HWFIREnetwork</li> <li>• Recruitment/Promotion Process Scrutiny Panel</li> <li>• Employment Engagement &amp; Well-being Officer in place</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> <li>• Access to Information Procedure Rules – public interest test</li> <li>• Authority reports set out corporate considerations</li> <li>• Officer decisions published</li> <li>• Publication Scheme and Access to Information advice published on website</li> <li>• Joint Consultative Committee Sharepoint site</li> </ul>	→	There were no actions identified for 2022/23	
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<ul style="list-style-type: none"> <li>• Authority reports set out corporate considerations</li> <li>• Minutes / decisions published</li> <li>• CRMP Consultation process</li> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action	<ul style="list-style-type: none"> <li>• After the Incident Surveys implemented and end of year report</li> <li>• Social Media Policy</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
<p>Engaging comprehensively with institutional stakeholders</p> <p><i>NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable</i></p>	<p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p>	<ul style="list-style-type: none"> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> <li>• Local Strategic Partnerships</li> <li>• Principal Officer meetings HWFRS/SFRS</li> <li>• Fire Strategic Alliance</li> <li>• PCC or Deputy attends Fire Authority meetings as a non-voting member</li> <li>• NFCC</li> <li>• National Operational Guidance (NOG)</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	
	<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</p>	<ul style="list-style-type: none"> <li>• National Flood Support</li> <li>• Collaboration with the Police e.g. shared use of assets &amp; provision of Estates Services</li> <li>• Operational Policy – jointly created policy documents, sharing risk information</li> <li>• Collaborative approach to procurement</li> <li>• Local Strategic Partnerships</li> <li>• Safer Roads Partnership in West Mercia</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>• Community Safety Partnerships and activities</li> <li>• West Mercia Local Resilience Forum</li> <li>• Protocols for supporting Police &amp; Ambulance Service – missing persons / gaining entry</li> <li>• Severn Area Rescue (SARA)</li> </ul>			
	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> <li>• trust</li> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> <li>• Joint Emergency Services Interoperability Programme (JESIP) framework</li> <li>• Data sharing with partners including NHS, Clinical Commissioning Groups, Age UK, e.g Exeter data</li> <li>• Local Resilience Forum</li> <li>• Strategic Alliance Board –</li> <li>• Joint Consultative Committee</li> <li>•</li> </ul>	→	There were no actions identified for 2022/23	
Engaging with individual citizens and service users effectively	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other)	<ul style="list-style-type: none"> <li>• CRMP Consultation Process</li> <li>• Day Crewing Plus Consultation</li> <li>• Attendance performance Measure consultation</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	provisions is contributing towards the achievement of intended outcomes				
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	<ul style="list-style-type: none"> <li>• Social Media Policy</li> <li>• Fire Authority and Committee meetings open to public</li> <li>• Press releases / media campaigns</li> <li>• Service website</li> <li>• Members Role description</li> <li>• Our Strategy</li> <li>• Our Values</li> </ul>	→	There were no actions identified for 2022/23	
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	<ul style="list-style-type: none"> <li>• After the Incident Surveys implemented and end of year report</li> <li>• Complaints and comments procedure</li> <li>• Positive Action</li> <li>• Public Engagement statistics reported through Community Risk dashboard</li> <li>• Customer Feedback following Home Fire Safety Visits (HFSVs)</li> <li>• Confidential reporting line</li> </ul>	→	There were no actions identified for 2022/23	
	Implementing effective feedback mechanisms in order to demonstrate how	<ul style="list-style-type: none"> <li>• Complaints logged and themes reported to SLB and</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	views have been taken into account	Audit & Standards Committee			
	Balancing feedback from more active stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> <li>• Positive Action</li> <li>• Equality, Diversity &amp; Inclusion Officer in place</li> <li>•</li> </ul>	→	There were no actions identified for 2022/23	
	Taking account of the impact of decisions on future generations of tax payers and service users	<ul style="list-style-type: none"> <li>• Minimum Revenue Provision Policy</li> <li>• Prudential Indicators</li> <li>• Legacy projects as part of 2020 Vision /Strategic Projects Programme which aim to create a sustainable fire and rescue service</li> </ul>	→	There were no actions identified for 2022/23	

## Core Principle C:

### Defining outcomes in terms of sustainable economic, social and environmental benefits

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Defining outcomes	Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions	<ul style="list-style-type: none"> <li>• Core Strategies – Response, Prevention, Protection</li> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> <li>• Annual Statement of Assurance</li> <li>• Performance Management Framework</li> </ul>	→	There were no actions identified for 2021/21	
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	<ul style="list-style-type: none"> <li>• Previous consultations e.g. Wyre Forest Hub Consultation, CRMP, Day Crewing Plus, Attendance Performance Measure</li> </ul>	→	There were no actions identified for 2022/23	
	Delivering defined outcomes on a sustainable basis within the resources that will be available	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan</li> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>Environmental Sustainability Plan 2021-2025</li> </ul>			
	Identifying and managing risks to the achievement of outcomes	<ul style="list-style-type: none"> <li>Strategic Risk Register</li> <li>Programme Support in place</li> <li>Internal Audit</li> <li>External Audit</li> <li>Audit &amp; Standards Committee</li> <li>Responding based on risk e.g. CRMP</li> <li>Graded response policy</li> </ul>	→	There were no actions identified for 2022/23	
	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> <li>CRMP Consultation</li> <li>Day Crewing Plus Consultation</li> <li>Attendance Performance Measure consultation</li> </ul>	→	There were no actions identified for 2022/23	
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	<ul style="list-style-type: none"> <li>Annual Service Review</li> <li>Annual Service Plan</li> <li>Environmental Sustainability Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Taking a longer-term view with regard to decision making, taking account of risk and acting	<ul style="list-style-type: none"> <li>Core Strategies for Prevention, Protection and Response</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<ul style="list-style-type: none"> <li>• Asset Management Strategy</li> <li>• Fleet Strategy</li> <li>• Authority meetings held in public and decisions published</li> <li>• External Audit Plan</li> <li>• ICT Strategy</li> <li>• People Strategy 2022-2025</li> <li>• Property Strategy</li> <li>• Reserves Strategy</li> </ul>			
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan, Council Tax Precept</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring fair access to services	<ul style="list-style-type: none"> <li>• Core Code of Ethics – we value diverse communities</li> <li>• Equality Objectives</li> <li>• Equality Impact Assessments</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>• Public Sector Equality Duty</li> <li>• Your Right to Know section of website</li> <li>• Targeting vulnerable groups e.g. Home Fire Safety Checks</li> <li>• Positive Action</li> <li>• Service Mission and Vision</li> <li>• Safeguarding Training</li> <li>• Safeguarding Guidance</li> </ul>			

**Core Principle D:**

**Determining the interventions necessary to optimise the achievement of the intended outcomes**

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided	<ul style="list-style-type: none"> <li>• Authority report template requires corporate considerations to be set out for decision makers</li> <li>• Authority Members given professional advice from lead officers i.e. Principal Officers, Treasurer, Head of Legal Services / Monitoring Officer</li> <li>• Procurement process</li> <li>• Quarterly Performance Reports considered by SLB and Policy &amp; Resources Committee</li> <li>• Community Risk Management Plan approval process</li> </ul>	→	There were no actions identified for 2022/23	
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited	<ul style="list-style-type: none"> <li>• Authority report template requires the results of any consultation to be set out for decision makers</li> <li>• Complaints monitored and reported to SLB and Audit &amp; Standards Committee</li> <li>• After the Incident Surveys</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	resources available including people, skills, land and assets and bearing in mind future impacts				
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan and budget development process</li> <li>• Annual internal and external audit plans</li> <li>• Regular budget holder meetings</li> <li>• Budget monitoring and performance monitoring undertaken by SLB and Policy &amp; Resources Committee</li> <li>• Strategy Management and Business Planning Policy</li> <li>• Strategic Risk Register</li> <li>• Core Strategies – Response, Prevention, Protection</li> <li>• HMICFRS Implementation Plans</li> </ul>	→	There were no actions identified for 2022/23	
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<ul style="list-style-type: none"> <li>• Joint Consultative Committee (JCC)</li> <li>• Group Commanders Forum</li> <li>• Station Commanders Forum</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>• Retained Officers in Charge Meetings</li> <li>• Local Strategic Partnerships</li> <li>• Principal Officer meetings HWFRS/SFRS</li> <li>• Collaboration with the Police e.g. shared assets</li> <li>• Strategic Fire Alliance Programme Board</li>   <li>• Fleet &amp; Equipment Steering Group</li> <li>• On-Call Steering Group</li> <li>• Training Steering Group</li> <li>• Occupational Health User Consultation</li> <li>• Business Planning Meetings</li> <li>• Women@HWFIRE network</li> <li>• Neuro-diversity working group</li> </ul>			
	Considering and monitoring risks facing each partner when working collaboratively, including shared risks	<ul style="list-style-type: none"> <li>• Strategic Risk Register</li> <li>• 2020 Vision Programme Board</li> <li>• Business Continuity Plans</li> <li>• Service Risks Project – shared with partners</li> <li>• Strategic Alliance Board</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>County Risk Registers – linked to the Local Resilience Forum</li> </ul>			
	Ensuring arrangements are flexible and agile so that mechanisms for delivering goods and services can be adapted to changing circumstances	<ul style="list-style-type: none"> <li>Cultural acceptance of the need to be flexible</li> <li>Horizon scanning through CFOA, Local Government Association and other networks</li> </ul>	→	There were no actions identified for 2022/23	
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> <li>Performance Management Framework</li> <li>Comprehensive set of KPIs agreed by SLB</li> <li>Policy &amp; Resources Committee and SLB review performance quarterly</li> <li>Change Portfolio BoardBoard monitors performance of projects</li> <li>Equality Objectives</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring capacity exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> <li>Performance &amp; Information Department supports all areas of the service in <ul style="list-style-type: none"> <li>Active Incident Monitoring (AIM)</li> <li>Information Management</li> <li>Public Services Network</li> </ul> </li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>○ Performance</li> <li>○ Planning</li> <li>○ Projects</li> <li>● ORH independently reviews data</li> <li>● Regular review of MTFP</li> <li>● Annual Service Review and Annual Service Plan</li> <li>● HMICFRS improvement plan</li> </ul>			
	Preparing budgets in accordance with objectives, strategies and the medium term financial plan	<ul style="list-style-type: none"> <li>● Technology One Finance System</li> <li>● Budget Holder meetings</li> <li>● Fire Authority Annual Report</li> <li>● Annual Service Plan</li> <li>● Business Planning process</li> <li>● Strategy Management and Business Planning Policy</li> <li>● Core Strategies – Response, Prevention, Protection</li> </ul>	→	There were no actions identified for 2022/23	
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	<ul style="list-style-type: none"> <li>● Medium Term Financial Plan</li> <li>● Capital Budget Programme</li> <li>● Revenue Budget</li> <li>● Reserves Strategy</li> <li>● Change Portfolio Board / Strategic Projects Programme</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Optimising achievement of intended outcomes	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan (MTFP) discussed at full Fire Authority meetings</li> <li>• MTFP linked to the CRMP and the Efficiency Plan approved by the Home Office</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring the budgeting process is all-inclusive, taking into account the full costs of operations over the medium and longer term	<ul style="list-style-type: none"> <li>• External Audit Plan</li> <li>• Value For Money Conclusion</li> <li>• Resourcing for the Future is a key foundation for Our Strategy</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring the medium term financial strategy sets the context for on-going decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	<ul style="list-style-type: none"> <li>• Community Risk Management Plan</li> <li>• Medium Term Financial Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring the achievement of 'social value' through service planning and commissioning	<ul style="list-style-type: none"> <li>• Procurement process</li> <li>• Strategic Projects</li> </ul>	→	There were no actions identified for 2022/23	



**Core Principle E:**

**Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Developing the entity’s capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their effectiveness	<ul style="list-style-type: none"> <li>• Performance Management Framework</li> <li>• Senior Officer appraisals</li> <li>• Quarterly performance reports to Policy &amp; Resources Committee and SLB</li> <li>• Complaints process</li> <li>• Quality assurance audits</li> <li>• Electronic Incident De-brief Process</li> <li>• Active Incident Monitoring Process</li> <li>• Station Assurance Audits</li> <li>• Quality Assurance process for Home Fire Safety Visits (HFSVs)</li> <li>• Practical Skills Audits</li> <li>• IPDR process</li> <li>• Organisational Development Programme (trans2)</li> <li>• Change Portfolio Board</li> </ul>	→	There were no actions identified for 2022/23	
	Improving resource use through appropriate application of techniques	<ul style="list-style-type: none"> <li>• Performance Management Framework</li> <li>• KPIs set by SLB</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	<ul style="list-style-type: none"> <li>• Business Planning</li> <li>• Change Portfolio Board</li> <li>• Annual performance report and quarterly performance monitoring</li> <li>• Risk based planning e.g. CRMP informing budget setting process</li> <li>• CRMP Action Plan</li> <li>• Annual Service Review / Annual Service Plan</li> </ul>			
	Recognising the benefits of partnerships and collaborative working where added value can be achieved	<ul style="list-style-type: none"> <li>• Annual Service Review / Annual Service Plan</li> <li>• Local Strategic Partnerships</li> <li>• Fire Alliance Strategic Alliance Programme Board</li> <li>• Principal Officer meetings HWFRS/SFRS</li> <li>• Shared use of assets with Police</li> <li>•</li> </ul>	→	There were no actions identified for 2022/23	
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	<ul style="list-style-type: none"> <li>• Workforce Profile Data</li> <li>• Monthly Workforce Planning meetings to project effects of future retirement</li> <li>• Budget Strategy Reduction Reserve</li> <li>• Equality Monitoring – Annual Report considered</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		by Audit & Standards Committee • People Strategy			
Developing the capability of the entity's leadership and other individuals  <i>NB Executive / Cabinet and Leader Model not in place</i>	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	<ul style="list-style-type: none"> <li>Members' Role Description</li> <li>Senior Management Job Descriptions</li> <li>Senior Management Board Terms of Reference and Membership</li> <li>Terms of Reference for Group Leaders' Meetings</li> <li>Protocol for Member/Officer Relations</li> </ul>	→	There were no actions identified for 2022/23	
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<ul style="list-style-type: none"> <li>Scheme of Delegations to Officers in place</li> <li>Matters reserved for the Authority in Constitution</li> <li>Committee Structure and Terms of Reference</li> <li>Standing Orders</li> </ul>	→	There were no actions identified for 2022/23	
<i>NB Executive / Cabinet and Leader Model not in place</i>	Ensuring the leader and the chief executive have clearly defined and distinctive roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of	<ul style="list-style-type: none"> <li>Members' Role Description</li> <li>Senior Management Board Terms of Reference and Membership</li> <li>Senior Management Job Descriptions</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	services and other outputs set by members and each provides a check and balance for each other's authority	<ul style="list-style-type: none"> <li>• Terms of Reference for Group Leaders' Meetings</li> <li>• Authority and Committees provide challenge to Principal Officers</li> </ul>			
	<p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by</p> <ul style="list-style-type: none"> <li>• ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• ensuring members and officers have the appropriate skills,</li> </ul>	<ul style="list-style-type: none"> <li>• Members' Role Description</li> <li>• Members' Induction Session and Pack</li> <li>• Monitoring of Member attendance at Code of Conduct Training</li> <li>• In-house Monitoring Officer to provide on-going support and advice</li> <li>• Audit &amp; Standards Committee oversee Member Training</li> <li>• Member Training also provided by constituent authorities</li> <li>• Local Inductions for staff</li> <li>• Appraisal (IPDR) process for staff</li> <li>• SLB Workshops – Trans2 Training</li> <li>• Competency training records and course management system for staff</li> <li>• Leadership development eg Executive Leadership</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	<p>knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <ul style="list-style-type: none"> <li>ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>	<p>Programme, ILM/CMI qualifications for managers</p> <ul style="list-style-type: none"> <li>De-brief process provides shared learning through lessons learned</li> <li>Promotion Principles</li> </ul>			
	<p>Ensuring that there are structures in place to encourage public participation</p>	<ul style="list-style-type: none"> <li>Public participation scheme for Authority meetings</li> <li>Complaints Procedure</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	
	<p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<ul style="list-style-type: none"> <li>HMICFRS Report, Improvement Programme and Quarterly Progress Reports</li> </ul>	→	<p>There were no actions identified for 2022/23</p>	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Holding staff to account through regular performance reviews which take account of training or development needs	<ul style="list-style-type: none"> <li>• Appraisal (IPDR) process for staff</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<ul style="list-style-type: none"> <li>• Occupational Health advice</li> <li>• Health Surveillance and Fitness assessments available for all staff</li> <li>• Mental Health at Work Commitment</li> <li>• Welfare Team and Station Buddies</li> <li>• Critical Incident Support Team</li> <li>• Mediation and Listening Ear Team</li> <li>• Service Chaplain</li> </ul>	→	There were no actions identified for 2022/23	

**Core Principle F:**

**Managing risks and performance through robust internal control and strong public financial management**

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	<ul style="list-style-type: none"> <li>• Community Risk Management Plan (CRMP)</li> <li>• Strategic Risk Register</li> <li>• Risk Management Strategy</li> <li>• Audit &amp; Standards Committee Terms of Reference</li> <li>• Authority Standard Report Template requires any risk issues to be set out</li> <li>• External Audit</li> <li>• Internal Audit</li> <li>• Statement of Assurance</li> </ul>	→	There were no actions identified for 2022/23	
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	<ul style="list-style-type: none"> <li>• Core Strategies – Response, Prevention, Protection</li> <li>• Departmental Risk Registers</li> <li>• Quarterly Risk Register Reviews</li> <li>• Resilience Direct website to share risk based information with other fire services and Local Resilience Forum</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Ensuring that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> <li>• Strategic Risk Register</li> <li>• Departmental Risk Registers</li> <li>• Information Asset Register</li> <li>• Internal &amp; External audit</li> <li>• Health and Safety Committee</li> </ul>	→	There were no actions identified for 2022/23	
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	<ul style="list-style-type: none"> <li>• Community Risk Management Plan (CRMP)</li> <li>• Core Strategies – Response, Prevention, Protection</li> <li>• Change Portfolio Board</li> <li>• Lesson learnt reports for completed projects</li> <li>• Service delivery audits</li> <li>• Skills and performance audits</li> <li>• Internal Audit – Critical Friend Audits</li> <li>• Debrief system</li> <li>• Statement of Assurance</li> </ul>	→	There were no actions identified for 2022/23	
	Making decisions based on a relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<ul style="list-style-type: none"> <li>• Fire Authority and Committee report template – specific reference to implications and risks</li> <li>• Equality Impact Assessment</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	<ul style="list-style-type: none"> <li>• Members Role description</li> <li>• Policy &amp; Resources Committee</li> <li>• Audit &amp; Standards Committee</li> <li>• SPI Consultation Process</li> <li>• Women@HWFIREnetwork</li> </ul>	→	There were no actions identified for 2022/23	
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> <li>• Quarterly Performance Monitoring reports considered by SLB and Policy &amp; Resources Committee</li> <li>• Change Portfolio Board</li> <li>• Strategic Alliance Board</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	<ul style="list-style-type: none"> <li>• Constitution – responsibility for functions</li> <li>• Financial Regulations</li> <li>• Budget and precept setting process – Fire Authority</li> <li>• Quarterly financial monitoring by Policy &amp; Resources Committee</li> <li>• Strategy Management and Business Planning Policy</li> </ul>	→	There were no actions identified for 2022/23	
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving objectives	<ul style="list-style-type: none"> <li>• Risk Management Policy and Risk Assessment Process</li> <li>• Business Continuity Policy</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		<ul style="list-style-type: none"> <li>Financial Regulations</li> <li>Anti-Fraud and Corruption Policy</li> </ul>			
	Evaluating and monitoring risk management and internal control on a regular basis	<ul style="list-style-type: none"> <li>Quarterly reviews of departmental risk registers</li> <li>Internal Audit Plan</li> <li>External Audit Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none"> <li>Anti-Fraud and Corruption Policy</li> <li>Whistleblowing Policy</li> </ul>	→	Anti-Fraud and Corruption Policy reviewed	
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<ul style="list-style-type: none"> <li>Worcestershire Internal Audit Shared Services Objectives</li> <li>Internal Audit Plan</li> <li>Quarterly Internal Audit reports</li> </ul>	→	There were no actions identified for 2022/23	
	<p>Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> <li>provides a further source of effective assurance regarding</li> </ul>	<ul style="list-style-type: none"> <li>Audit &amp; Standards Committee has delegated decision making authority</li> <li>Restrictions on membership of Audit &amp; Standards Committee to prevent conflict of interests</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	<p>arrangements for managing risk and maintaining an effective control environment</p> <ul style="list-style-type: none"> <li>• that its recommendations are listened to and acted upon</li> </ul>				
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<ul style="list-style-type: none"> <li>• Information Governance Policy</li> <li>• Information Asset Register</li> <li>• Information Asset Owners</li> <li>• Data Protection Officer</li> <li>• Information Governance Officer</li> <li>• GDPR Audit and Improvement Plan</li> <li>• Data Transfer Policy</li> <li>• Data Protection Policy</li> <li>• Freedom of Information Act and Environmental Information Regulations Policy</li> <li>• Records Management Policy</li> <li>• Information Security Incident Management Policy</li> </ul>	→	. Plans in place to further develop Information Governance Policies	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	<ul style="list-style-type: none"> <li>• Information Sharing Protocol</li> <li>• Data Transfer Policy</li> <li>• Information Asset and Retention Register</li> </ul>	→	There were no actions identified for 2020/21	
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> <li>• Information Governance Policy (Data Quality and Version Control)</li> <li>• Information Asset and Retention Register</li> <li>• Quarterly performance monitoring reports to SLB and Policy &amp; Resources Committee</li> </ul>	→	There were no actions identified for 2022/23	
Strong financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	<ul style="list-style-type: none"> <li>• Treasurer / Director of Finance in place</li> <li>• Budget Holder meetings</li> <li>• Annual Service Plan</li> <li>• Core Strategies – Prevention, Protection, Response</li> <li>• CRMP</li> <li>• Business Planning process</li> <li>• Strategy Management and Business Planning Policy</li> <li>• Medium Term Financial Plan and budget development process</li> <li>• Budget monitoring and performance monitoring</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
		undertaken by SLB and Policy & Resources Committee			
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	<ul style="list-style-type: none"> <li>• Financial Regulations</li> <li>• Technology One Finance System</li> <li>• Internal Audit recommendations</li> <li>• Standing Orders for the Regulation of Contracts</li> </ul>	→	There were no actions identified for 2022/23	

**Core Principle G:**

**Implementing good practices in transparency, reporting and audit to deliver effective accountability**

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<ul style="list-style-type: none"> <li>• Annual Service Review</li> <li>• Annual Service Plan</li> <li>• Core Strategies – Prevention, Protection, Response</li> <li>• Annual Assurance Statement</li> <li>• Council Tax Information leaflet / webpage</li> <li>• Community Risk Management Plan</li> <li>• Consultation documents</li> <li>• Agendas, minutes and decisions published, including the rationale and considerations on which decisions are based</li> <li>• Head of Legal and Committee Services to advise on Authority and Committee reports</li> </ul>	→	There were no actions identified for 2022/23	
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being	<ul style="list-style-type: none"> <li>• Your Right to Know section of the website</li> <li>• Compliance with the Government's Transparency Code via Transparency webpage</li> <li>• Publication Scheme</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	too onerous to provide and for users to understand	<ul style="list-style-type: none"> <li>Freedom of Information</li> <li>Social media</li> </ul>			
Implementing good practices in reporting	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	<ul style="list-style-type: none"> <li>Annual Service Review</li> <li>Annual Service Plan</li> <li>Annual Assurance Statement</li> <li>Council Tax Information webpage</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring members and senior management own the results reported	<ul style="list-style-type: none"> <li>Annual Service Review</li> <li>Annual Service Plan</li> <li>Annual Assurance Statement</li> <li>Annual Performance report</li> <li>HMICFRS Improvement Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring robust arrangements for assessing the extent to which principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	<ul style="list-style-type: none"> <li>Internal Audit and External Audit of the Annual Governance Statement and assurances</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	<ul style="list-style-type: none"> <li>Worcestershire Internal Audit Shared Services is run by steering group comprising the relevant local authorities who abide by the Framework</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	<ul style="list-style-type: none"> <li>Statement of Accounts prepared prior to deadline</li> <li>Audit of Accounts</li> <li>Statement of Assurance presented at the same time as the Statement of Accounts</li> <li>Family Group 4 Benchmarking Report</li> </ul>	→	There were no actions identified for 2022/23	
Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon	<ul style="list-style-type: none"> <li>Audit &amp; Standards Committee considers external audit reports and adequacy of management response to recommendations</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	<ul style="list-style-type: none"> <li>Worcestershire Internal Audit Shared Service</li> <li>Internal Auditor reports to Audit &amp; Standards Committee and attends meetings</li> </ul>	→	There were no actions identified for 2022/23	

Supporting Principle	Behaviours and actions that demonstrate good governance in practice	Evidence of compliance	Status of compliance	Progress on 2022/23 Actions	2023/24 Actions
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	<ul style="list-style-type: none"> <li>• Operational Assurance</li> <li>• HMICFRS Inspections and Improvement Plan</li> </ul>	→	There were no actions identified for 2022/23	
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<ul style="list-style-type: none"> <li>• Risk Registers include risks associated with failure of suppliers</li> <li>• Standard contract terms include requirements for suppliers to have business continuity arrangements in place</li> </ul>	→	There were no actions identified for 2022/23	
	Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met	<ul style="list-style-type: none"> <li>• Strategic Fire Alliance Board terms of reference</li> <li>• Local Strategic Partnerships</li> <li>• Worcestershire Partnership Executive Group Terms of Reference</li> <li>• Shenstone Group Objectives</li> <li>• JESIP Framework</li> <li>•</li> </ul>	→	There were no actions identified for 2022/23	

## Report of the Treasurer

### National Fraud Initiative 2022/23

#### Purpose of report

1. To update Members on the National Fraud Initiative (NFI).
- 

#### Recommendation

*The Treasurer recommends that the Committee notes that:*

- i) the process of examining all National Fraud Initiative matches is underway and that no fraud has been detected; and*
- ii) a further update relating to the completion of the Report 708 matches will be brought to a future meeting.*

#### Introduction and Background

2. The NFI is a biennial exercise carried out since 2006/07 for local government and other public bodies currently undertaken by the Cabinet Office.
3. Authorities are required to provide certain mandatory datasets for the Fire Authority, the mandatory datasets comprise of creditors, payroll and pensions payroll. Payroll and pensions payroll data is subject to a series of data matches against data provided by other public bodies including payroll, pensions, Housing Benefit, Home Office (removed and failed asylum seekers), UK Visas and Department for Work and Pensions deceased persons. Creditor payments are matched only within Authorities.
4. The data provided is processed by a specialist contractor on behalf of the Cabinet Office. Data matches are notified to Authorities for examination to eliminate the possibility of fraud and/or error. The existence of a match in an NFI report does not mean that there is a fraud, only that there is a need to investigate further to eliminate the possibility of fraud or error.
5. The initial NFI reports were received in early March 2023 and, as usual, the very low overall number of matches (a 29% reduction on 2021/22 and 52% reduction on 2019/20) means that everyone can be examined in detail, and this process is now underway. A summary list of matches is shown at Appendix 1.

## **Analysis of Reports**

6. Each NFI report is produced with a particular purpose which will be stated and comprises of a number of matches and a number of items. There will be more items than matches and each match may have more than two items.

## **Report 66 – Payroll to Payroll – Between Bodies**

7. The purpose of this report is to identify if there are any inappropriate dual employments, e.g.: risking safety by long working hours or claiming sick pay from one job whilst working on another elsewhere.
8. The criteria for the match are a person having one full time post plus at least one other post elsewhere.
9. The report produced 26 matches. The reasons for these were validated and are detailed below:
  - a. 16 are On-Call personnel with legitimate second jobs.
  - b. 4 are WT staff with On-call roles for a different fire authority.
  - c. 1 is a part-time member of Support staff with another part-time role with another employer.
  - d. 1 is a new joiner with a legitimate overlap of payment with the previous employer.
  - e. 1 is a new joiner where the previous employer has used a default date for the last payment which is actually 6 months after that individual has left. There is no overlap and this should not be a match.
  - f. 3 are Fire Authority Members who have allowances paid by District or Herefordshire Councils.
10. In accordance with the relevant Service Policy Instruction (SPI) staff under paragraph (b) above are required to provide an annual return, in relation to their secondary employment. At the point of checking only two of these were current. One individual has subsequently moved to another employer in their primary role, and the HR department have been tasked to ensure these are provided where they are missing.

## **Creditor Matches – General**

11. The main purpose of these data matches, which are based solely within bodies, is to identify potential duplications and errors which could result from or lead to fraud.
12. In each case an explanation of the Fire Authority matches will be given to demonstrate why there is no fraud.

### **Report 701 – Duplicate Creditors by Creditor Name**

13. Duplicates identified in this match suggest poor creditor management as the system has permitted a creditor reference to be used more than once.
14. The Report produced only 2 matches:
  - a. 1 match relates to Malvern DC where different to supplier references are required for different contractual relationships.
  - b. 1 match relates to two companies with very similar names in different parts of the country but part of the same group.

### **Report 702 – Duplicate Creditors by Address Detail**

15. The purpose of this report is to identify instances where the same supplier has been set up with more than one reference number on the finance system, thus increasing the potential for creditors to obscure fraudulent activity.
16. The process has identified 6 matches:
  - a. 3 relate to different companies with the same registered address.
  - b. 1 relates South Worcestershire Revenues & Benefits Shared Service which collects Business Rates separately for the three District councils, but at the same address.
  - c. 1 relates to two entirely separate companies that give their addresses as “company name”, Victoria Road.
  - d. 1 relates to a single company that changed its trading name. One of the references has been made inactive.

### **Report 707 – Duplicate Records by Reference, Amount and Creditor Reference**

17. This match highlights the possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
18. There are 6 matches:
  - a. 3 relate to monthly business rate instalments.
  - b. 2 relate to limitations of the data matching software where very long invoice numbers have been truncated before matching. All transactions to these 2 suppliers have been checked and are sums for different monthly or annual payments and have different invoice numbers.
  - c. 1 relates to a mis-keying of an invoice number for an annual subscription for a different year.

### **Report 708 – Duplicate Records by Invoice Amount and Creditor Reference**

19. There were 117 matches which are currently being reviewed. In previous years the matches were annual monthly payments to the same supplier, or the same type of goods/services at different periods, or multiple purchases made separately, e.g.: software licenses.

### **Report 709 – VAT Overpaid**

20. The report identifies where VAT may have been overpaid, by comparing the actual VAT to the 20% rate. The one match reported relates to an invoice where VAT on a deposit is being offset. The correct overall VAT has been paid and claimed back from HMRC.

### **Procurement Matches**

#### **Report 750 – Payroll to Companies House (Director)**

21. The purpose of this report is to identify undeclared interests that may have given a pecuniary advantage. This matches payroll data to Companies House information and then to creditor data.
22. The report produced only 1 match which relates to the 1 invoice where the Prevention Team used a company where one of the directors is an On-Call member of staff, which is known, monitored, of low value and the employee is not involved in the procurement.

#### **Report 81 – Payroll to Creditors**

23. This match identifies instances where an employee and creditor are linked by the same address and identifies employees with interests in companies the Fire Authority is trading with. It may indicate potential undeclared interests or possible procurement corruption.
24. The report produced 1 match, which relates to a local grounds maintenance contractor who is also On-Call. As this function is managed for the Authority by the PCC property team there is no Fire employee involvement in the procurement decision.

### **Conclusion**

25. Whilst the majority of matches are still to be approved, it is highly likely that these will mirror previous experiences and that no fraud will be detected.
26. A final report will be brought to the next Audit and Standards Committee to provide final details in relation to any outstanding matches.

## Corporate Considerations

<p><b>Resource Implications</b> (identify any financial, legal, property or human resources issues)</p>	<p>No direct implications</p>
<p><b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities &amp; policy framework and align to the Core Code of Ethics)</p>	<p>Helping to demonstrate Integrity in our actions</p>
<p><b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).</p>	<p>N/A</p>
<p><b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)</p>	<p>N/A relevant Privacy Notices issued</p>
<p><b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)</p>	<p>N/A</p>
<p><b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)</p>	<p>Data is processed in accordance with the Code of Data Matching Practice 2018, produced by the Cabinet Office under paragraph 7, Schedule 9 of the Local Audit &amp; Accountability Act 2014. The Act provides the statutory basis for the whole exercise.</p>

## Supporting Information

Appendix 1 – National Fraud Initiative – 2022/23 Raw Data Match

**Hereford & Worcester Fire Authority  
National Fraud Initiative: 2022/23 Raw Match Data**

	2020/21 Raw Matches	2022/23 Raw Matches
<u>Employee Related</u>		
<b>65</b> Payroll to Payroll ( <i>within bodies</i> )		
<b>66</b> Payroll to Payroll ( <i>between bodies</i> )	15	26
<b>Total Raw Matches - Payroll</b>	<b>15</b>	<b>26</b>
<u>Creditor Related</u>		
<b>700</b> Duplicate creditors by creditor reference		
<b>701</b> Duplicate creditors by creditor name	6	2
<b>702</b> Duplicate creditors by address detail	4	6
<b>703</b> Duplicate creditors by bank account number	2	
<b>707</b> Duplicate records by reference, amount and creditor reference	44	6
<b>708</b> Duplicate records by amount and creditor reference	146	117
<b>709</b> VAT over Paid	1	1
<b>711</b> Duplicate records by invoice number and amount but different creditor reference and name	1	
<b>713</b> Duplicate records by postcode, invoice amount but with different creditor reference and invoice reference and date	1	
<b>Total Raw Matches - Creditors</b>	<b>205</b>	<b>132</b>
<u>Procurement Related</u>		
<b>81</b> Payroll to Creditors	1	1
<b>750</b> Procurement - Payroll to Companies House (Director)	4	1
<b>Total Raw Matches - Procurement</b>	<b>5</b>	<b>2</b>
<b>Total Raw Matches</b>	<b>225</b>	<b>160</b>

## **Report of the Head of Legal Services**

### **Annual Compliments, Complaints, Concerns and Requests for Information 2022/23**

#### **Purpose of report**

1. To update the Committee with details of compliments, complaints, concerns and requests for information made by the public to the Service over the past 12 months.
- 

#### **Recommendations**

***It is recommended that the Committee notes that during the period 1 April 2022 to 31 March 2023:***

- i) a total of 297 requests for information containing 774 queries about the Service were received. No requests were passed to the Information Commissioners Office for review.***
- ii) a total of 60 compliments were received from the public;***
- iii) 39 complaints or concerns about Service activities were made; and***
- iv) 26 complaints or concerns were received about activities carried out by other organisations or individuals;***
- v) 4 of the complainants appealed the response provided but none were passed to the Local Government Ombudsman for further investigation***
- vi) the Service has recently implemented an external, confidential reporting line for complaints and concerns which will be included in future reports.***

#### **Introduction and Background**

2. It is important that the Authority has good corporate governance arrangements to ensure services are run in an open and accountable manner. The role of the Committee includes the monitoring and review of the Authority's corporate governance arrangements, which includes responsibility to consider the process and review of compliments, complaints, concerns and information requests made by the public about the Service.

## Complaints and Concerns Received 1 April 2022 to 31 March 2023

(Last year's figures are shown in brackets for comparison)

- The Service received a total of 65 (43) complaints and concerns from the public, with 39 (28) being concerned with Service activities and 26 (15) concerning activities carried out by other organisations or individuals. 14 (7) of the complaints about the Service were upheld, a summary is set out below.

### Summary of complaints upheld

Complaint Category	Number of complaints upheld	Outcome
Driving Standards	3	Apology and investigation
Staff Behaviour	1	Addressed with member of staff, revisited procedures
Damage to Property	2	Remedial action and apology Insurance details provided
Poor Response / Service	5	Apology and review of procedures confirmed
Other	2	Remedial action and apology Apology and matter addressed with staff
Fire Safety Inspection	1	Remedial action and apology

- Four of the complainants appealed to the Assistant Chief Fire Officer regarding dissatisfaction with the response provided by the Service. The appeals were not upheld by the Assistant Chief Fire Officer.
- It should be noted that the complaints and concerns received regarding the responsibilities of other organisations or individuals included concerns over poor fire safety at business and residential premises and the potential lack of access to properties in an emergency. Where possible these type of concerns are directed straight to Prevention and Protection.
- All complaints and concerns were acknowledged within 3 working days of receipt and all but one received a response within 10 working days.

## Compliments Received 1 April 2022 to 31 March 2023

(Last year's figures are shown in brackets for comparison)

- The Service received 60 (40) compliments during this period and it should be noted that the majority came following Service attendance at a fire or rescue, and conducting Safe and Well Checks. There were a number of compliments following Service attendance at an event or making a visit with the remainder concerning Service involvement at RTCs.

## **Freedom of Information (FOI) and Subject Access Requests (SAR) Received 1 April 2022 to 31 March 2023**

(Last year's figures are shown in brackets for comparison)

8. The Service received 297 (270) requests for information including 14 (4) SARs during this period. Themes included requests for information on fires, ICT, HR and fleet information. From 1 April 2020 we have also recorded the number of queries within each FOI request, for example one email received under FOI on a particular topic could contain a list of queries or sub-requests about a variety of related issues that need to be dealt with individually. In total we have received 774 queries within the 297 FOI/SAR requests during 2022-2023.
9. The seemingly small number of SARs received this year does not truly reflect the workload associated with them. SARs are often incredibly time consuming because of their complex nature and because they often involve processing large amounts of data that must be collated, reviewed and disclosed accurately within statutory timeframes. SARs will usually involve numerous officers from departments across the whole Service requiring coordination and accurate scrutiny of different systems.

### **Independent Reporting Line**

10. The Service has recently implemented an independent, confidential reporting line that can be used by staff to report complaints or concerns about the organisation [www.say-so.co.uk](http://www.say-so.co.uk). Your officers intend that in future, when reporting the annual review of complaints and concerns received, we will also look to include details of the number of concerns that have been raised via this new route.

### **Conclusion/Summary**

11. The role of the Audit and Standards Committee includes the monitoring and review of the Authority's corporate governance arrangements. This includes responsibility for considering the process with regards to compliments, complaints and concerns made by the public. This process was last reviewed in December 2018 and was considered to be robust and fit for purpose. There have been no significant issues that have arisen since this date and it has not been necessary to make any changes in Service delivery. The FOI and SAR processes are continually monitored for improvement opportunities.
12. Your officers are satisfied that there are no significant levels of recurring themes or trends in complaints being reported to give any cause for concern.

## Corporate Considerations

<p><b>Resource Implications</b> (identify any financial, legal, property or human resources issues)</p>	<p>The complaints, concerns and compliments process uses existing resources.</p> <p>The FOI and SAR process uses existing resources.</p>
<p><b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities &amp; policy framework and align to the Core Code of Ethics)</p>	<p>The complaints, concerns and compliments process links to the Authority's Code of Corporate Governance.</p> <p>The FOIA and SAR process links to statutory and legislative frameworks. (GDPR and DPA 2018 FOIA 2000)</p>
<p><b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).</p>	<p>The Audit &amp; Standards Committee receive an annual report to provide assurance to Members that the processes are effective. Legal Services Officers monitor for any emerging trends in reported concerns and complaints on a monthly basis.</p>
<p><b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)</p>	<p>N/A – no policy change is recommended</p>
<p><b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)</p>	<p>N/A – no policy change is recommended</p>
<p><b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)</p>	<p>N/A</p>

## Supporting Information

Background papers:

Hereford & Worcester Fire Authority Annual Governance Statement and Code of Corporate Governance

## Report of Deputy Chief Fire Officer

### Health and Safety Committee Update: October to December 2022 (Quarter 3)

#### Purpose of report

1. To provide a Health & Safety update on activities and items of significance.
- 

#### Recommendation

*It is recommended that the following issues, in particular, be noted:*

- (i) The involvement of the Service in Health and Safety initiatives;*
- (ii) Health and Safety performance information recorded during October to December 2022 (Quarter 3)*
- (iii) Workforce Health & Wellbeing performance (Quarter 3)*

#### Introduction and Background

2. Hereford & Worcester Fire and Rescue Service (HWFRS) aims to ensure the safety and well-being of its employees and reduce and prevent accidents and injuries at work, as outlined in the People Strategy 2022-2025.
3. The Health and Safety Committee is established to provide effective arrangements for the liaison and review of matters of common interest concerning Health and Safety (H&S). The Committee provides the opportunity for the Service to discuss general H&S issues and consult with the workforce via employee representatives. The Committee is chaired by the Deputy Chief Fire Officer and last met on 22 March 2023.
4. The Committee has the facility to task work to the H&S Working Group, which sits beneath it and is chaired by the Group Commander responsible for Health and Safety. The group meets as and when required.

The Working Group was formally tasked with the following:

- To implement the findings from the NFCC's Death in the Workplace report.
- To promote and improve fitness standards across the Service.

The Group are meeting regularly, ensuring actions are monitored and implemented at the earliest opportunity.

## Health & Safety Initiatives Update

### National Activities

5. The NFCC have issued minutes of a meeting held on 7<sup>th</sup> December 2022 which promoted a number of subjects listed below:
  - Slow manoeuvring vehicles – Scotland FRS will be making their package available in the coming months
  - PPE contaminants - The second review in relation to contaminants has been passed onto the National PPE and Contaminants Working Group to process and make recommendations to NFCC
  - The NFCC are aiming to produce a Health and Safety toolkit created to aid commonality across all Services.
  - Analytical Risk Assessment (ARA) - There is a new document from the National Command and Control user group concerning the ARA process that is being reviewed and recommendations to be circulated post March 2023.

### Regional Activities

6. The regional group met on 7<sup>th</sup> February 2023.
  - The group has agreed to review the Scotland slow manoeuvring vehicles package when available and look to produce a regional poster campaign to raise awareness around the issues.
  - The next audit of Staffordshire FRS will take place in May 2023 with topics of working at height/ rope rescue and PPE and equipment. The H&S Advisor will disseminate any findings that may be relevant to HWFRS.
  - HWFRS are hosting the next regional meeting in June 2023.

### HWFRS Local Activities

7. The Service appointed a new Health & Safety Advisor in December 2022 and he is due to start in April 2023.
8. The NFCC National H&S group and the FBU have looked into the risks associated with contaminants at fire related incidents. The FBU have issued a report produced by UCLAN

HWFRS are undertaking a GAP analysis to ensure current best practices already in place remain up to date. The report is broken down into the sections listed below:

- Personal Protective Equipment
- Minimising Contamination at Fire Incidents
- Returning from a Fire Incident

- BA Workshops Contamination control
- Training Centre Contamination Control
- Vehicle Contamination
- Health Screening
- Training and Awareness

The GAP analysis shows that the Service is making significant progress with further work within the Service to develop our existing processes and procedures being developed as an action plan. An additional paper will be included in the next quarterly update.

9. Of the current 26 Health & Safety policies (1 has been removed as it is a guidance document) there are 12 under scheduled review. In preparation for the arrival of the new H&S Advisor the Operational Policy team are carrying out service change amendments to allow for an efficient review on his arrival.

These policies will be reviewed in line with legislative and sector best practices and will undergo formal consultation across the organisation, where required, prior to publication.

10. The Operational Policy team have reviewed the current Analytical Risk Assessment (ARA) policy and process in line with recommendations following the service HMICFRS report and have issued a minor amendment. Training will be issued to Service staff in Q4 2022/23 and an assurance process implemented in Q1 2023/24 to ensure the quality of ARAs carried out at operational incidents.
11. The risk assessment database (Figure 1) is owned and maintained by local managers and reviewed by the H&S Advisor. Each risk assessment has a review period, and managers are prompted to carry out reviews. Where risk assessments are no longer applicable, they are archived from the database. During Quarter 3, 301 risk assessments were reviewed, and 50 new risk assessments were created.

**Figure 1 – Risk Assessment Database**

Location	Quarter 4 (21/22)		Quarter 1 (22/23)		Quarter 2 (22/23)		Quarter 3 (22/23)	
	Reviewed	Created	Reviewed	Created	Reviewed	Created	Reviewed	Created
North District	91	7	87	7	105	5	102	16
South District	79	8	75	6	80	7	53	13
West District	88	15	112	21	101	21	93	16
Training Centre	52	1	32	1	40	1	44	1
Others	4	0	15	2	22	1	9	4
<b>Total</b>	<b>314</b>	<b>31</b>	<b>321</b>	<b>37</b>	<b>348</b>	<b>35</b>	<b>301</b>	<b>50</b>

## H&S Working Group activity updates

12. The Funeral SPI has been reviewed and issued. Death of an Employee Guidance has been published and made available to managers. The Service ran and exercise against the MERP and the exercise group is now feeding back their comments to allow for the reviewed document to be published. This is the final action to complete this area of work and will be complete Q4 2022/23.
13. The new Fitness Policy is undergoing formal consultation which closes on 24<sup>th</sup> March. Once all returns have been reviewed the new Policy will be issued with a bedding in period of up to 12 months to allow for support to those personnel currently not meeting the standard. New fitness equipment has been procured for each station and is arriving late March 2023.

The Service's personal trainers met for a standard setting day on 28<sup>th</sup> March in readiness for providing support for staff when the new policy is launched.

## Quarter 3 Performance Report

14. Appendix 1 provides details relating to all safety events reported and investigated during Quarter 3 of the 2022-23 reporting year (October to December).

The total number of safety events reported in Quarter 3 (42) decreased by three compared to the previous quarter (45). The most significant decrease was in the personal injuries category which decreased by six.

15. No injuries have been reported to the Health & Safety Executive (HSE) under the RIDDOR regulations, due to a dangerous occurrence and a loss of working days.
16. Two basic specialist investigations occurred, one relating to Breathing Apparatus and one to member of staff having had a potential seizure.

## **Workforce Health & Wellbeing Update – Quarter 3 2022-23**

### National Sickness data

17. The Cleveland Report (1<sup>st</sup> April – 31<sup>st</sup> December 2022) allows comparison between contributing Fire & Rescue Services across the UK on sickness absence.
18. Nationally, there were 3 main causes of sickness absence for all Fire Services: Musculo-Skeletal (MSK) (32%), Mental Health (21%) and Respiratory (11%).
19. HWFRS lost 6.57 days to sickness per employee, which compares favourably with other Fire and Rescue Services. The lowest average was 4.68 days and the highest 15.54 days; the national average is 7.0 days.

### HWFRS Sickness data and activity

20. Appendix 2 (Performance Overview) provides data relating to all sickness absence by workforce group and main causes of sickness absence in Quarter 3.
21. In comparison to Quarter 2, there has been an increase in the total days/shifts lost to sickness absence for all staff (Q2 at 2.02 versus Q3 at 2.52). This may be attributed to the number of absences within the Respiratory categories. As previously reported, COVID-19 is now classed as part of a range of respiratory illnesses and is recorded as such for sickness absence reporting purposes, and this is reflected within the Respiratory – Other data, whereas COVID-19 absences were previously recorded separately.
22. There has been an increase in the Hospital/Post-Operative figures, although the majority of absences were due to treatment that was pre-planned, rather than emergency procedures, and this may reflect that the NHS have resumed operations for minor injuries/conditions.
23. There has been an increase in the total days/shifts lost due to sickness within the Fire Control workgroup (8.23 in Q3, compared to 5.32 in Q2). Fire Control also reported higher figures compared to other workgroups within the last quarter, which may indicate a trend of higher sickness absence rates within this workgroup. The increase is largely attributable to long term sickness cases some of which have now been resolved, as reported in the most recent Performance Report considered by the P&R Committee earlier in March.
24. Respiratory conditions accounted for 52% of total sickness absence reported during Quarter 3, out of 73 sickness occurrences, and mainly within the Wholetime workforce group for Respiratory - Cold/Cough/Influenza absences.
25. An increase in Respiratory absences was anticipated for Quarter 3 due to seasonal flu and other seasonal respiratory illnesses. The Service continues to encourage good hygiene practices to prevent cross contamination of viruses as well as promotion of our Occupational Health (OH) Service, Health and Wellbeing Portal resources and information to promote healthy living.

### Health Management data and activity

26. Appendix 2 (Health Management) provides data relating to OH referrals in Quarter 3. There were 20 new management referrals in Quarter 3, compared to 19 management referrals made in Quarter 2.
27. The top reasons for referrals to OH related to MSK disorders (6 referrals) and Mental Health (6 referrals). Referrals for Mental Health increased in Quarter 3 compared to previous reporting quarter (2 referrals in Q2). Mental Health concerns were also highlighted within other referral categories.
28. Where appropriate, treatment for MSK disorders includes referrals for physiotherapy via OH, and 1 referral was made in Quarter 3. Employees have

also been self-referring to The Fire Fighters Charity and seeking support via the NHS physiotherapy programmes. Additional DSE (Display Screen Equipment) has also been offered to individuals to support with MSK issues.

29. Of the 6 referrals for Mental Health, 5 employees cited work related reasons. **N.B. mental health is not included in work related reporting figures.**
30. Support is offered for all Mental Health referrals, including stress risk assessments as part of return to work plans and/or counselling support both through OH and the Service's Welfare Support team. External psychotherapy support has also been explored via the NHS and The Fire Fighters Charity. The HR team has been working with The Fire Fighters Charity to promote their health and wellbeing workshops within the Service including mindfulness and improving sleep, to promote strategies for improving Mental Health.
31. There has been an increase in referrals for Gynaecological/ Genitourinary/ Reproductive, with 2 referrals in Quarter 3 related to menopause. The Service has recently run a programme of 'Menopause & the Workplace' workshops, with a plan to roll out further sessions, to support staff with guidance and coping techniques, as well as providing mental wellness support. The staff network group, Women@HWFire, are currently updating the guidance document for Menopause in the Workplace.

#### Mental Health at Work Commitment

32. The Service signed The Mental Health at Work Commitment in February 2022 and submitted a high-level action plan in October 2022. The action plan outlines how the Service will embed the six Standards of the Commitment and has been developed for delivery over a two-year period, formally commencing in 2023-24.
33. Work is underway on the Mental Health at Work Commitment action plan, specifically working towards Q1 2023-24 objectives. HR will provide an update on the action plan at the next Health and Safety Committee meeting.

#### Routine Medical Assessment Compliance and Outcomes

34. Appendix 2 (Routine Medical Assessment) provides medical and fitness data from the Operational Assurance Report for Quarter 3 2022-2023.
35. The medical compliance rate of operational staff has increased overall in Quarter 3 compared to Quarter 2. 94% of employees who are required to have an annual medical assessment were in date in Quarter 3, compared to 73% in Quarter 2. There was a slight decrease in the compliance rate for 3 yearly medical assessments, with 85% of employees in Quarter 2, compared to 84% in Quarter 3. The remaining out of date medical assessments have been prioritised for Quarter 4.

## Routine Fitness Assessment Compliance and Outcomes

36. The fitness compliance rate of operational employees has increased in Quarter 3 compared to Quarter 2. 93% of employees who are required to have an annual fitness test were in date in Quarter 3, compared to 92% in Quarter 2. This is the highest compliance rate for annual fitness assessments achieved since early 2019.
37. The Service's Fitness Advisor, HR team, and Station local management have worked together to ensure staff with out of date tests attend scheduled fitness assessments. Compliance rates will continue to be monitored and instances of non-attendance escalated to Station Commanders for remedial action.
38. The data confirms 24% of currently tested staff are in the "Amber zone" – a 6% increase from Quarter 2. The Service's Fitness Advisor has suggested this increase may be attributed to a number of factors including a general lack of cardiovascular exercise throughout the year, and a rise in overall BMI for operational staff. 76% of currently tested staff are in the "Green zone".
39. As part of the Fitness Standards policy work, the Service is exploring options for holistic support for those staff that may need support with their fitness levels, via our Occupational Health provider and the University of Worcester.

## **Corporate Considerations**

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	Contained within H&S budgets and departmental capacity.
<b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	Matters considered directly link being able to deliver the CRMP and other Core Strategy: ensuring firefighter safety. In addition, the People Strategy underpins these work streams. Also accountable leadership in the CCoE.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	Reduces the overall impact for H&S management in the areas identified and safeguards the Services legal requirements.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	Representative Bodies attend H&S Committee and are fully consulted on relevant H&S matters and formal policies.
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	EIA are completed for relevant policy as required.

<b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)	All personal data has been removed from the reports contained within Appendix 1.
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### **Supporting Information**

Appendix 1: Quarter 3 (October – December 2022) Event Reporting and Summary

Appendix 2: Quarter 3 (October – December 2022) Health & Wellbeing Data Reporting

**Health and Safety Quarterly Report  
Quarter 3 (October – December 2022) Event Reporting and Summary**

---

**1. Overview**

In the period of October to December 2022 a total of **42** Health and Safety (H&S) events were reported. They fall into the categories of:

- 18 Personal Injury
- 16 Vehicle Collisions
- 2 Property or Equipment
- 6 Near Hits or Causes for Concern
- 0 Exposure or Contamination
- 0 Violence or Aggression

Individual detailed summaries of reporting in the key areas above are outlined in Appendix A.

**2. Breakdown of Events**

By Activity

Table 1 shows that during Q3, personal injuries and vehicle collisions were the most frequently reported incidents. The majority of personal injuries occurred during training whereas vehicle collisions were during routine work.

	<b>Total</b>	<b>Training</b>	<b>Operational Activities</b>	<b>Routine Activities</b>	<b>Non-Service-Related Activities</b>
<b>Total H&amp;S Events Q3</b>	<b>42</b>	<b>13</b>	<b>3</b>	<b>19</b>	<b>7</b>
Personal Injury	18	9	0	7	2
Vehicle Collision	16	1	3	8	4
Property or Equipment Failure	2	1	0	1	0
Near Hit or Cause for Concern	6	2	0	3	1
Exposure or Contamination	0	0	0	0	0
Violence or Aggression	0	0	0	0	0

*Table 1: Safety Event Breakdown Q3 2022-2023*

### By Injury Type

Table 2 identifies one area to be the main cause of personal injuries; Others (impact on joints/muscles and fainting).

<b>Total Personal Injuries</b>	<b>18</b>
Manual Handling	2
Slips, Trips & Falls	1
Hit by Moving Object	1
Hit Stationary Object	4
Burns – Operational	0
Burns – Training	0
Other	10

Table 2: Personal Injury Breakdown Q3 2022-2023

### By Vehicle Type

Table 3 highlights that vehicle collisions during this quarter have mostly involved appliances not on blue lights.

Vehicle Collisions	Fire Engines		Cars and Vans		Non-Service related
	On blue lights	Off blue lights	On blue lights	Off blue lights	
<b>Total Collisions</b>	3	9	0	2	2

Table 3: Vehicle Breakdown Q3 2022-2023

### Vehicle Mileage Statistics

Vehicle mileage statistics for the year 2021-2022 were provided by the Operational Logistics Fleet Department and have been used to predict vehicle mileage for 2022-23. These are summarised in Table 3A below. It can be seen that there were two white fleet safety events out of approximately 175,894 miles driven, which equates to one event for every 87,947 miles driven.

The twelve safety events involving red fleet vehicles were out of approximately 67,202 miles driven, which equates to one event for every 5,600 miles driven.

Fleet	Total Mileage 2021-2022	Predicted Mileage Q3 2022-2023
White Fleet	703,576	175,894
Red Fleet	268,808	67,202
	<b>Totalling 972,384 miles</b>	<b>Totalling 243,096 miles</b>

Table 3A: Vehicle Mileage Statistics Q3 2022-2023

### **3. Events Requiring Investigation during Quarter 3 (October – December 2022)**

#### **Tier One Investigations**

A Tier One standard investigation is required for all safety events and is usually conducted by the on-duty / line manager present at the time of the event. Events that are minor in nature usually remain at this tier.

#### **Tier Two Basic Specialist Investigations**

In addition to the standard investigation required for Tier One, a Basic Specialist Investigation (SI) is required for:

- Rare, unusual or unlikely events resulting in either serious injuries or losses, or with the potential to incur such injuries or losses.
- Events involving Breathing Apparatus (BA).
- Near Hits resulting from unusual conditions or with the potential to cause serious injury or loss that are rare or unlikely to reoccur.

**Two events reported during Q3 required a Tier Two Basic Specialist Investigation:**

1585 - 1 relates to a BA mask while a Fire-Fighter was undertaking a BA Health check. BASIC SI.

1594 - 1 relates to a Fire-fighter having a potential seizure whilst on duty. BASIC SI.

#### **Tier Two Full Specialist Investigations**

A full SI may be assigned immediately or following a Basic SI and is required for:

- Possible or likely events resulting in serious injuries or losses.
- All significant events involving Breathing Apparatus (BA).
- Near Hits resulting from unusual conditions or with the potential to cause serious injury or loss that are possible or likely to reoccur.

**No safety events were reported during Q3 that required a full Specialist Investigation.**

#### **Tier Three MERP Specialist Investigations**

A Tier Three Specialist Investigation is conducted as required by the Major Event Response Protocol (MERP) SPI. These are for the most serious events such as death or potentially life-threatening injury to a member of HWFRS whilst on duty, or a third party either occurring on Service property or as a result of an act or omission by HWFRS.

**No safety events during Q3 required a Tier Three Specialist Investigation.**

#### **RIDDOR Events for Quarter 3 (October – December 2022)**

During Q3, no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reports were submitted to the Health and Safety Executive (HSE) as a dangerous occurrence/over a seven day injury.

#### **4. Comparison between Quarters and Trend Analysis**

##### **Comparison of Events Reported Showing Differences Q3 2021-22 & Q3 2022-23**

Table 4 below compares the number of events reported in Q3 2021-22 and Q3 2022-23 for the different categories. For events over the last 12 months, two of the categories experienced an increase, while one reported an decrease.

Overall, event reporting as a whole increased by twelve over the period, with 42 reports in Q3 2022-23 compared to 30 in Q3 2021-22. The increase was driven by a large increase in personal injuries.

<b>Event Type</b>	<b>Q3 2021-22</b>	<b>Q3 2022-23</b>	<b>Increase/Decrease</b>
<b>Personal Injuries</b>	8	18	+10
<b>Vehicle Collisions</b>	12	16	+4
<b>Property or equipment</b>	2	3	+1
<b>Violence &amp; Aggression</b>	2	0	-2
<b>Near Hits</b>	6	5	-1
<b>Exposure / contamination</b>	0	0	0
<b>Overall</b>	<b>30</b>	<b>42</b>	<b>+12</b>

*Table 4: Quarterly Events Reported Q3 2021-22 and Q3 2022-23*

#### **Trend Analysis**

In summary compared with the previous year, there was an increase in the number of events reported during Q3 (+12).

The main increase was personal injuries (+10). The main decrease was violence/aggression (-2) resulting in no violent events.

All events that occurred during the quarter were investigated at a minimum of Tier One local level investigation to identify preventative control measures and help to reduce the likelihood of similar occurrences.

## **12 Month Trend Analysis**

Table 5 below breaks down the latest four quarters by reported accident type. Q3 figures show a slight decrease in the number of events reported.

Personal injuries have decreased versus the previous quarter but an increase in vehicle collisions has offset some of this.

	<b>Q4 21/22</b>	<b>Q1 22/23</b>	<b>Q2 22/23</b>	<b>Q3 22/23</b>
<b>Total H&amp;S Events</b>	<b>40</b>	<b>37</b>	<b>45</b>	<b>42</b>
Personal Injury	10	11	24	18
Vehicle Collision	17	12	12	16
Property or Equipment Failure	3	1	1	3
Near Hit or Cause for Concern	6	11	7	5
Exposure or contamination	3	0	1	0
Violence or Aggression	1	2	0	0

*Table 5: 12 Month Trend Analysis Q4 2021 – 2022 to Q3 2022 – 2023*

## **Brief Description of all Safety Events**

### **A1. Personal Injury**

Of the **42** H&S events reported, **18** relate to the category of Personal Injury. These are described in Table A1 below:

<b>Sub-Categories</b>	<b>Break-down of Injuries in Each Sub-Category</b>
9 events were during operational training	1566- 1 relates to possible injury to a Firefighter while undertaking Rope Rescue Training
	1568 – 1 relates to an injury to a Firefighter when undertaking water Training at Cardiff
	1572 – 1 relates to Firefighter sustaining an injury to the ankle while training
	1576- 1 relates to a crush injury to Firefighters hand when using Holmatro cutters during training.
	1579 - 1 relates to a personal injury sustained to a Fire-fighter whilst doing operational water rescue training externally
	1580 - 1 relates to a personal injury sustained to a Firefighter whilst doing operational training
	1588 – 1 relates to an injury whilst a person was water training.
	1593 – 1 relates to a Firefighter receiving a back injury while water rescue training externally
	1596 – 1 relates to a person fainting during an internal training course
7 events were during routine activities	1562 – 1 relates to personal injury to the face whilst carrying out non-operational duties
	1567 – 1 relates to a slips/trip and falls injury to an employee when walking through the appliance bays. Caused by poor housekeeping.
	1571 – 1 relates to personal injury due to manual handling
	1577 - 1 relates to an injury to a Firefighter whilst working on the alp
	1584 - 1 relates to a personal injury sustained to a Firefighter whilst doing normal routines.
	1589 – 1 relates to an injury while a Firefighter was doing normal routines
2 events were classed as other	1595 – 1 relates to an injury to an employee whilst gaining entry to station 31
	1600 – 1 relates to an injury occurring to a Cadet during activities on station
	Totalling <b>18</b> personal injuries
	9 Calendar Days / 5 Working days lost.

Table A1: Personal Injuries Reported during Q3 2022 – 2023

## A2. Vehicle Collisions

Of the **42** H&S events, **16** relate to the category of Vehicle Collisions, which are further described in Table A2 below. Events highlighted in grey are attributed to the FRS driver. If these collisions occurred whilst responding to an operational incident the category of response has been provided in bold. Driver training have sent out a Bulletin item for crews to familiarise themselves with the 'Banks person' CTR technical knowledge package and requesting that when contact is made with tree branches, crews should contact the local highways team to get the hazard removed.

Sub-Categories	Breakdown of Vehicle Collisions in Each Sub-Category
8 events were during routine activities	1563 – 1 relates to damage to a fire service vehicle when trying to avoid on-coming traffic
	1564 – 1 relates to damage to the appliance bay doors when reversing a fire appliance
	1570 – 1 relates to a low speed collision with another vehicle.
	1573- 1 relates to a low speed collision of service vehicle into the drill tower, no injuries
	1574- 1 relates to a low speed collision with road furniture while travelling to a work-related meeting
	1591 – 1 relates to vehicle accident while driven at low speed
	1597 – 1 relates to a minor collision with a fire appliance and a car.
	1599 – 1 relates to a collision between a fire appliance and private vehicle.
3 events were during operational activities	1569 – 1 relates to a collision with a low-level wall while travelling at low speed.
	1582 - 1 relates to an accident to a service vehicle while responding to an incident
	1592 – 1 relates to a vehicle accident whilst driving to an incident
1 event was during training	1590 – 1 relates to a collision between an appliance and a bus
4 events were classed as other	1575 - 1 relates to a collision to a fire service vehicle whilst stationary
	1581- 1 relates to an accident to a service vehicle and game bird in the road
	1583 – 1 relates to an accident to a service vehicle whilst returning from an incident
	1586 – 1 relates to an accident where a delivery driver reversed into a barrier on site.
	Totalling <b>16</b> vehicle collisions

Table A2: Vehicle Collisions Reported during Q3 2022 – 2023

## A3. Property or Equipment Damage

Of the **42** H&S events, 3 relate to the category of Damage to Property or Equipment. These are further described in Table A3 below.

Sub-Categories	Breakdown of Property or Equipment Damage in Each Sub-Category
2 events wer during Routine Work	1561 – 1 relates to an incident of PPE (helmet) being damaged by an appliance
	1601- 1 relates to a small fire on fire appliance. Fire was brakes related
1 event was during Operational Training	1587 - 1 relates to damage to a fire appliance. Whilst driving out of the station, the bay door caught the ladder resulting in damage to the bay doors.
	Totalling <b>3</b> property or equipment damage

Table A3: Property or equipment damage during Q3 2022 – 2023

#### **A4. Near Hits or Causes for Concern**

Of the **42** H&S events, **5** relate to the category of Near Hits or Causes for Concern - these are further described in Table A4 below.

<b>Sub-Categories</b>	<b>Breakdown of Near Hits or Causes for Concern in Each Sub-Category</b>
2 events were during Routine Work	1598 - 1 relates to a piece of equipment being removed from an appliance without Station personnel's knowledge
	1602 - 1 relates to a near miss when a Firefighter was turning in for a fire call
2 events were during Operational Training	1578 - 1 relates to a near miss when training with operational equipment
	1585 - 1 relates to a Breathing Apparatus mask failure while a Firefighter was undertaking a BA Health check
1 event is classed as other	1565 - 1 relates to an occasion when office equipment had the potential to start a fire due to stuck paper.
Totalling <b>5</b> near hits or causes for concern	

*Table A4: Near Hits or Causes for Concern Reported during Q3 2022/23*

#### **A5. Violence or Aggression**

Of the **42** H&S events, none relate to the category of Violence or Aggression.

#### **A6. Exposure or Contamination**

Of the **42** H&S events, **0** relates to the category of Exposure or Contamination.

An exposure event will be investigated where a harmful substance has entered the body through a route e.g. by inhalation, ingestion, absorption, by injection or when the body is irradiated. Where there is uncertainty as to whether any exposure has taken place, or this is negligible, then this would be recorded as a potential exposure and an investigation would not normally be instigated, unless related symptoms develop.

A contamination event occurs where a substance has adhered to or is deposited on people, equipment or the environment, creating a risk of exposure and possible injury or harm.

There was one report of skin reddening during Q3. Skin reddening is recorded following training or incidents where immediately following exposure to high temperatures there is some skin discolouration which may be a result of this exposure. These occurrences are recorded and if they continue past 24 hours these are reported as a Personal Injury Safety Event.

31 potential exposure/contamination events/incidents were recorded during Q3, involving firefighters. Potential exposure/contaminations are where personnel have been exposed (during training or incidents) to hazardous environments but where appropriate control measures were implemented. For example, when entering open water during training.

## Health and Safety Quarterly Report Quarter 3 (October – December 2022) Health & Wellbeing Data Reporting

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### 1. Performance Overview

#### All sickness absences Q3 2022-23

Table 1: All sickness absence by workforce group Q3 2022-23

Due to the on-call nature of the Retained Duty System, On-Call absence is not reflected in the below figures.

Days/Shifts lost due to sickness (per person) <sup>1</sup>			
	Short	Long	Total
All Staff	1.28	1.23	2.52
WT	1.30	0.58	1.88
FC	1.37	6.86	8.23
Support Staff	1.31	1.31	2.62

Table 2: Main causes of sickness absence Q3 2022-23 (occurrences)

Category	Occurrences
Respiratory - Cold/Cough/Influenza	44
Respiratory - Other	25
Gastro-Intestinal (abdominal pain, gastroenteritis, vomiting, diarrhoea)	16
Ear, Nose, Throat	9

Table 3: Main causes of sickness absence Q3 2022-23 (total days/shifts lost)

Category	Total days/shifts lost
Respiratory - Other	128
Respiratory - Cold/Cough/Influenza	121
Hospital/Post-Operative	108
Mental Health – Other	70
Nervous System Disorder	67

### 2. Health Management

New management referrals Q3 2022-23

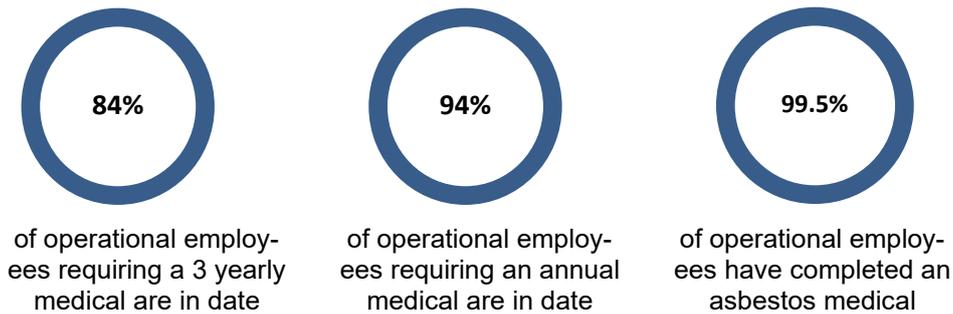
Category	Number of referrals
MSK	6
Mental Health	6
Hospital/Post-Operative	2
Gynaecological/ Genitourinary/ Reproductive (Menopause)	2
Headache/Migraine/Neurological	1
Long COVID19	1
Heart, Cardiac and Circulatory	1
Other (linked to fitness assessment)	1
Total	20

<sup>1</sup> Figures provided by P&I

Of these referrals, 5 were not related to sickness absence as the employee remained in work. There were no referrals relating to work-related sickness, however, 7 referrals cited work related stress. **Please note that mental health is not counted towards work related figures.**

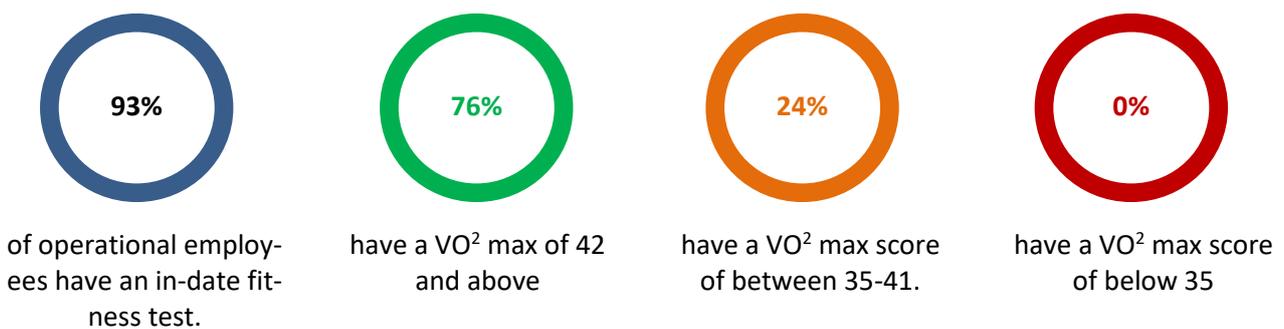
### 3. Routine Medical Assessment Compliance and Outcomes

The medical data below shows information from the Operational Assurance Report at the end of Quarter 3 2022-2023:



### 4. Routine Fitness Assessment Compliance and Outcomes

The fitness data below shows information from the Operational Assurance Report at the end of Quarter 3 2022-2023 and is supplemented by management information provided by the Fitness Advisor at the University of Worcester:



## Report of the Treasurer

### Statement of Accounts 2021/22

#### Purpose of report

1. To present the 2021/22 Statement of Accounts for approval.
- 

#### Recommendation

***It is recommended that the Statement of Accounts 2021/22 is approved.***

#### Introduction and Background

2. The Accounts and Audit Regulations 2015 set out the dates by which an Authority must approve and publish the Statement of Accounts. As a part of the government's response to the restrictions of Covid-19 working these dates are relaxed for this year only.
3. The dates with which an Authority must normally comply are shown below, with the normal date shown in brackets for information.
4. For the 2021/22 Accounts an Authority must ensure that the Statements are:
  - a. Signed off by the Treasurer by 31 July 2022
  - b. Approved by the Authority by 30 November 2022
  - c. Published by 30 November 2022
5. The Accounts were signed off by the Treasurer on 29 July in line with the Regulations. As the audit was not completed by the 30 November the Accounts were not ready for approval by the statutory deadline, and this was recognized by publication of the relevant statutory notice to notify of the delay.
6. It was expected that the work would have been completed in time for the 19<sup>th</sup> January 2023 meeting of the Committee, but Members will recall that this was not the case. At the meeting the External Auditor stated that he thought the process would be completed within about two weeks. This was not the case.
7. Late on the 13<sup>th</sup> April, the Treasurer received notification that that the Audit was now complete, with no major issues arising. To quote from the e-mail in respect of the updated Audit Findings Report (a copy of which is attached as Appendix 1.):

*There is no significant change in this or findings, from what was presented in January, however, we can conclude that there were no issues in respect to PPE work.*

8. However, the e-mail does go on to state that:  
*However, given there has been a triennial valuation of the LGPS defined pension liability as at 31 March 2023, the firm has put an embargo on us issuing audit opinions (and all other audit firms have done the same) – as there is an argument that this could impact 21/22 LGPS IAS 19 balances materially. We are looking for a sensible solution to this with the FRC, which hopefully avoids the re-running of LGPS IAS 19 reports etc, however, I will let you know what is required when I know more.*
9. The fact that the 2021/22 Accounts are not yet approved, means that year end balances cannot yet be rolled forward. With respect to fixed assets in particular, this is causing delays to the production (and therefore potentially the Audit) of the 2022/23 Accounts, and it is therefore imperative that the 2021/22 Accounts are approved as soon as possible.
10. The Fire Authority has delegated responsibility for approval of the Accounts to this Committee.
11. Prior to approving the Statements, the Committee must consider the External Auditor's "Audit Findings Report". This is normally a separate item on the Agenda, but due to the late production of this report this is included as an Appendix here. Members did consider the original version in January and the Auditor has stated there are no significant changes from that report.

### **Statement of Accounts**

12. As Members will now be well aware, the Code of Practice on Local Authority Accounting – Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Financial Reporting Standards (IFRS). In a number of fundamental ways these differ from the Statutory Accounting framework used for Council Tax and grant purposes, and under which the Authority is charged with governance.
13. There are charges e.g. depreciation and the liability on pension funds which are required by IFRS but not chargeable on a Statutory basis and others which are required by Statute but not permitted under IFRS (e.g. provision to repay borrowing). Government does not recognise IFRS for grant allocations or the statutory budget setting process.
14. As a consequence of these differences there is a moderate net surplus (large deficit in prior year) on the Comprehensive Income & Expenditure Statement (CIES) and an extremely large negative balance on the Balance Sheet.
15. In the case of the CIES this arises from differences in between IFRS and statutory accounting and these are reconciled in the Movement in Reserves Statement (MiRS).

16. In the case of the Balance Sheet the position arises due to the liability on the Pension schemes, in particular the un-funded Fire-fighter schemes (FFPS).
17. The Authority is not, however, required or empowered to fund these deficits immediately as under the statutory arrangements they will be funded by future employer/employee contributions and, in the case of the FFPS, by direct government grant.
18. None of these accounting differences effect the underlying financial position or impact on the resources available to the Authority to deliver services.

### **Amendments to the Statements**

19. There have been no material changes to the set of Accounts that were brought before the Committee in January but which it was unable to sign off pending the final completion of the Audit.

### **Conclusion/Summary**

20. The Statement of Accounts is ready for approval.
21. Subject to paragraph 8 above, the External Auditor should be able to issue an Audit Opinion as soon as it is ready.
22. On publication, the approved Statements will include the Audit Opinion and the approved Annual Governance Statement.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	n/a
<b>Strategic Policy Links &amp; Core Code of Ethics</b> (Identify how proposals link with current priorities & policy framework and align to the Core Code of Ethics)	n/a
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores).	n/a
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	n/a
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	n/a
<b>Data Protection Impact Assessment</b> (where personal data is processed a DPIA must be completed to ensure compliant handling)	n/a

## Supporting Information

Appendix 1 – External Audit Findings Report

Appendix 2 – Statement of Accounts 2021-22 (separate enclosure)

# The Audit Findings for Hereford & Worcester Fire Authority

**Year ended 31 March 2022**

18 January 2023



# Contents



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## Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

## Appendices

- A. Follow up of prior year recommendations
- B. Audit adjustments
- C. Fees
- D. Audit Opinion

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

**This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.**

*Avtar Sohal*

**Avtar Sohal**  
For Grant Thornton UK LLP  
Date : 16 December 2022

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Hereford & Worcester Fire Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site and remotely during September-December. Our findings are summarised on pages 5 to 17. There is one adjustment to the financial statements that has resulted in adjustments to the Authority's Comprehensive Income and Expenditure Statement. This is set out below. Audit adjustments are detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix A.

A number of figures in the financial statements have been amended owing to an error in the pension figures associated with Place Partnership Limited (PPL) which Officers identified during the audit. This relates to a £237k change in employer contributions related to a change in ownership percentages of PPL. The main impact is that Net Employee Costs in the Comprehensive Income and Expenditure Account (CIES) have decreased by £237k from £28,001k to £27,764k. The Deficit on the Provision of Services has decreased by the same amount. The net pension liability shown on the Balance Sheet has decreased by £237k from £411,652k to £411,415k.

The audit of Worcestershire Pension Fund has identified that the year end Fund Manager confirmations for asset values are £19.6m higher than the values shown in the accounts. This is because the final values were not available at the time of producing the actuarial reports and financial statements. For Hereford & Worcester Fire Authority this means that the value of investments is understated by £0.184m. Were management to adjust for this the net LGPS liability would be reduced by the same amount, to £17.8m. However, management have declined to amend on the basis that it is immaterial and will be corrected in the next valuation. Members are asked to agree Officers' approach, and this is included in the Letter of Representation requested.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix D] or material changes to the financial statements], subject to the following outstanding matters:

- receipt of management representation letter; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unqualified.

# 1. Headlines

## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work, which is summarised on page 19, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and would normally expect to be able to certify the completion of the audit when we give our audit opinion. However, we expect to certify the completion of the audit upon the completion of our work on the Authority's Whole of Government Accounts submission, the guidance for which has not yet been issued.

## Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

## 2. Financial Statements

### Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

### Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not had to alter our audit plan, as communicated to you on 20 July 2022.

### Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit & Standards Committee meeting on 18 January 2023 as detailed in Appendix D. These outstanding items include:

- receipt of management representation letter; and
- review of the final set of financial statements.

### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

## 2. Financial Statements



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Hereford & Worcester Fire Authority.

	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	800,000	We have determined financial statement materiality based on 2% of the gross expenditure of the Authority for the prior financial year. In the prior year we used the same benchmark and %.
Performance materiality	600,000	<p>We have determined performance materiality at 75% of the materiality. Our rationale is as follows:</p> <ul style="list-style-type: none"> <li>We are not aware of a history of significant deficiencies or a high number of deficiencies in the control environment and therefore have not reduced performance materiality</li> <li>There has not historically been a large number or significant misstatements arising as a result of the financial statements audits, therefore we have not reduced performance materiality</li> <li>Senior management and key reporting personnel in the finance function has remained stable from the prior year audit.</li> <li>There is not a significantly increased number of accounting issues that require significant judgment compared to prior years and so it is not considered necessary to reduce performance materiality.</li> </ul>
Trivial matters	40,000	In the context of the Authority, we concluded that an individual difference could normally be considered to be clearly trivial if it is less than £40k (5% of materiality).
Materiality for senior officers' remuneration	13,000	We have set a separate lower materiality level for the disclosure note on remuneration of individual senior managers. In view of the sensitivity of this note to the reader of the accounts, we have set a materiality level of 2% of the senior officers note. In the prior year the total of this note was £0.647m. Applying 2% gives £0.013m.

## 2. Financial Statements – key messages

### Key messages arising from our financial statements work

- Cashflow Statement – Operating Activities – Note 131 - We identified a difference in the opening balance of Creditors as per the Cash Flow Statement working provided when compared to the Financial Statements. The figure for the Increase / Decrease in Creditors has been amended to £699k from £235k.
- Cashflow Statement – Operating Activities – Note 131 - We identified a difference in the opening balance of Debtors as per the Cash Flow Statement working provided when compared to the Financial Statements. The figure for the Increase / Decrease in Debtors has been amended to £992k from £1,456k. The debtor and creditor items net off, so that there is no change to the Cash Flow Statement itself.
- Accounting policies - Note 13 - Property, Plant and Equipment was updated to refer to 2022 and the correct RICS valuer.
- A number of figures in the financial statements have been amended owing to an error in the pension figures associated with Place Partnership Limited (PPL) which Officers identified during the audit. This relates to a £237k change in employer contributions related to a change in ownership percentages of PPL. The main impact is that Net Employee Costs in the Comprehensive Income and Expenditure Account (CIES) have decreased by £237k from £28,001k to £27,764k. The Deficit on the Provision of Services has decreased by the same amount. The net pension liability shown on the Balance Sheet has decreased by £237k from £411,652k to £411,415k.
- Audit fees - Note 20 was amended to reflect the audit fees which have been agreed with the Authority for each year. The amount for 2019/20 was reduced for £10k to £0k, 2020/21 reduced from £6k to £4k and 2021/22 from £48k to £43k.
- Note 47 - Financial Instruments - the "Total Current Assets" figure was incorrectly included at the prior year value. It was updated from £16,177k to £17,313k so that it adds correctly. This is a disclosure change only, with no impact on the asset values themselves.
- Officers made a number of minor amendments to correct typos.

## 2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

### Risks identified in our Audit Plan

### Commentary

#### Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

To address this risk we:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

#### Findings

The journals we tested were appropriate and we found no evidence of management override of controls. Accounting estimates and critical judgements applied made by management are reasonable and not materially misstated.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Improper revenue recognition – the revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including Hereford & Worcester Fire Authority, mean that all forms of fraud are seen as unacceptable.

Therefore we did not consider this to be a significant risk for Hereford & Worcester Fire Authority.

#### Findings

Our work in this area has not identified any issues that cause us to revisit our initial rebuttal.

#### Fraudulent expenditure recognition (rebutted)

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).

We rebutted this risk for Hereford & Worcester Fire Authority because:

- expenditure is primarily related to employee costs
- opportunity to manipulate contract variations is low.

We therefore did not consider this to be a significant risk for Hereford & Worcester Fire Authority.

We continued to review material expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the risk of expenditure recognition for Hereford & Worcester Fire Authority.

#### Findings

Our work in this area has not identified any issues that cause us to revisit our initial rebuttal.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of land and buildings

The Authority revalues its land and buildings on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

Our work in this area in 2020/21 took longer than we had anticipated. This is because the valuations were completed by Place Partnership Limited, and then revisited by West Mercia Police and Crime Commissioner valuers, with some being amended. The supporting evidence for some of the valuations was not readily available and took time to obtain. When the evidence and supporting information was received we found that, for several properties, it was inconsistent with our expectations. Further challenge of the valuer work resulted in all of the property valuations being revisited. The value of operational property assets reduced in value by £5.055m and surplus assets increased by £0.645m. The net effect is a decrease in property valuations of £4.410m. Of this, £1.835m was taken to the Cost of Services in the CIES, and £2.575m was taken to the revaluation reserve.

While we understand that arrangements for the valuation of land and buildings have been strengthened for 2021/22, in light of the challenges noted in the first paragraph above, we have therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

To address this risk we:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- wrote to the valuer to confirm the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested revaluations made during the year to see if they have been input correctly into the Authority's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

#### Findings

There has been significant delays in completion of the audit work as a result of response times from Managements Valuer to get appropriate evidence listings and evidences to support the testing of our work. However, our testing has been completed and has not identified any material misstatements in respect to valuation of land and buildings.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£408m in the Authority's prior year balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates where, in the prior year, the actuary indicated that a 0.5% change in the discount rate assumption would have approximately £40m effect on the liability and a 0.5% change in the inflation rate (salary increase) assumption would have approximately £6.5m. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

To address this risk we:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report
- obtained assurances from the auditor of Worcestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

#### Findings

Our work in this area is substantially complete. There is one issue to report.

The audit of Worcestershire Pension Fund has identified that the year end Fund Manager confirmations for asset values are £19.6m higher than the values shown in the accounts. This is because the final values were not available at the time of producing the actuarial reports and financial statements. For Hereford & Worcester Fire Authority this means that the value of investments is understated by £0.184m. Were management to adjust for this the net LGPS liability would be reduced by the same amount, to £17.8m.

## 2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations - £33.5m	The Authority revalues its land and buildings annually. In 2021/22 the valuation resulted in an increase in the value of land and buildings of £0.038m. The valuations were completed by West Mercia Police and Crime Commissioner valuers.	We have set out our findings in relation to the valuation of other land and buildings on page 10. No significant issues noted which require reporting to the audit committee.	Light Purple

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<b>LGPS Net pension liability – £17.8m</b>	<p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>In 2021/22 the net LGPS pension liability has decreased from £19.0m to £17.8m.</p>	<p>We have set out our findings in relation to the net pension liability on page 11.</p> <p>We are satisfied that the judgements and estimates used by management in determining the pension fund asset and liability are consistent with those used by the actuary and appropriate for the Authority.</p> <table border="1"> <thead> <tr> <th>Assumption - LGPS</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.8%</td> <td>2.7-2.8%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>3.4%</td> <td>3.0-3.5%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.8%</td> <td>4.25-5.0%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>24.1 / 22.6</td> <td>22.2 – 24.8 / 20.7 – 23.3</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>27.0 / 25.0</td> <td>25.7 – 27.5 / 23.8 – 25.5</td> <td>●</td> </tr> </tbody> </table>	Assumption - LGPS	Actuary Value	PwC range	Assessment	Discount rate	2.8%	2.7-2.8%	●	Pension increase rate	3.4%	3.0-3.5%	●	Salary growth	4.8%	4.25-5.0%	●	Life expectancy – Males currently aged 45 / 65	24.1 / 22.6	22.2 – 24.8 / 20.7 – 23.3	●	Life expectancy – Females currently aged 45 / 65	27.0 / 25.0	25.7 – 27.5 / 23.8 – 25.5	●	Light Purple
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### Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<b>FFPS Net pension liability – £393.6m</b>	<p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2020. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>In 2021/22 the net pension liability has increased from £389.1m to £393.6m.</p>	<p>We have set out our findings in relation to the net pension liability on page 11. We are satisfied that the judgements and estimates used by management in determining the pension fund asset and liability are consistent with those used by the actuary and appropriate for the Authority.</p> <table border="1"> <thead> <tr> <th>Assumption - FFPS</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.65%</td> <td>2.65%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>3.0%</td> <td>3.0%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.75%</td> <td>4.75%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.2 / 21.5</td> <td>23.2 – 23.8 / 21.5 – 22.1</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>23.2 / 21.5</td> <td>23.2 – 25.4 / 21.5 – 23.8</td> <td>●</td> </tr> </tbody> </table>	Assumption - FFPS	Actuary Value	PwC range	Assessment	Discount rate	2.65%	2.65%	●	Pension increase rate	3.0%	3.0%	●	Salary growth	4.75%	4.75%	●	Life expectancy – Males currently aged 45 / 65	23.2 / 21.5	23.2 – 23.8 / 21.5 – 22.1	●	Life expectancy – Females currently aged 45 / 65	23.2 / 21.5	23.2 – 25.4 / 21.5 – 23.8	●	Light Purple
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### Assessment

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- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit &amp; Standards Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.</li> </ul>
Matters in relation to related parties	<ul style="list-style-type: none"> <li>We are not aware of any related parties or related party transactions which have not been disclosed.</li> </ul>
Matters in relation to laws and regulations	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</li> </ul>
Written representations	<ul style="list-style-type: none"> <li>A letter of representation has been requested from the Authority. This includes the unadjusted misstatement in relation to the timing of the LGPS asset values of £0.184m.</li> </ul>
Confirmation requests from third parties	<ul style="list-style-type: none"> <li>We obtained direct confirmations from the PWLB for loans and from Worcestershire County Council for short term deposits which they manage on behalf of the Authority. We also obtained direct confirmation of the year end bank balance from Barclays Bank.</li> </ul>
Accounting practices	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> </ul>
Audit evidence and explanations/ significant difficulties	<ul style="list-style-type: none"> <li>All information and explanations requested from management was provided.</li> <li>We have not encountered any significant difficulties with accounts closedown, production of draft accounts and working papers.</li> </ul>

## 2. Financial Statements - other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of the Authority and the environment in which it operates</li> <li>the Authority's financial reporting framework</li> <li>the Authority's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified, but there were two minor disclosure changes to the Narrative Report which officers have made. We plan to issue an unmodified opinion in this respect – please refer to Appendix D.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Detailed extensive work is not required as the Authority does not exceed the reporting threshold. However, the template form and associated guidance have not yet been released by the government department therefore we have been unable to complete the audit work required.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021/22 audit of Hereford &amp; Worcester Fire Authority in the audit report, as detailed in Appendix D, due to the WGA guidance not being issued.</p>



# 3. Value for Money arrangements

## Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



### Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



### Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

# 3. VFM - our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. The risks we identified are detailed in the table below, along with the further procedures we performed and our conclusions. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
<p>The Fire Authority Medium Term Financial Plan, approved in February 2022, showed "Structural Budget Gaps" of £0.238m (2022/23); £0.133m (23/24) and £0.402m (24/25) - all to be funded from reserves, primarily the Budget Reduction Reserve. This reserve will then have decreased from £1.428m to £0.779m. This is around two years at the rate of £0.400m a year. This represents a significant risk as the Authority needs to be able to balance its budget without the ongoing use of reserves.</p>	<p>To address this risk we reviewed the long term plans to ensure a balanced budget can be achieved without the need to use reserves.</p>	<p>Our work did not identify a significant weakness. We did, however, raise an Improvement Recommendation – "The Authority needs to bring forward further savings plans to address the structural budget gap and future budgetary pressures, for example, pay costs and inflation."</p>	<p>While there is still significant uncertainty around future funding from central government, the Authority needs to ensure that it is in a position where viable, worked up savings plans are in place to ensure long term financial sustainability, irrespective of government funding.</p>

## 4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, we disclose the following to you:

The Audit Manager, Neil Preece, has been Manager for seven years. If the Authority was not a public sector client, the firm's policy rotation for this role is 10 years. However, in the public sector the firm requires permission for extensions to be sought after seven years. The firm's internal Ethics Function and Public Sector Audit Appointments (PSAA) have approved the extension for one year.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

### Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

### Other services

No other services provided by Grant Thornton were identified.

# Appendices

# A. Follow up of prior year recommendations

We identified the following issues in the audit of Hereford & Worcester Fire Authority's 2020/21 financial statements, which resulted in four recommendations being reported in our 2020/21 Audit Findings report. We are pleased to report that management have implemented three of our recommendations. In one area our work is ongoing, so we are unable to conclude.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
?	<p><b>Property valuations</b></p> <p>Our audit work took significantly longer than planned. This was partly due to the changeover in valuers, but also because supporting information was not readily available.</p> <p>There is a risk that property valuations cannot be supported.</p> <p><b>Recommendation</b></p> <p>The Authority needs to ensure that the external valuer obtains sufficient appropriate evidence and documentation of thought processes, readily available, to support to valuations and provide evidence to audit in a timely manner.</p>	<p>Our work in this area is ongoing. We are therefore not able to conclude whether the recommendation has been fully addressed.</p>
✓	<p><b>Member Data</b></p> <p>The Member Data provided to the Government Actuary Department (GAD) for them to prepare the Fire Fighters' Pension Scheme liability estimate was out of date. Officers spent a very considerable amount of time in reconciling figures which audit then used to sample test pension deductions for new joiners.</p> <p>There is a risk that the pension scheme liability is misstated.</p> <p><b>Recommendation</b></p> <p>The Authority needs to ensure that information provided to the Government Actuary Department (GAD) is up to date, complete and accurate</p>	<p>The Member data provided for audit in 2021/22 was up to February 2022, which we consider to be sufficiently up to date for audit purposes.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# A. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><b>Fair Value of Public Work Loan Board borrowing</b></p> <p>Our audit work identified that the Fair Value calculations for Public Works Loan Board (PWLB) borrowing did not use an approach recognized by the CIPFA Code.</p> <p>While this does not impact on the amount actually borrowed, it does indicate the impact that new loans would have if taken out on 31 March.</p> <p><b>Recommendation</b></p> <p>The Authority needs to ensure that the Fair Value of PWLB borrowing is correctly calculated. Many authorities use expert advisers to provide this information for them.</p>	<p>Officers have obtained appropriate valuation reports, and these have been reflected in the financial statements.</p>
✓	<p><b>Expenditure recognition</b></p> <p>Our audit work identified that the Authority was not consistently applying its accounting policies in terms of recognising expenditure where invoices spanned more than one financial year.</p> <p>While the impact in 2020/21 is immaterial, it took more audit and officer time to quantify the impact. The risk that, in future years, the impact could be material, remains.</p> <p><b>Recommendation</b></p> <p>The Authority needs to ensure that it consistency applies it accounting policies.</p>	<p>Our testing this year has not identified any invoices which are incorrectly accounted for.</p>

## Assessment

- ✓ Action completed
- X Not yet addressed

# B. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

<b>Detail</b>	<b>Comprehensive Income and Expenditure Statement £'000</b>	<b>Statement of Financial Position £' 000</b>	<b>Impact on total net expenditure £'000</b>
Amendment to employer contributions in respect of Place Partnership Limited	(237)	(237)	(237)

## Misclassification and disclosure changes

We have set out on page 7 details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

# B. Audit Adjustments



## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit & Standards Committee is required to approve management's proposed treatment of all items recorded within the table below. The audit of Worcestershire Pension Fund has identified that the year end Fund Manager confirmations for asset values are £19.6m higher than the values shown in the accounts. This is because the final values were not available at the time of producing the actuarial reports and financial statements. For Hereford & Worcester Fire Authority this means that the value of investments is understated by £0.184m. Were management to adjust for this the net LGPS liability would be reduced by the same amount, from £17.8m. However, management have declined to amend on the basis that it is immaterial and will be corrected in the next valuation. Members are asked to agree Officers' approach, and this is included in the Letter of Representation requested.

<b>Detail</b>	<b>Comprehensive Income and Expenditure Statement £'000</b>	<b>Statement of Financial Position £' 000</b>	<b>Impact on total net expenditure £'000</b>	<b>Reason for not adjusting</b>
LGPS assets understated	0	184	0	Immaterial
<b>Overall impact</b>	<b>£0</b>	<b>£184</b>	<b>£0</b>	

## Impact of prior year unadjusted misstatements

There were no adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements.

# C. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

<b>Audit fees</b>	<b>Proposed fee</b>	<b>Final fee</b>
Authority Audit	£43,362	£48,362
Total audit fees (excluding VAT)	£43,362	£48,362

We have proposed an increase of £5k in respect to the proposed fee given delays we have encountered with obtained audit assurance from managements external valuer, which has resulted in a delay on the completion of the audit. The final fee is subject to approval by PSAA.

	<b>Final fee</b>
Scale Fee	£25,311
Quality Review – Responding to FRC	£1,875
PPE Valuation Additional Work	£2,188
Pension Valuation	£2,188
Additional Work in respect of ISA540	£1,800
Additional Journals Testing	£2,000
Remote Audit	£2,500
VFM Commentary	£5,500
<b>Proposed Fee</b>	<b>£43,362</b>
<b>Overrun costs in respect to PPE Valuation Audit</b>	<b>£5,000</b>
<b>Final Fee</b>	<b>£48,362</b>

# D. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Authority with an unmodified audit report.

## Independent auditor's report to the members of Hereford and Worcester Fire Authority

### Report on the Audit of the Financial Statements

#### Opinion on financial statements

We have audited the financial statements of Hereford and Worcester Fire Authority (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and include the Firefighters' Pension Fund financial statements comprising the Fund Account, the Statement of Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

# D. Audit opinion

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

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

The responsibilities of the Treasurer with respect to going concern are described in the 'Responsibilities of the Authority, Treasurer and Those Charged with Governance for the financial statements' section of this report.

## Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

# D. Audit opinion

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities [set out on page 13], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Standards Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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

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

# D. Audit opinion

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003. We also identified the following additional regulatory frameworks in respect of the firefighters' pension fund – Fire and Rescue Services Act 2004, The Firefighters' Pension Scheme (England) Regulations 2014 and The Firefighters' Pension Scheme (England) Order 2006.
- We enquired of senior officers and the Audit and Standards Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit and Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, including the use of accounting estimates, assumptions and judgements, the risk of fraudulent expenditure recognition and the risk of improper revenue recognition. We determined that the principal risks were in relation to large and unusual journals which were designed to change financial performance, for example, moving amounts between the Balance Sheet and Comprehensive Income and Expenditure Statement.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that the Treasurer has in place to prevent and detect fraud
- journal entry testing, with a focus on unusual journals with specific risk characteristics and large value journals
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and defined benefit pensions liability valuations; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

# D. Audit opinion

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of land and buildings and defined benefit pensions liability valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

## Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter.

### Responsibilities of the Authority

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

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

# D. Audit opinion

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Hereford and Worcester Fire Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

## Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Signature:

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

## Date:





## **Hereford & Worcester Fire Authority**

# **Statement of Accounts 2021/22**

Headquarters  
Hindlip Hall  
Hindlip Park  
WR3 8SP

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# Hereford & Worcester Fire Authority

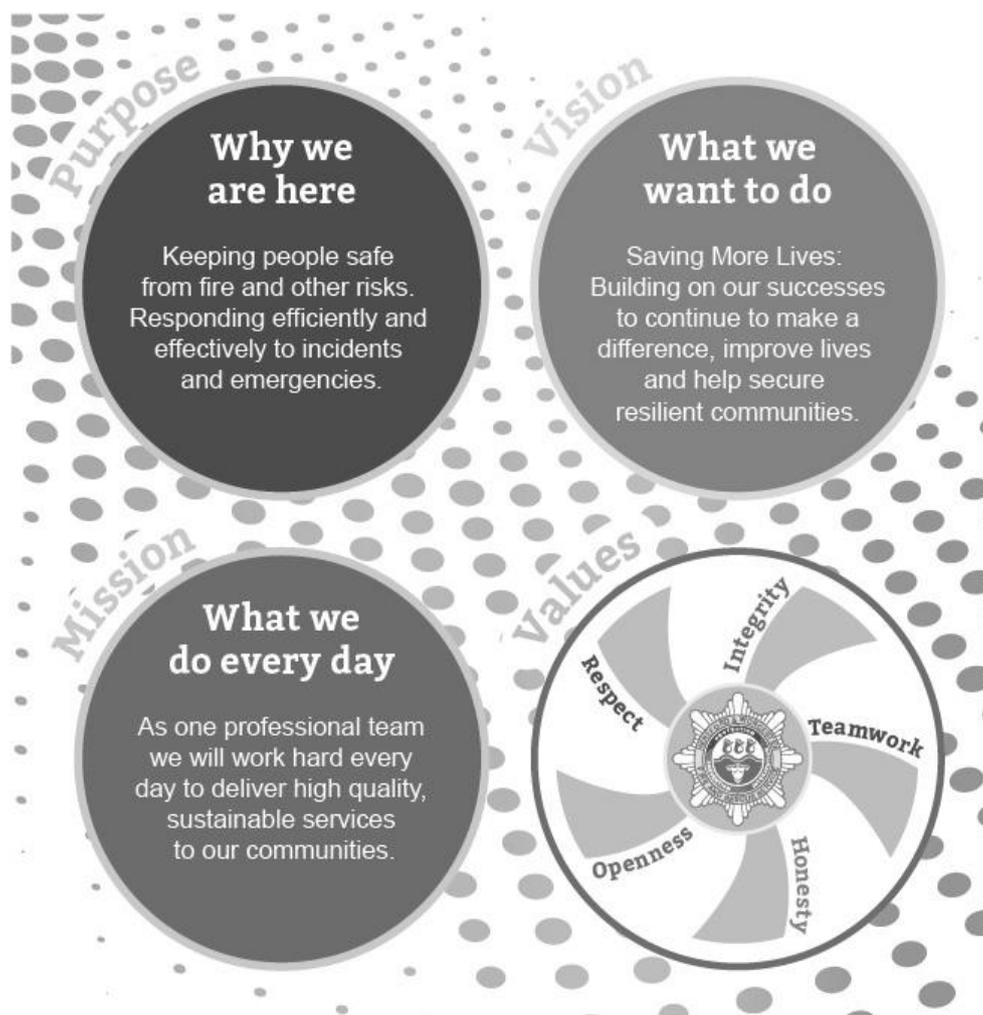
## Statement of Accounts 2021/22

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## NARRATIVE REPORT

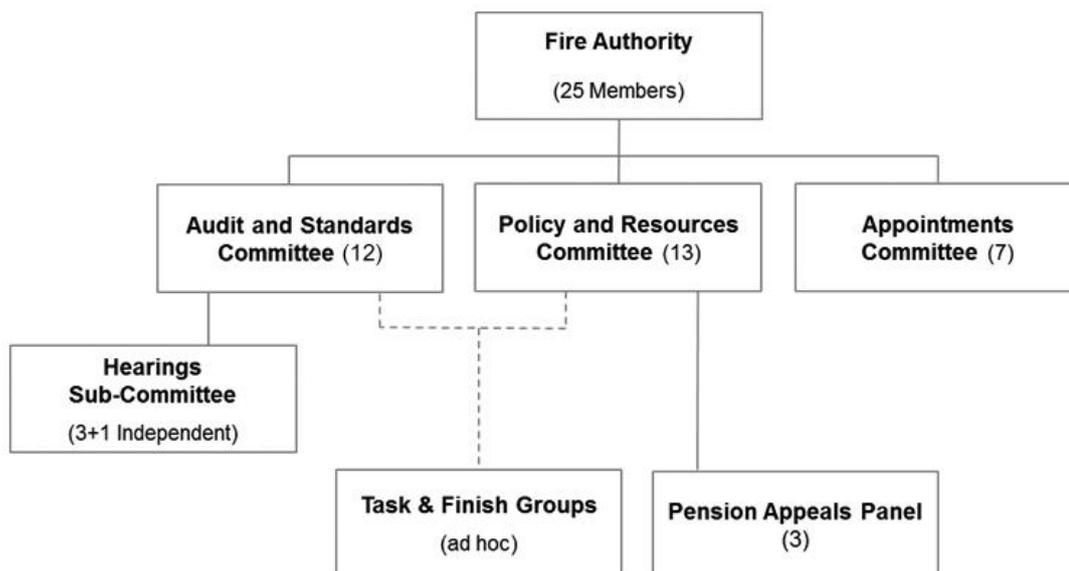
1. Originally formed as an independent corporate body, as a result of Local Government Reorganisation, on 1<sup>st</sup> April 1998, Hereford & Worcester Fire Authority (the Authority) is now constituted under the Fire and Rescue Services Act 2004. The Authority sets its own budget requirement, receives a share of Retained Business Rates, Business Rate Support Grant and Revenue Support Grant, and issues its own Council Tax Precept.
2. Under the provisions of the Policing and Crime Act 2017, the Police and Crime Commissioner (PCC) may submit a business case to the Home Secretary for the PCC to take over governance of the Fire Authority. Currently there is no business case being considered by the Home Secretary.
3. The Service covers the whole of Herefordshire and Worcestershire, an area of around 1,500 square miles (392,000 hectares) and a resident population of about three-quarters of a million people (791,685 – ONS mid-2020 population estimate). Of these, three in four live in Worcestershire, with around 100,265 people living in the city of Worcester. Herefordshire is more sparsely populated with a largely rural population, about a third of whom (61,500 people) live in the city of Hereford.



4. Our Strategy is the Service's overall statement of intent. With safety firmly at its heart, the statement has a clear core purpose built on strong foundations linked by three driving principles: firefighter safety, community safety and delivery of quality services. It relies on all parts of the service – from frontline firefighting to support staff and community safety volunteers – working together to deliver services and plans.

## The Fire Authority

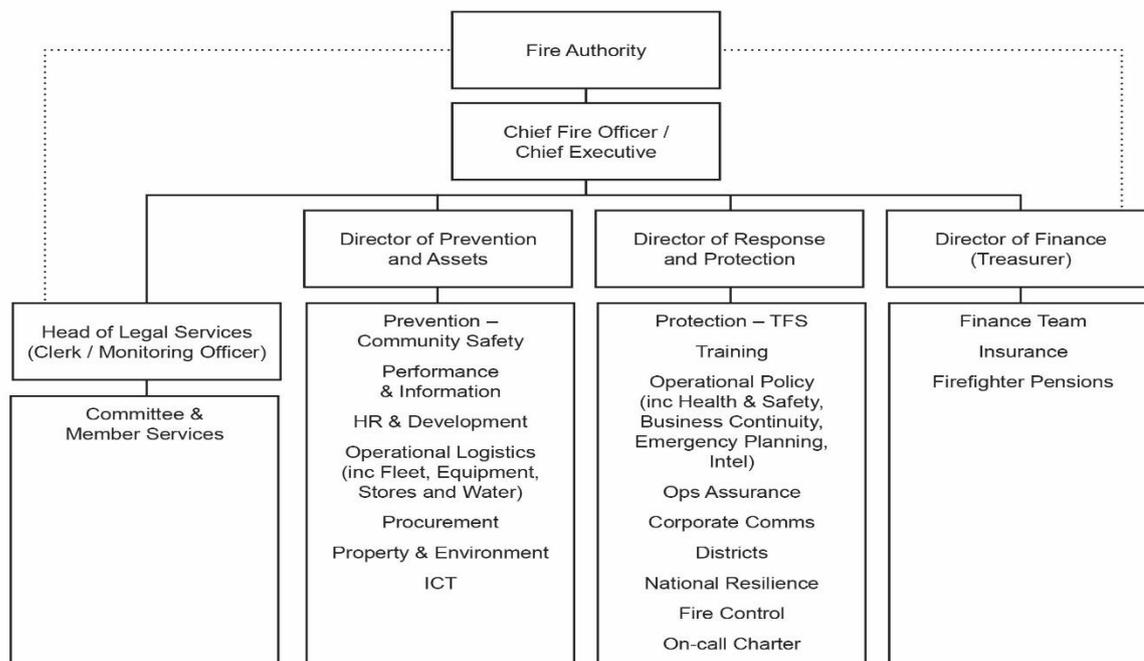
5. Hereford & Worcester Fire Authority is the governing body of the Fire and Rescue Service and is the legal entity responsible for carrying out duties as set out in the Fire and Rescue Services Act 2004, in relation to fire prevention, fire safety, firefighting and rescues (including from road traffic collisions and other emergencies such as flooding). It is made up of 25 local councillors, six appointed by Herefordshire Council and 19 by Worcestershire County Council. Since October 2016 the Fire Authority has also included the West Mercia Police and Crime Commissioner in a non-voting capacity.
6. The Authority currently carries out its duties by directly employing operational and other staff as Hereford and Worcester Fire and Rescue Service.
7. The Authority sets the budget and approves the overall strategic direction for the Service. It also appoints the Chief Fire Officer, Treasurer, Monitoring Officer and Deputy Chief Fire Officer and makes sure the Service has the right people, equipment and training to deliver their services effectively and efficiently in the best interests of the communities of Herefordshire and Worcestershire.
8. The Fire Authority normally meets four times a year and is supported by three committees as shown in the structure chart below. All meetings are open to the public, unless there is a reason that any individual matters under discussion need to remain confidential. Members of the Authority are also kept up to date on fire and rescue matters through an annual programme of seminars, workshops and visits to fire stations and other facilities.



## The Fire and Rescue Service

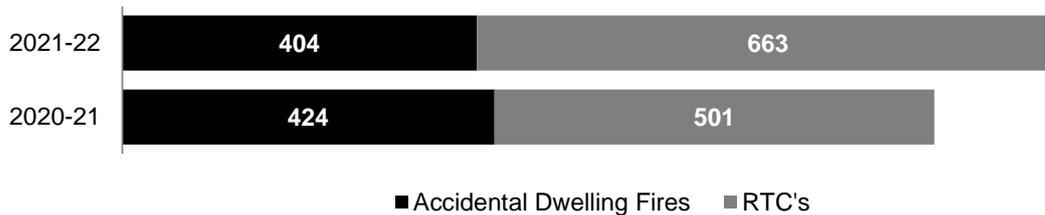
9. The Service is led by the Chief Fire Officer/Chief Executive with the support of the Senior Management Board. The Service employs 770 full-time and part-time staff, most of whom are highly trained firefighters (approximately 84 per cent of the total workforce).
10. In addition to Service Headquarters at Hindlip Hall, in Worcester, there are 25 fire stations across the two counties, a training centre, stores/workshops and a number of locally based training facilities.
11. The Service is structured into three directorates – Prevention and Assets, Response and Protection and Finance. Most staff are directly involved in providing prevention, protection,

response and resilience services. These services are designed to keep the communities of Herefordshire and Worcestershire as safe as possible by working with local people, organisations and business to try to make sure emergency incidents don't happen in the first place, as well as by being able to respond quickly and effectively to any emergencies that do happen. These essential services are supported by a wide range of organisational support services such as financial, personnel and legal management functions. The full range of services is shown in the chart below:

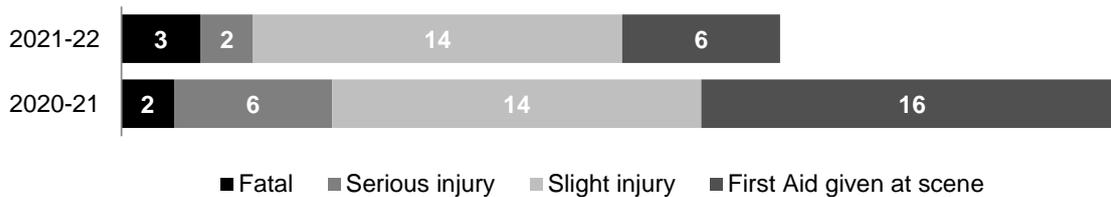


## Our Performance

12. In 2021/22, the service received 16,212 emergency calls to a wide range of incidents including property and countryside fires, road traffic collisions, water and animal rescues, collapsed structures and dealing with hazardous substances. In all we attended 7,418 incidents (7,016 incidents in 2020/21), about 143 a week. This represents an overall annual increase of 402 incidents over the previous year, though the majority is accounted for by a 19% rise in Special Service incidents attended during the year. Analysis shows that most of this increase is largely a reflection of the population getting used to road use following the three waves of Covid-19 infections and national lockdown in 2020/21. However, assisting other agencies such as West Mercia Police and the Ambulance Service, and weather conditions are two major factors influencing the number of type of incidents attended.
13. False Alarms continue to be the largest proportion of incidents, representing almost one in every two incidents (46.2%), this represents an actual increase in the number of false alarms attended a slight increase of 3.0% on last year. There has been a decrease (3.5%) in the number of fires attended during the year. The Service continues to work with businesses to reduce the number of automated false alarms, including working with occupiers to identify where false alarm activations are by repeat offenders. Fire Control Officers also challenge reports of alarms activating to assess whether the activation is false or not, and can quickly pass on information to attending crews.
14. In terms of potential life risk incidents, the Service attended 404 accidental dwelling fires in the two counties during 2021/22. This was a 4.7 per cent decrease compared with the previous year. Unfortunately, three people died in house fires. While any death is a tragedy, the figures remain low given the relative size of the population. Injuries and fatalities in accidental dwelling fires represent approx. 4.0 casualties per 100,000 population. The Service also attended 663 road traffic collisions in 2021/22, 162 more than the previous year.



**Casualties in Accidental Dwelling Fires**



**Collaboration and the Policing and Crime Act 2017**

15. The Policing and Crime Act 2017 contains a wide range of measures, including a statutory duty on the fire and rescue service to work collaboratively with their local Police and Ambulance Services. The introduction of this statutory duty aims to improve efficiency and effectiveness through better local accountability and an improved service for communities as well as savings for taxpayers.
16. It should be noted that there is already a high degree of collaboration between this Authority and West Mercia Police.

**The Accounting Statements**

17. The Statement of Accounts that follows covers the Authority’s financial year ending 31<sup>st</sup> March 2022. The accounts, which are prepared in accordance with International Financial Reporting Standards (IFRS) as guided by the CIPFA Code of Practice on Local Authority Accounting 2021/22, comprise a group of Core Financial Statements:
  - Comprehensive Income & Expenditure Statement (CIES)
  - Movement in Reserves Statement (MiRS)
  - Balance Sheet
  - Cash Flow Statement
  - Notes to the Core Statements
18. In addition, there is a Supplementary Financial Statement in respect of the Firefighters’ Pension Account.

19. The purpose of the Core Financial Statements is as below:

#### **Comprehensive Income and Expenditure Statement (CIES)**

- This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- The Authority raises taxation to cover expenditure in accordance with statutory regulation; this may be different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

#### **Movement in Reserves Statement (MiRS)**

- This shows the movement in the year on the different reserves held by the Authority, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- The Surplus (or Deficit) on the Provision of Services Line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income & Expenditure Statement (CIES).
- These are different to the statutory amounts required to be charged to the General Fund Balance for grant and Council Tax setting purposes.
- The Net Increase/Decrease before Transfers to Ear-marked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

#### **Balance Sheet**

- This shows the value as at the balance sheet date of assets and liabilities recognised by the Authority.
- The net assets of the Authority (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories.
- The first category of reserves are “usable reserves” i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).
- The second category is those that the Authority is not able to use to provide services. This category of reserves included those that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves statement line “Adjustments between accounting basis and funding basis under regulations”.

#### **Cash-flow Statement**

- This shows the changes in cash and cash equivalents of the Authority during the reporting period.
- The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by current taxation and grant income.
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows, by providers of capital to the Authority (i.e. those from whom long term borrowing is taken).

20. The accounting policies adopted by the Authority comply with the relevant recommended accounting practice. The Authority’s policies are explained fully in the Statement of Accounting Policies which is set out on pages 15-24.

21. The Authority's spending is planned and controlled by a process which includes regular reporting to the Service's management team, the Authority's Policy and Resources Committee and the Fire Authority.

### Revenue Budget and Expenditure

22. The Authority's main funding sources are Council Tax, Non-Domestic Rate income and various Government grants which are used to fund the Authority's revenue budget.
23. At the start of 2021/22 the budget was set at £35.276m with expected funding of £34.947m and a planned use of £0.329m of reserves.
24. The impact of Covid on the Service during 2021/22 has been minimal. Small variations in expected expenditure levels have occurred but these have not been significant and do not warrant separate explanation. The Fire Authority received no significant Covid funding during the year, although there has been a distribution of monies in relation to Fire Authority support to the NHS, resulting in funding of £0.042m. This Authority incurred no additional costs in relation to this.
25. The expenditure outturn for 2021/22 was £35.290m (an overspend of £0.014m), but the funding out-turn was £36.527m (£1.580m better). A summary of the revenue budget and the final outturn is shown in the table below.

	<b>Budget</b>	<b>Out-turn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Costs	24.387	24.722	0.335
Running Costs	8.392	8.186	(0.206)
Capital Financing Costs	2.497	2.382	(0.115)
Expenditure	35.276	35.290	0.014
Special Grants	(1.025)	(1.364)	(0.339)
Funding Grants	(7.507)	(7.505)	0.002
Business Rates & Grants	(1.935)	(3.178)	(1.243)
Council Tax	(24.480)	(24.481)	(0.001)
Funding	(34.947)	(36.528)	(1.581)
Net	0.329	(1.238)	(1.567)
To/(From) Reserves	(0.329)	1.238	1.567
	(0.000)	0.000	0000

26. The out-turn position results in a transfer of £1.238m to reserves rather than a transfer of £0.329m from reserves, a net change of £1.567m.
27. The principal areas of variation, are outlined below:

#### Expenditure:

**-£0.075m** – Prevention – Smoke Alarms. Due to worldwide shortages it has been difficult to replenish stocks. There have been sufficient stocks to continue with the visit programme in 2021-22, but the Committee specially recommended that the underspend be reserved to be used when stocks become available.

**-£0.070m** – Fleet. In spite of the increases in fuel prices in the last quarter of the year, reduced mileage resulting from Covid restrictions in the earlier part of the year have seen a temporary saving in the fuel budget.

**-£0.100m** – Property. Since the transfer of property management functions from Place Partnership (PPL) to the Police & Crime Commissioner (PCC) budgets are now much more on track but the position is impacted by a large retrospective rebate on business rates on closed fire stations.

**-£0.115** - ICT. Supply change delays causing late delivery of some hardware.

**-£0.040** – Performance & Information. Budget made provision for public consultation on changes to the Attendance measure, however this will now take place in 2022-23.

**+£0.067** – Insurance. Increased premiums as a result of a hardening market and recent claims experience.

**-£0.059m** – Travel Costs. Reduced claims for travel and subsistence, etc as a result of Covid restrictions and other changed working arrangements.

**-£0.170m** – Capital Financing - Arising from delay in capital spend in 2020-21 and 2021-22.

Funding:

**+£1.168m** – Business Rate – Retail Relief Grant. Additional funding following the introduction in 2020/21 of significant additional Business Rate reliefs from retail premises. This was after the statutory Retained Business Rate setting process it was compensated for in year via the Billing Authorities. However, this was adjusted out for the purposes of setting the 2021-22 Retained Business Rates, resulting in a significant Collection Fund loss, of over £1m. Government has now provided compensation for this loss.

**+£0.077m** - MORSE (Making Our Roads Safer for Everyone) grant from the PCC.

**+£0.193m** – Fire Protection Grant – originally paid as a one-off grant in 2020/21, but later paid in 2021/22 as well.

**+£0.042** NHS Covid Grant – paid by the home office in late March

**+£0.052m** Pension Admin Grant – one-off grant notified and paid by Home Office after year end, to meet the future administrative costs of the pensions remedy.

28. As a consequence of the net underspending £1.238m will be transferred to reserves. This differs from that reported to the Fire Authority on 22<sup>nd</sup> June 2022, due to some information accounted for after the report date, relating to income received for Business Rate Pooling, and invoices paid to Welsh Water and West Midlands Fire Service, for the provision of mutual assistance and support. At the same meeting the Authority agreed a review and reallocation of these reserves to be better utilised to support priorities and the net movement in reserves is shown in the following table:

<b>Future Expenditure Reserves</b>	<b>£m</b>
to ICT Replacements Reserve	0.115
from ESMCP Reserve	(0.067)
from Organisational Excellence Reserve	(0.132)
from On Call Recruitment Reserve	(0.005)
from Broadway Reserve	(0.039)
to Capital Projects Reserve	1.575
From Property Maintenance Reserve	(0.278)
to Pension Reserve	0.044
to Protection Grants Reserve	0.048
To Safety Initiatives Reserve	0.028
	<b>1.289</b>
<b>Budget Reduction Reserves</b>	
from Tax Income Guarantee Grant Reserve	(0.051)
	<b>(0.051)</b>
	<b>1.238</b>

### General Reserve

29. The general reserve stood at £1.538m at 31<sup>st</sup> March 2022, this figure remains unchanged from 31<sup>st</sup> March 2021.

### Going Concern

30. Hereford and Worcester Fire Authority continue to closely monitor the impact of the wider economy on its operations by reacting to reducing finance settlements in recent years and reviewing the levels of operational workforce to ensure it is in line with the Community Risk Management Plan.
31. Management have assessed that the going concern basis was appropriate for the 2021/22 financial statements: no issues were identified and the Medium Term Financial Plan approved by the Authority in February 2022 confirms this view. The Director of Finance's expectation is that this will continue for the foreseeable future. Using reserves the Authority has a balanced budget for the whole of the Medium Financial Plan period and robust and deliverable plans for a balanced budget going forward. The legislative potential for a replacement of the Fire Authority by a Police, Fire and Crime Commissioner does not affect this assumption as in that there would be a successor body taking on all the assets and liabilities of the Fire Authority.

### Covid 19 Pandemic

32. The Covid 19 pandemic began to affect most countries in the world during the first quarter of 2020 and the United Kingdom went into lockdown in March 2020, followed by further lockdowns until March 2022. The service undertook significant work to ensure it was best placed to continue its services and support partners to mitigate the impacts of Covid19 upon its communities. Intelligence was gained through health partners by actively engaging in Coordination Groups.

The Service's capabilities were also communicated to demonstrate how partners could be supported. The Service offered support to a number of different agencies and assisted in the following ways:

- Working locally and nationally to influence and share data with NFCC, NHS and Local Authorities and prioritise support to vulnerable members of the community.
- Supporting and training staff within Health Authority and Local Authority partners.

- Assisting with risk assessments for mass vaccination sites.

Plans were produced to deal with absences across the Service. The pandemic impacted the Service in different ways.

- **Provision of service** – response plans ensuring continuation of operational activities and close collaboration with cross agency working were implemented, and these remained in place into 2021/22.
- **Workforce** – this includes continued safety of operational staff and working from home for support staff, with health and wellbeing of high importance. A trial was initiated to assess the effectiveness of new ways of working for staff, to ensure that benefits of hybrid or remote working were not lost as staff return to the workplace.
- **Supply Chains** – use of existing and new suppliers, access to national supply arrangements and increased stock holdings, ensured continued provision of personal protective equipment and other essential equipment.

**Financial management and cash flow** – the Authority was not affected by cash flow issues in 2020/21 as a result of the pandemic. Government grant was received to cover Covid 19 related expenditure. This continued the Authority's collaboration work with supporting and providing training to the NHS.

Whilst funding was sufficient to ensure that service provision was unaffected in 2019/20, there were concerns about future streams, particularly around collection fund balances and council tax base growth.

The Authority were subject to a net deficit on the Collection Fund for business rates in 2021/22. During the year, government grant was paid to cover 75% of these deficits, with the remaining 25% being repayable over 3 years. Similarly, due to a large number of households being supported with payment of council tax, 2021/22 saw only a small increase in the council tax base.

### **Firefighters' Pensions**

33. Since 1<sup>st</sup> April 2006 Firefighters' pensions are paid from a separate pensions account, into which the employees' contributions and a new employer contribution are also paid. The net deficit on this account is funded by direct government grant.
34. The employer contribution and certain costs in relation to injury pensions still fall on the General Fund Balance.

### **Capital Programme Budget**

35. During 2021/22 £2.735m was spent on new assets or improvements to existing ones. Expenditure was incurred on the approved vehicle programme, planned major building works, minor property works, small equipment and IT schemes. The majority of the programme was, as planned, funded by borrowing and revenue contributions.
36. During financial year 2021/22, the Authority updated part of its vehicle fleet, by replacing vehicles used for rope and water rescue.

### **Balance Sheet**

37. At 31<sup>st</sup> March 2021 the Authority held Long Term Assets with a net book value of £44.819m. Professional advice has not identified any further impairment due to changes in the economic climate, and adjusting for disposals, depreciation, revaluation and capital expenditure, Long Term Assets are valued at £42.909m at 31<sup>st</sup> March 2022. The reduction includes the disposal of the former HQ building.

38. Long Term borrowing is only incurred to support capital expenditure and for practical purposes is considered as long-term debt. However, when maturity is within twelve months the borrowing is technically classed as short-term borrowing which can be misleading as it was not borrowed for short term purposes. At 31<sup>st</sup> March 2022, the long term element was £9.046m, a reduction of £1.365m from the 31<sup>st</sup> March 2021 figure of £10.411m, which relates to loans now maturing within twelve months. At 31<sup>st</sup> March 2022 the total indebtedness of £10.411m (£9.046m Long and £1.365m short), remains well below the value of Long Term Assets.
39. The Balance Sheet includes liabilities in respect of the five pension schemes provided for staff.
40. The £17.816m liability on the Local Government Scheme will be covered by the continued level of employer contributions.
41. The Firefighters' schemes are statutory un-funded ones and the significant total liability of £393.598m is a result of this position. There is no requirement, or legal powers, for the Authority to fund this deficit, and any costs not financed by employee or employer contributions are met by direct government grant. More details on pensions can be found on pages 48-57.

### **Corporate Governance Arrangements**

42. The Authority is responsible for ensuring that its business is conducted in accordance with relevant legislation and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, Members and Senior Officers are responsible for putting in place proper procedures for the governance of the Authority's affairs and the stewardship of the resources at its disposal.
43. During 2021/22 the Authority has reviewed the systems and processes it has in place to ensure sound corporate governance and to confirm that they are consistent with the principles outlined in the CIPFA Delivering Good Governance in Local Government Framework 2016 Edition. The latest review of compliance with the code was approved by the Authority Audit and Standards Committee on 20<sup>th</sup> April 2022.
44. Many of the elements of the code had been in place since the creation of the Authority such as: Codes of Conduct, Codes of Practice, Policy Statements, Standing Orders, Financial Regulations, Internal Audit arrangements and Risk Management arrangements which have been strengthened as referred to in the Annual Governance Statement on pages 75- 79.

### **Memorandum of Understanding (MoU)**

45. A formal Memorandum of Understanding (MoU) has been entered into with Shropshire and Wrekin Fire Authority, to signify the ratification by both Fire Authorities to work towards the creation of a single resilient command and control function, operated from two remote locations, Worcester and Shrewsbury.
46. A separate tri-partite Memorandum of Understanding has been entered into with Shropshire and Wrekin Fire Authority and Cleveland Fire Authority. The three authorities are now well advanced with plans to align their Command & Control systems. This will create a resilient network of systems capable of being operated from control rooms in Worcester, Shrewsbury and Hartlepool. Common operating procedures and ways of working continue to be further refined to enable each Fire Authority to take calls and mobilise the other's resources seamlessly at any time. The Authorities will have immediate and fully operational fallback arrangements.

### **Fire Alliance**

47. The Policing and Crime Act 2017 introduced a statutory duty to collaborate on all three emergency services to improve their efficiency and effectiveness. On 28<sup>th</sup> March 2018, Members of the Policy and Resources Committee gave approval for Officers to examine the

strategic options for formalising collaborative working between Shropshire and Hereford & Worcester Fire Authorities. The Alliance allows the Authorities to develop working arrangements that allow resources and expertise to be shared to provide long term capacity and resilience to meet increasing pressures from budgetary restrictions and changing demands of both established and new risks within the communities.

#### **Post Balance Sheet Events**

48. There are no post balance sheet events to report at the date of issue.

## A STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

1. The Authority is required to:
  - make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has responsibility for the administration of those affairs. In this Authority, that Officer is the Treasurer;
  - manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
  - approve the Statement of Accounts.

### The Treasurer's Responsibilities

2. The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code') is required to provide a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2022 and its income and expenditure for the year ended 31<sup>st</sup> March 2022.
3. In preparing this Statement of Accounts the Treasurer has:
  - selected suitable accounting policies and then applied them consistently;
  - made judgements and estimates that were reasonable and prudent; and
  - complied with the Code of Practice.
4. The Treasurer has also:
  - kept proper accounting records which were up to date;
  - taken reasonable steps for the prevention and detection of fraud and other irregularities; and
  - ensured the Statement of Accounts provides a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2022 and its income and expenditure for the year ended 31<sup>st</sup> March 2022.
5. I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31<sup>st</sup> March 2022.

Signed on Original

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Martin Rehorn CPFA B.Comm (Acc)  
Treasurer to the Fire Authority

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19<sup>th</sup> April 2023

**Issue Date**

6. The date that these financial statements are authorised for issue is 19<sup>th</sup> April 2023. All known material events that have occurred up to and including this date which relate to 2021/22 or before have been reflected in the accounts.

**AUTHORITY APPROVAL**

7. The Statement of Accounts was approved at a meeting of the Audit and Standards Committee on 19<sup>th</sup> April 2023.

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Presiding Chairman of the  
Audit and Standards Committee

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19<sup>th</sup> April 2023

## **STATEMENT OF ACCOUNTING POLICIES**

### **General Principles**

1. The Statement of Accounts has been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and International Financial Reporting Standards (IFRS).

### **Accrual of Income and Expenditure**

2. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:
  - Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
  - Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
  - Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
  - Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
  - Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
3. Exceptions to this policy are as follows:
  - Utilities (gas, telephone, electricity etc) and other annual fees, where invoices will be accounted for in the year they fall, providing that only one annual, four quarterly or twelve monthly invoices are charged in any one year.
  - Existing contracts for aerial sites where income will be accounted for in the year it falls providing that only one twelve monthly invoice is charged in any one year. New contracts of a material nature will be treated on a full accruals basis.
  - Employee expenses paid through payroll where the cut-off date for claim is 20<sup>th</sup> of the month, but where twelve months' claims will be included in the Comprehensive Income and Expenditure Statement.
4. Individual invoices of less than £500 are accounted for in the year they fall.

### **Cash and Cash Equivalents**

5. Cash is represented by cash in hand and deposits with financial institutions (through Worcestershire County Council) repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in a period of not more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

6. 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, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.
7. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.
8. Any material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **Events After the Reporting Period**

9. Events after the Balance Sheet date are those events, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:
  - those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
  - those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **VAT**

10. Income and expenditure excludes any amounts related to recoverable VAT, as all VAT collected is paid to HM Revenue and Customs and all VAT paid recovered from it.

## **Overheads and Support Services**

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

## **Property, Plant and Equipment (PP&E)**

12. Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PP&E) has been capitalised provided it yields benefit to the Authority for more than one year. Capital expenditure enhances the value, usage or life of an asset. Some relatively immaterial items may be financed directly from revenue.
13. PP&E are classified into the groupings required by the Code of Practice on Local Authority Accounting and assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

PP&E assets are subsequently measured at current value as follows:

- Fire stations and other specialised properties – Current value based on Depreciated Replacement Cost (DRC).
- Other non-specialised operational properties – Current value based on Existing Use (EUV).

- Non-operational properties – Fair Value (based on open market value).
  - Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
  - Vehicles, plant and equipment – Depreciated historic cost as a proxy for current value.
  - Assets under construction – Historic cost.
14. The Authority has a de-minimus of £5,000 for vehicle purchases.
15. Assets are held in the Balance Sheet at gross value, net of depreciation and impairment where appropriate.

### Impairment

16. Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
17. Where impairment losses are identified, they are accounted for as follows:
- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
  - Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.
18. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.
19. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Component accounting

20. From 1<sup>st</sup> April 2010 Component Accounting, as set out in IAS 16 – Property, Plant & Equipment, requires the Authority to componentise all Property, Plant and Equipment where the components have a distinctly different economic life to enable PP&E to be accurately and fairly included in the Authority's Comprehensive Income and Expenditure Statement (CIES) so that the depreciation charge properly reflects the consumption of the asset.
21. The requirement, however, is prospective and not retrospective, and will therefore be introduced as and when properties are re-valued. It is applied only where an item of PP&E has components whose value makes up more than 25% of the asset value.
22. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped together.
23. Where a component of an existing asset is to be de-recognised and the component amount is not known, then an estimate using a reasonable basis will be used. The component calculation will be established using the replacement cost of the component, indexed back to the original component's inception and adjusted for any subsequent depreciation and impairment.

24. Any surpluses arising on the initial valuation of fixed assets have been credited to the Capital Adjustment Account. Surpluses arising on revaluation are credited to the Revaluation Reserve.

### **Heritage Assets**

25. Heritage assets are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They include historical buildings, civic regalia, orders and decorations (medals), military equipment and works of art.
26. Authorities are required to account for tangible assets in accordance with FRS30 Heritage Assets.
27. Heritage Assets are recognised and measured in accordance with the Authority's policies on PP&E. However, where information on cost or value is not available, and the cost of obtaining reliable information outweighs the benefits to users of the financial statements, the Code does not require the asset to be recognised on the Balance Sheet.
28. The estimated value of such assets is less than £0.015m and the expected cost of an independent valuation is 10% of this figure.

### **Intangible Assets**

29. Intangible assets (e.g. computer software) are defined in IAS 38 - Intangible Assets as an identifiable non-monetary asset without physical substance, and are measured at cost.

### **Basis of Charge for the use of Assets**

30. A depreciation charge is reflected within the Net Cost of Services in the Comprehensive Income and Expenditure Statement (CIES) and is calculated on all PP&E and Intangible assets according to the following policy:
- A charge is made for all fixed assets with a finite useful life. This charge is calculated using the straight line method.
  - Land is not normally depreciated.
  - Buildings are depreciated in accordance with IAS 16 – Property, Plant and Equipment, using the estimated life from the most recent valuation report, on a straight line basis over this period.
  - Surplus assets are measured at fair value, estimated at highest and best use from a market participant's perspective.
  - Operational vehicles, plant and equipment have an asset life between 5 and 10 years. Fire appliances have an asset life of between 10 and 15 years. Both classes are depreciated on a straight line basis over these periods.
  - Information technology assets have an average asset life of 5 years and are depreciated on a straight line basis over this period.
  - Other equipment assets have an average life of 5-7 years, but depreciation is based on the expected life of each individual asset type, on a straight line basis.
  - Some equipment assets carried on fire appliances have a 15 year life and are depreciated accordingly.
  - Newly acquired assets are depreciated from the year of acquisition.
  - Assets in the course of construction are not depreciated until the year that they are brought into use.

- Intangible assets are amortised over their average economic life (5 years).

### **Financing of Capital Expenditure**

31. Capital expenditure is funded by government grants, capital receipts, revenue contributions and in the long term borrowing. The interest on external borrowing is charged to the CIES. A provision for repayment of external borrowing, in accordance with the Minimum Revenue Provision, is set aside each year as a contribution to the Capital Adjustment Account.

### **Redemption of Debt**

32. The Authority finances a proportion of its capital investment by raising loans. In accordance with the Local Government and Housing Act 1989, the Income and Expenditure Account is charged annually with a sum to provide for the eventual repayment of those loans. This sum is known as the Minimum Revenue Provision (MRP).
- Since 2008/09, the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008, has required the Authority to determine an appropriate MRP policy, which has been broadly to set aside sufficient funds over the life of the assets funded from net borrowing.
  - All expenditure from 2008/09 onwards - MRP using an approximate Asset life basis:
    - Buildings over 50 years – per depreciation policy.
    - IT equipment over 5 years - reflecting average life.
    - Other equipment over 7 years – reflecting actual average usage within the FRS.
    - Vehicles – on actual estimated life of each vehicle.
  - Vehicle expenditure before 2008/09 – MRP on a proxy Asset Life basis using original cost, less accumulative MRP, over the remaining useful life of the individual vehicle.
  - Expenditure before 2008/09, (other than vehicles) - MRP on a proxy Asset Life basis using original cost, less accumulative MRP over average asset life as above.

### **Investment Property**

33. Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
34. The Authority does not acquire properties with the intent for them to be used for investment purposes, but will generate income from assets that are no longer required for operational purposes if this is appropriate.
35. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.
36. Rentals received in relation to investment properties are credited to the Financing Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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.

## **Joint Operation**

37. A Joint Operation involves the parties that have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control of decisions and use of the assets and obligations for the liabilities relating to the arrangement. The Fire Authority recognises, if material, on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

## **Leases**

38. 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.
39. During 2021/22 the Authority held only operating leases under the definition of IAS 17 leases. The Authority's operating leases are not capitalised and rentals are charged directly to the CIES in the year to which they relate.

## **Operating leases**

### **The Authority as Lessee**

40. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

### **The Authority as Lessor**

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

## **Non Current Assets held for Sale**

42. A non-current asset is reclassified as an Asset Held for Sale where it is probable that the carrying amount of the asset will be recovered through a sale transaction rather than through its continual use.
43. The asset is re-valued and carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

## **Capital Receipts**

44. Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003, as amended by subsequent Statutory Instruments. Individual receipts of less than £10,000 are credited direct to the CIES.

## **Inventories**

45. Stocks, where material, are shown in the Balance Sheet valued at the average purchase price, except that:
- Vehicle fuel is valued at latest invoice price, which is considered appropriate for this type of stock.

- Other immaterial stocks, e.g. stationery, are treated as current expenditure and charged directly to the CIES.

## **Pension Arrangements**

46. The disclosure requirements are included in the main financial statements as notes to the accounts in accordance with IAS 19 – Employee Benefits and CIPFA recommended practice. This is further explained in paragraphs 48 and 49 below.

### Types of pension schemes

47. As part of the terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.
48. The Authority participates in five schemes:
- The Firefighters’ Pension Scheme (FFPS) (the “1992 Scheme”). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.
  - The New Firefighters’ Pension Scheme (NFPS) (the “2006 Scheme”) – this is also a statutory un-funded defined benefit final salary scheme.
  - The Firefighters’ Care Scheme (FF CARE) (the “2015 scheme”) – is open to all uniformed staff (except Fire Control) and is a statutory un-funded defined benefit Career Average Revalued Earnings Scheme. Members starting after the 1<sup>st</sup> April 2015, and members of the 1992 and 2006 Final Salary Schemes will move into the 2015 scheme, unless protection applies.
  - Following the McCloud/Sargeant age discrimination case all members of the 1992/2006 schemes who were moved (or were due to be moved) to the 2015 scheme will now get a retrospective choice as to which scheme their 2015 to 2022 service will be included in.
  - The Firefighters’ Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The Firefighters’ 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 the actual pensions’ payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, open to staff not covered by the Firefighters’ schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
  - In accordance with IAS 19 the Authority recognises the cost of retirement benefits within the Net Cost of Services, in the CIES, when they are earned, rather than when benefits are actually paid as pensions. However the charge to be made to the Council Tax, via the precepts, is based on the amount payable in the year. The difference is reversed out in the General Fund.

## **Interest on Balances**

49. During the year surplus money was invested and the interest earned credited to the CIES.

## **Government Grants and Contributions**

50. Government grants and contributions are recognised in the CIES when conditions attached to a grant or contribution have been satisfied. Government grants and contributions that have not been satisfied are carried in the Balance Sheet as creditors.
51. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where a grant is yet to be used to finance capital, it is held on the Capital Grant Unapplied Reserve. When it has been used, it is transferred to the Capital Adjustment Account.

## **Financial Liabilities**

52. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.
53. Gains and losses on the repurchase or early settlement of borrowing would be credited and debited to Net Operating Expenditure in the CIES in the year of repurchase/settlement.
54. However, if repurchase had taken place as part of restructuring of the loan portfolio that involved the modification or exchange of existing instruments, the premium or discount would be deducted from or added to (respectively) the amortised cost of the new or modified loan and the write down to the CIES would be spread over the life of the loan by an adjustment to the effective interest rate.
55. Where premiums and discounts are charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not yet undertaken such a restructuring of debt and has therefore not yet adopted a policy for its treatment.

## **Council Tax and Non-Domestic Rates**

56. The Council Tax and the non-domestic rates income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.
57. The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities' Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts and a provision for non-domestic rates appeals.
58. The IFRS treatment differs from the statutory accounting arrangement, where the Authority precepts directly on the Billing Authority and has no direct debtor or creditor relationship with individual council tax-payers.

## **Employee Benefits**

### **Accumulating Compensating Absences**

59. A review of the cost of holiday entitlements (in the form of annual leave, lieu and flexi-time) earned by employees but not taken before the year-end which employees can carry forward into the next year. If the value is of a significant amount an accrual is charged to the CIES.

### **Termination Benefits**

60. 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service or where applicable to the Non Distributed Costs line in 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.

### **Post Employment Benefits**

61. These are changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. Such changes will be debited or credited to the Pensions Reserve.

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

#### **Provisions**

62. Provisions are made when an event has taken place that gives the Authority an obligation that probably requires payment, but where the timing of the payment is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely payment. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, and where it is likely that payment does not need to be made, the provision is reversed and credited back to the relevant service.

#### **Contingent Liabilities**

63. 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 whether it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.
64. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Contingent Assets**

65. 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 certain future events not wholly within the control of the Authority.
66. 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.

#### **Reserves**

67. At 31<sup>st</sup> March 2022 a general reserve is held to meet expenditure which may arise from unforeseen events.
68. In addition, the Authority holds a variety of earmarked reserves to meet specific known future costs. The value and nature of the current reserves are disclosed in the Notes to the Core Financial Statements on pages 57-61.

#### **Capital Accounting Reserves**

69. There are two capital accounting reserves as part of the system of capital accounting, these reserves are not available to spend. These are:

- **The Capital Adjustment Account**

This account records the consumption (of the historical cost) of a fixed asset over the life of the asset. It also records the amounts set aside from revenue resources or capital receipts to finance capital expenditure on fixed assets or for the repayment of external loans and other capital financing transactions.

- **The Revaluation Reserve**

This reserve records the unrealised net gains and losses from revaluations made after 1<sup>st</sup> April 2007, with the proviso that losses are charged to the Comprehensive Income and Expenditure Statement if the loss is attributable to impairment (the consumption of economic benefits). In the event of such a charge to the CIES, accounting entries are made to ensure that there is no effect on the council tax precept requirement.

### **Operating Segments**

70. The CIPFA Code of Practice on Local Authority Accounting 2021/22 guidance on applying IFRS, requires that where an organisation considers and manages financial, operating and performance information in material segments, then additional financial information must be provided on these segments.
71. Due to the nature of its operation, as a single purpose Authority, the Authority and the Service management team manage the organisation as an entity, and do not have relevant operating segments to report upon.

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2020/21			2021/22		
	Notes	Gross Expd £'000	Gross Income £'000	Net Expd £'000	Gross Expd £'000	Gross Income £'000	Net Expd £'000
<b>Gross Expenditure, Gross Income and Net Expenditure on Continuing Operations</b>							
Employee Costs		28,513	(978)	<b>27,535</b>	28,774	(1,010)	<b>27,764</b>
Employee Costs – Past Service Costs				<b>0</b>			<b>0</b>
Running Costs		8,046	(559)	<b>7,487</b>	8,377	(435)	<b>7,942</b>
Capital Financing		5,403	(89)	<b>5,314</b>	2,786	0	<b>2,786</b>
<b>Cost of Services</b>		41,962	(1,626)	<b>40,336</b>	39,937	(1,445)	<b>38,492</b>
<b>Other Operating Expenditure</b>	8	5,460	(10,561)	<b>(5,101)</b>	2,165	(7,271)	<b>(5,106)</b>
<b>Financing &amp; Investment Income and Expenditure</b>	9	10,289	(645)	<b>9,644</b>	9,301	(656)	<b>8,645</b>
<b>Taxation &amp; Non-Specific Grant Income</b>	10		(33,852)	<b>(33,852)</b>		(36,699)	<b>(36,699)</b>
<b>Deficit/(Surplus) on Provision of Services</b>		<b>57,711</b>	<b>(46,684)</b>	<b>11,027</b>	<b>51,403</b>	<b>(46,071)</b>	<b>5,332</b>
<b>Deficit/(Surplus) on revaluation of non-current assets</b>	28-29			<b>3,704</b>		(29)	<b>(29)</b>
<b>Remeasurement of the net defined benefit liability/(asset)</b>	73			<b>23,745</b>		(3,651)	<b>(3,651)</b>
<b>Other Comprehensive Income and Expenditure</b>				<b>27,449</b>			<b>(3,680)</b>
<b>Total Comprehensive Income and Expenditure – Deficit/(Surplus)</b>				<b>38,476</b>			<b>1,652</b>

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**MOVEMENT IN RESERVES STATEMENT FOR THE 12 MONTHS ENDING 31 MARCH 2022**

Note	General Fund 87 £'000	Ear-marked Rev Res 88-90 £'000	Sub Total £'000	Unapplied Grant 91 £'000	Cap Rcpts Reserve 92 £'000	Total Usable 86 £'000	Revaln. Reserve 94-95 £'000	Capital Adj Acct 96-99 £'000	Pensions Reserve 100-101 £'000	Coll Fund Adj Acct 102 £'000	Acc. Abs. Adj Acct 103 £'000	Total Unusable 93 £'000	All Reserves £'000
<b>Balance at 31-Mar-2021</b>	<b>1,538</b>	<b>14,238</b>	<b>15,776</b>	<b>3</b>	<b>5,533</b>	<b>21,312</b>	<b>6,542</b>	<b>18,226</b>	<b>(408,638)</b>	<b>(1,401)</b>	<b>(267)</b>	<b>(385,538)</b>	<b>(364,226)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(1,652)		(1,652)			<b>(1,652)</b>						<b>0</b>	<b>(1,652)</b>
<b>Other Comprehensive Income &amp; Expenditure</b>													
Surplus on revaluation of non-current assets	(29)		(29)			<b>(29)</b>	29					<b>29</b>	<b>0</b>
Movement in Pensions Reserve	(3,651)		(3,651)			<b>(3,651)</b>		3,651				<b>3,651</b>	<b>0</b>
<b>Reversal of items in the CIES</b>													
<i>to be removed for determining movement in General Fund</i>													
Relating to Depreciation/Amortisation	2,328		2,328			<b>2,328</b>		(2,328)				<b>(2,328)</b>	<b>0</b>
Relating to Depreciation on un-realised gains							(75)	75				<b>0</b>	<b>0</b>
Relating to Revaluation/Impairment gains/losses	198		198			<b>198</b>		(198)				<b>(198)</b>	<b>0</b>
Relating to Revaluation losses on Investment Assets									(12,166)			<b>(12,166)</b>	<b>0</b>
Relating to Retirement Benefits	12,166		12,166			<b>12,166</b>						<b>(12,166)</b>	<b>0</b>
Relating to Non-current assets w/off on disposal	2,149		2,149			<b>2,149</b>		(2,149)				<b>(2,149)</b>	<b>0</b>
Relating to Non-current assets w/off on disposal of Revaluation Reserve Balance			0			<b>0</b>	(656)	656				<b>0</b>	<b>0</b>
Relating to Capital Receipts	(1,602)		(1,602)		1,602	<b>0</b>						<b>0</b>	<b>0</b>
Relating to Unapplied Capital Grants/Contributions	(396)		(396)	396		<b>0</b>						<b>0</b>	<b>0</b>
Relating to Grants used to Finance Capital Expenditure			0	(396)		<b>(396)</b>		396				<b>396</b>	<b>0</b>
Relating to Capital Receipts used to Finance Capital Expenditure			0		(65)	<b>(65)</b>		65				<b>65</b>	<b>0</b>
Relating to Council Tax Income	(447)		(447)			<b>(447)</b>				447		<b>447</b>	<b>0</b>
Relating to Non-domestic rates income	(592)		(592)			<b>(592)</b>				592		<b>592</b>	<b>0</b>
Relating to Compensated absences	(104)		(104)			<b>(104)</b>					104	<b>104</b>	<b>0</b>
Relating to Lease Income													
<b>Insertion of items in the CIES</b>													
<i>to be included for determining movement in General Fund</i>													
Employers Contribution to Pension Schemes	(5,487)		(5,487)			<b>(5,487)</b>			5,487			<b>5,487</b>	<b>0</b>
Statutory Provision for Debt Repayment	(1,605)		(1,605)			<b>(1,605)</b>		1,605				<b>1,605</b>	<b>0</b>
Revenue Financing of Capital	(38)		(38)			<b>(38)</b>		38				<b>38</b>	<b>0</b>
<b>Transfers Between Earmarked Reserves</b>	(1,238)	1,238	0			<b>0</b>						<b>0</b>	<b>0</b>
<b>Balance at 31-Mar-2022</b>	<b>1,538</b>	<b>15,476</b>	<b>17,014</b>	<b>3</b>	<b>7,070</b>	<b>24,087</b>	<b>5,840</b>	<b>16,386</b>	<b>(411,666)</b>	<b>(362)</b>	<b>(163)</b>	<b>(389,965)</b>	<b>(365,878)</b>

**SUMMARY OF MOVEMENTS**

<b>Balance at 31-Mar-2021</b>	<b>1,538</b>	<b>14,238</b>	<b>15,776</b>	<b>3</b>	<b>5,533</b>	<b>21,312</b>	<b>6,542</b>	<b>18,226</b>	<b>(408,638)</b>	<b>(1,401)</b>	<b>(267)</b>	<b>(385,538)</b>	<b>(364,226)</b>
<b>Movement in Reserves during 2021/22</b>													
Deficit/(Surplus) on Provision of Services	(1,652)		(1,652)			<b>(1,652)</b>						<b>0</b>	<b>(1,652)</b>
Other Comprehensive Income & Expenditure	(3,680)		(3,680)			<b>(3,680)</b>	29		3,651			<b>3,680</b>	<b>0</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(5,332)</b>		<b>(5,332)</b>	<b>0</b>	<b>0</b>	<b>(5,332)</b>	<b>29</b>	<b>0</b>	<b>3,651</b>	<b>0</b>	<b>0</b>	<b>3,680</b>	<b>(1,652)</b>
Adjustments between accounting basis and funding basis under regulations	6,570		6,570		1,537	8,107	(731)	(1,840)	(6,679)	1,039	104	(8,107)	0
<b>Net change before Earmarked Reserve Transfers</b>	<b>1,238</b>		<b>1,238</b>	<b>0</b>	<b>1,537</b>	<b>2,775</b>	<b>(702)</b>	<b>(1,840)</b>	<b>(3,028)</b>	<b>1,039</b>	<b>104</b>	<b>(4,626)</b>	<b>(1,652)</b>
Earmarked Reserves Transfers	(1,238)	1,238	0										
<b>Net Movement in Year</b>	<b>0</b>	<b>1,238</b>	<b>1,238</b>	<b>0</b>	<b>1,537</b>	<b>2,775</b>	<b>(702)</b>	<b>(1,840)</b>	<b>(3,028)</b>	<b>1,039</b>	<b>104</b>	<b>(4,427)</b>	<b>(1,652)</b>
<b>Balance at 31-Mar-2022 Carried Forward</b>	<b>1,538</b>	<b>15,476</b>	<b>17,014</b>	<b>3</b>	<b>7,070</b>	<b>24,087</b>	<b>5,840</b>	<b>16,386</b>	<b>(411,666)</b>	<b>(362)</b>	<b>(163)</b>	<b>(389,965)</b>	<b>(365,878)</b>

**MOVEMENT IN RESERVES STATEMENT FOR THE 12 MONTHS ENDING 31 MARCH 2021**

Note	General Fund 87 £'000	Ear-marked Rev Res 88-90 £'000	Sub Total £'000	Unapplied Grant 91 £'000	Cap Rcpts Reserve 92 £'000	Total Usable 86 £'000	Revaln. Reserve 94-95 £'000	Capital Adj Acct 96-99 £'000	Pensions Reserve 100-101 £'000	Coll Fund Adj Acct 102 £'000	Acc. Abs. Adj Acct 103 £'000	Lease Income Adj Acc 104 £'000	Total Unusable 93 £'000	All Reserves £'000
<b>Balance at 31-Mar-2020</b>	<b>1,538</b>	<b>12,417</b>	<b>13,955</b>	<b>3</b>	<b>0</b>	<b>13,958</b>	<b>10,604</b>	<b>26,443</b>	<b>(377,556)</b>	<b>611</b>	<b>(232)</b>	<b>422</b>	<b>(339,708)</b>	<b>(325,750)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	(38,476)		(38,476)			<b>(38,476)</b>							<b>0</b>	<b>(38,476)</b>
<b>Other Comprehensive Income &amp; Expenditure</b>														
Surplus on revaluation of non-current assets	3,704		3,704			<b>3,704</b>	(3,704)						<b>(3,704)</b>	<b>0</b>
Movement in Pensions Reserve	23,745		23,745			<b>23,745</b>		(23,745)					<b>(23,745)</b>	<b>0</b>
<b>Reversal of items in the CIES</b>														
<i>to be removed for determining movement in General Fund</i>														
Relating to Depreciation/Amortisation	2,591		2,591			<b>2,591</b>		(2,591)					<b>(2,591)</b>	<b>0</b>
Relating to Depreciation on un-realised gains							(143)	143					<b>0</b>	<b>0</b>
Relating to Revaluation/Impairment gains/losses	2,675		2,675			<b>2,675</b>		(2,675)					<b>(2,675)</b>	<b>0</b>
Relating to Revaluation losses on Investment Assets							(215)	215					<b>0</b>	<b>0</b>
Relating to Retirement Benefits	12,713		12,713			<b>12,713</b>			(12,713)				<b>(12,713)</b>	<b>0</b>
Relating to Investment Property w/off on disposal	5,443		5,443			<b>5,443</b>		(5,443)					<b>(5,443)</b>	<b>0</b>
Relating to Capital Receipts	(5,533)		(5,533)		5,533	<b>0</b>							<b>0</b>	<b>0</b>
Relating to Grants used to Finance Capital Expd														
Relating to Capital Receipts used to Finance Expd														
Relating to Council Tax Income	483		483			<b>483</b>				(483)			<b>(483)</b>	<b>0</b>
Relating to Non-domestic rates income	1,529		1,529			<b>1,529</b>				(1,529)			<b>(1,529)</b>	<b>0</b>
Relating to Compensated absences	35		35			<b>35</b>					(35)		<b>(35)</b>	<b>0</b>
Relating to Lease Income	422		422			<b>422</b>						(422)	<b>(422)</b>	<b>0</b>
<b>Insertion of items in the CIES</b>														
<i>to be included for determining movement in General Fund</i>														
Employers Contribution to Pension Schemes	(5,376)		(5,376)			<b>(5,376)</b>			5,376				<b>5,376</b>	<b>0</b>
Statutory Provision for Debt Repayment	(1,697)		(1,697)			<b>(1,697)</b>		1,697					<b>1,697</b>	<b>0</b>
Revenue Financing of Capital	(437)		(437)			<b>(437)</b>		437					<b>437</b>	<b>0</b>
<b>Transfers Between Earmarked Reserves</b>	(1,821)	1,821	0			<b>0</b>							<b>0</b>	<b>0</b>
<b>Balance at 31-Mar-2021</b>	<b>1,538</b>	<b>14,238</b>	<b>15,776</b>	<b>3</b>	<b>5,533</b>	<b>21,312</b>	<b>6,542</b>	<b>18,226</b>	<b>(408,638)</b>	<b>(1,401)</b>	<b>(267)</b>	<b>0</b>	<b>(385,538)</b>	<b>(364,226)</b>
<b>SUMMARY OF MOVEMENTS</b>														
<b>Balance at 31-Mar-2020</b>	<b>1,538</b>	<b>12,417</b>	<b>13,955</b>	<b>3</b>	<b>0</b>	<b>13,958</b>	<b>10,604</b>	<b>26,443</b>	<b>(377,556)</b>	<b>611</b>	<b>(232)</b>	<b>422</b>	<b>(339,708)</b>	<b>(325,750)</b>
<b>Movement in Reserves during 2020/21</b>														
Deficit/(Surplus) on Provision of Services	(38,476)		(38,476)			<b>(38,476)</b>							<b>0</b>	<b>(38,476)</b>
Other Comprehensive Income & Expenditure	27,449		27,449			<b>27,449</b>	(3,704)		(23,745)				<b>(27,449)</b>	<b>0</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(11,027)</b>	<b>0</b>	<b>(11,027)</b>	<b>0</b>	<b>0</b>	<b>(11,027)</b>	<b>(3,704)</b>	<b>0</b>	<b>(23,745)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,449)</b>	<b>(38,476)</b>
Adjustments between accounting basis and funding basis under regulations	12,848		12,848		5,533	18,381	(358)	(8,217)	(7,337)	(2,012)	(35)	(422)	(18,381)	0
<b>Net change before Earmarked Reserve Transfers</b>	<b>1,821</b>	<b>0</b>	<b>1,821</b>	<b>0</b>	<b>5,533</b>	<b>7,354</b>	<b>(4,062)</b>	<b>(8,217)</b>	<b>(7,337)</b>	<b>(2,012)</b>	<b>(35)</b>	<b>(422)</b>	<b>(45,830)</b>	<b>(38,476)</b>
Earmarked Reserves Transfers	(1,821)	1,821												
<b>Net Movement in Year</b>	<b>0</b>	<b>1,821</b>	<b>1,821</b>	<b>0</b>	<b>5,533</b>	<b>7,354</b>	<b>(4,062)</b>	<b>(8,217)</b>	<b>(31,082)</b>	<b>(2,012)</b>	<b>(35)</b>	<b>(422)</b>	<b>(45,830)</b>	<b>(38,476)</b>
<b>Balance at 31-Mar-2021 Carried Forward</b>	<b>1,538</b>	<b>14,238</b>	<b>15,776</b>	<b>3</b>	<b>5,533</b>	<b>21,312</b>	<b>6,542</b>	<b>18,226</b>	<b>(408,638)</b>	<b>(1,401)</b>	<b>(267)</b>	<b>0</b>	<b>(385,538)</b>	<b>(364,226)</b>

## BALANCE SHEET

	<u>Notes</u>	<u>31-Mar-2021</u>	<u>31-Mar-2022</u>
		<u>£'000</u>	<u>£'000</u>
Property Plant & Equipment	28-33	44,568	42,764
Intangible Assets	35-38	251	145
<b>Long Term Assets</b>		<b>44,819</b>	<b>42,909</b>
Inventories		258	247
Short Term Debtors	60	5,343	6,729
Cash & Cash Equivalents	61-62	10,576	10,351
<b>Current Assets</b>		<b>16,177</b>	<b>17,327</b>
Short Term Borrowing	48-49	(1,726)	(1,365)
Short Term Creditors	63	(4,599)	(4,091)
<b>Current Liabilities</b>		<b>(6,325)</b>	<b>(5,456)</b>
Provisions	1105	(352)	(198)
Long Term Borrowing	48-49	(10,411)	(9,046)
Other Long Term Liabilities	64-85	(408,134)	(411,414)
<b>Long Term Liabilities</b>		<b>(418,897)</b>	<b>(420,658)</b>
<b>Net Liabilities</b>		<b>(364,226)</b>	<b>(365,878)</b>
Usable Reserves	86-92	21,312	24,087
Unusable Reserves	93-104	(385,538)	(389,965)
<b>Total Reserves</b>		<b>(364,226)</b>	<b>(365,878)</b>

The unaudited accounts were issued on 27<sup>th</sup> July 2022 and the audited accounts were authorised for issue on 19<sup>th</sup> April 2023.

## CASH-FLOW STATEMENT

	Notes	2020/21 £'000	2021/22 £'000
Net (surplus) or deficit on the provision of services		11,027	5,332
Adjustments to net surplus or deficit on the provision of services for non cash movements	131	(18,612)	(9,771)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	132	4,983	1,581
Net cash flows from operating activities		<b>(2,602)</b>	<b>(2,858)</b>
Investing Activities	134	(3,881)	1,357
Financing Activities	135	1,500	1,726
Net increase or decrease in cash and cash equivalents		<b>(4,983)</b>	<b>225</b>
Cash and cash equivalents at the beginning of the period		<b>(5,593)</b>	<b>(10,576)</b>
Net increase or decrease in cash and cash equivalents in the Period		(4,983)	225
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>66</b>	<b>(10,576)</b>	<b>(10,351)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

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

The Code requires that the Authority disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued and not yet adopted. These amendments are listed below; it is expected that these will have no material impact on the Statement of Accounts.

**Annual Improvements to IFRS Standards 2018-2020.** The annual IFRS improvement notes the following changed standards:

- **IFRS 1 (First-time adoption)** – amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. This change will not impact the Authority.
- **IAS 37 (Onerous Contracts – Cost of Fulfilling a Contract)** – the amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can be incremental costs of fulfilling that contract (direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (depreciation relating to an item of property, plant and equipment used in fulfilling the contract). There are no contracts of this nature, so there will not be an impact on the Authority.
- **IFRS 16 (Leases)** – in order to resolve any potential confusion regarding the treatment of lease incentives, the amendment removes Illustrative Example 13 - the reimbursement of leasehold improvements by the lessor – that accompanies IFRS16. The amendment does not impact on the Authority as it does not have any lease arrangements where it is the lessor.
- **IAS41 (Agriculture)** – amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

**Property, Plant and Equipment – Proceeds before Intended Use** – The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

## 2. Expenditure and Funding Analysis – 2021/22

This shows how annual expenditure is used and funded from resources (government grants, 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.

The statement shows how expenditure is allocated for decision making purposes between the Authority's reporting areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully on the Comprehensive Income and Expenditure Statement.

	Net Expd on General Fund Mngt Accts £'000	Re-Allocation Note 3 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 4 £'000	Net Expd in the CIES £'000
Employee Costs	24,722	(977)	23,745	4,019	27,764
Running Costs	8,186	(244)	7,942	0	7,942
Capital Financing	2,382	(478)	1,904	882	2,786
<b>Net Cost of Services</b>	<b>35,290</b>	<b>(1,699)</b>	<b>33,591</b>	<b>4,901</b>	<b>38,492</b>
Funding	(36,528)	36,528	0		
Other Income and Expenditure		(34,829)	(34,829)	1,669	(33,160)
Surplus or deficit on provision of services	(1,238)	0	(1,238)	6,570	5,332
Transfer from Reserves	1,238)				
Net movement on General fund	0		(1,238)		
Deficit/(Surplus) on revaluation of non-current assets				(29)	(29)
Remeasurement of the net defined benefit/(liability)				(3,651)	(3,651)
Other Comprehensive Income and Expenditure				(3,680)	(3,680)
Deficit/(Surplus) Comprehensive Income and Expenditure				2,890	1,652
Opening General Fund and Earmarked Reserve Balance at 31 March 2021	15,776				
Plus Surplus on General Fund in year	1,238				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2022</b>	<b>17,014</b>				

### 3. Note to the Expenditure and Funding Analysis – 2021/22

Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total Cost for the provision of services. This table analyses the difference

	Other Employee Costs £'000	Interest £'000	Special Grants £'000	Other Adjs £'000	Total Adjs £'000
Employee Costs	(56)		(926)	5	(977)
Running Costs	56		(337)	37	(244)
Capital Financing		(478)			(478)
	<b>0</b>	<b>(478)</b>	<b>(1,263)</b>	<b>42</b>	<b>(1,699)</b>
Income		478	1,263	(42)	1,699
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 4. Adjustments relating to the Expenditure and Funding Analysis – 2021/22

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

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Capital Grant Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		4,123		(104)	4,019
Running Costs					
Capital Financing	882				882
Net Cost of Services	<b>882</b>	<b>4,123</b>	<b>0</b>	<b>(104)</b>	<b>4,901</b>
Other Income and expenditure	547	2,557	(396)	(1,039)	1,669
Surplus or deficit on provision of services	<b>1,429</b>	<b>6,680</b>	<b>(396)</b>	<b>(1,143)</b>	<b>6,570</b>
Other Comprehensive Income and Expenditure	(29)	(3,651)			(3,680)
Difference between General Fund surplus and Comprehensive Income and Expenditure Statement Deficit	<b>1,400</b>	<b>3,029</b>	<b>(396)</b>	<b>(1,143)</b>	<b>2,890</b>

5. **Expenditure and Funding Analysis – 2020/21**

	Net Expd on General Fund Mngt Accts £'000	Re-Allocation Note 6 £'000	Net Expd on General Fund CIES Format £'000	Adjustments Between Funding and Accounting Note 7 £'000	Net Expd in the CIES £'000
<b>Employee Costs</b>	24,535	(903)	23,632	3,903	27,535
<b>Running Costs</b>	7,946	(459)	7,487	0	7,487
Capital Financing	2,925	(528)	2,397	2,917	5,314
<b>Net Cost of Services</b>	<b>35,406</b>	<b>(1,890)</b>	<b>33,516</b>	<b>6,820</b>	<b>40,336</b>
Funding	(37,227)	37,227	0		0
Other Income and Expenditure		(35,337)	(35,337)	6,028	(29,309)
Surplus or deficit on provision of services	(1,821)	0	(1,821)	12,848	11,027
Transfer to Ear-marked reserve	1,821				
Net movement on General fund	0	0	(1,821)		
Deficit/(Surplus) on revaluation of non-current assets				3,704	3,704
Remeasurement of the net defined benefit/(liability)				23,745	23,745
Other Comprehensive Income and Expenditure				27,449	27,449
Deficit/(Surplus) Comprehensive Income and Expenditure				40,297	38,476
Opening General Fund and Earmarked Reserve Balance at 31 March 2019					
Plus Surplus on General Fund in year	13,955				
<b>Closing General Fund and Earmarked Reserve Balance at 31 March 2020</b>	<b>1,821</b>				
	<b>15,776</b>				

6. **Note to the Expenditure and Funding Analysis – 2020/21**

Budget allocations for management purposes do not exactly follow the Code in respect of the distinction between the Net Cost of Services and the total Cost for the provision of services. This table analyses the difference between the management account format and the CIES format.

	Interest £m	Special Grants £m	Total Adjs £m
Employee Costs		(903)	(903)
Running Costs		(459)	(459)
Capital Financing	(528)		(528)
	(528)	(1,362)	(1,890)
Income	528	1,362	1,890
	0	0	0

7. **Adjustments relating to the Expenditure and Funding Analysis – 2020/21**

Adjustments from General Fund to arrive at the CIES amounts

	Adj for Capital Purpose £'000	Net Pension Adj £'000	Other Difference £'000	Total Adj £'000
Employee Costs		3,868	35	<b>3,903</b>
Running Costs				
Capital Financing	2,917			<b>2,917</b>
Pension Past Service Cost	2,917	3,868	35	<b>6,820</b>
Net Cost of Services	126	3,469	2,433	6,028
Other Income and expenditure	3,043	7,337	2,468	<b>12,848</b>
Surplus or deficit on provision of services	3,704	23,745		<b>27,449</b>
Other Comprehensive Income and Expenditure	<b>6,747</b>	<b>31,082</b>	<b>2,468</b>	<b>40,297</b>
Difference between General Fund surplus and Comprehensive Income and Expenditure Statement Deficit		3,868	35	<b>3,903</b>

8. **Analysis of Other Operating Expenditure in CIES**

	2020/21 £'000	2021/22 £'000
Gross Expenditure		
(Gain)/loss on disposal of non-current assets	5,443	2,149
LGPS pensions administrative costs	17	16
	<b>5,460</b>	<b>2,165</b>
Gross Income		
Firefighter Scheme Pension Grant	(5,028)	(5,627)
Proceeds from sale of assets	(5,533)	(1,602)
Forfeited deposit – sale of land	0	(42)
	<b>(10,561)</b>	<b>(7,271)</b>
<b>Total Other Operating Expenditure/(Income)</b>	<b>(5,101)</b>	<b>(5,106)</b>

9. **Analysis of Financing and Investment Income and Expenditure**

	2020/21 £'000	2021/22 £'000
Interest payable and similar charges	562	484
Interest receivable and similar income	(35)	(6)
Pensions net interest cost and expected return on pensions assets	8,481	8,167
Income and Expenditure in relation to Investment Properties	636	0
	<b>9,644</b>	<b>8,645</b>

## 10. Analysis of Taxation and Non-Specific Grant Income

	2020/21	2021/22 £'000
Council Tax income	24,078	24,928
National Non-Domestic Rates (NNDR) income and expenditure	5,057	7,139
Rural Service Grant	109	114
Pension Grant	1,568	1,568
Revenue Support Grant (RSG)	2,069	2,080
Transparency Grant	8	8
Covid 19 Grant	763	42
Tax Income Guarantee Compensation	146	(4)
Pension Admin Grant	54	52
Other Contributions	0	4
Capital Grants and Contributions	0	396
Local Council Tax Support Scheme Grant	0	372
	<b>33,852</b>	<b>36,699</b>

### Members' Allowances

11. The Authority paid the following amounts to Members as Allowances and expenses during the year.

	2020/21 £'000	2021/22 £'000
Basic Allowances	29	29
Special Allowances	22	20
Expenses	2	2
	<b>53</b>	<b>51</b>

A breakdown of the amounts paid to individual Members is available on the Authority's website, this can be accessed using the following link.  
<https://hwfire.cmis.uk.com/hwfire/documents/documentLibrary.aspx>

### Officers' Emoluments

12. During the year the number of Staff who received remuneration in excess of £50,000 (excluding employers pension contributions) is as detailed in the following table. The table represents total payments to individual staff members during the year (including the taxable use of Authority Assets - vehicles), and includes a number of operational staff working significant amounts of overtime.

£	2020/21 No. of Staff	2021/22 No. of Staff
50,000 - 54,999	30	30
55,000 - 59,999	12	19
60,000 - 64,999	7	9
65,000 - 69,999	5	7
70,000 - 74,999	6	5
75,000 - 79,999	1	2
80,000 - 84,999	1	1
85,000 - 89,999		
90,000 - 94,999	2	1
95,000 - 99,999		
100,000 - 104,999		
105,000 - 109,999		1
110,000 - 114,999	1	
115,000 - 119,999		1
120,000 – 124,999		
125,000 – 129,999		
130,000 – 134,999	1	
135,000 – 139,999		1
	<b>66</b>	<b>77</b>

Senior Officers – included in table above

2021/22		Salary	Benefit in Kind	Sub-Total	Pension Contrib.	Total incl Pension
Post Title		£	£	£	£	£
Chief Fire Officer/Chief Executive	<i>U</i>	136,050	0	<b>136,050</b>	39,182	<b>175,232</b>
Deputy Chief Fire Officer	<i>U</i>	102,308	5,930	<b>108,238</b>	29,465	<b>137,703</b>
Assistant Chief Fire Officer	<i>U</i>	101,931	7,598	<b>109,529</b>	29,356	<b>138,885</b>
Director of Finance/Treasurer	<i>NU</i>	84,846	5,974	<b>90,820</b>	15,781	<b>106,601</b>
Head of Legal Services	<i>NU</i>	70,346	1,239	<b>71,585</b>	13,084	<b>84,669</b>
<i>U : Uniformed; NU : Non-Uniformed</i>		<b>495,481</b>	<b>20,741</b>	<b>516,222</b>	<b>126,868</b>	<b>643,090</b>

2020/21		Salary	Benefit in Kind	Sub-Total	Pension Contrib.	Total incl Pension
Post Title		£	£	£	£	£
Chief Fire Officer/Chief Executive	<i>U</i>	134,324	0	<b>134,324</b>	50,103	<b>184,427</b>
Deputy Chief Fire Officer to 16.09.20	<i>U</i>	48,426	0	<b>48,426</b>	13,075	<b>61,501</b>
Deputy Chief Fire Officer from 01.09.20	<i>U</i>	63,800	3,973	<b>67,773</b>	17,249	<b>85,022</b>
Assistant Chief Fire Officer to 31.08.20	<i>U</i>	41,023	3,973	<b>44,996</b>	11,815	<b>56,811</b>
Assistant Chief Fire Officer from 17.09.20	<i>U</i>	54,369	0	<b>54,369</b>	15,586	<b>69,955</b>
Director of Finance/Treasurer	<i>NU</i>	83,734	7,148	<b>90,882</b>	15,574	<b>106,456</b>
Head of Legal Services	<i>NU</i>	69,180	1,239	<b>70,419</b>	12,867	<b>83,286</b>
<i>U : Uniformed; NU : Non-Uniformed</i>		<b>494,856</b>	<b>16,333</b>	<b>511,189</b>	<b>136,269</b>	<b>647,458</b>

*The Assistant Chief Fire Officer to 31.08.20 and the post of Deputy Fire Officer from 01.09.20 were held by the same officer.*

13. Pension contributions in the above tables relate to average scheme contribution rates and not an individual pension pot. Uniformed staff are members of the Firefighters Pension Scheme (FFPS), all other senior officers are members of the Local Government Scheme (LGPS).
14. The majority of the Benefit in Kind relates to the provision of cars.

### **Related Party Transactions**

15. 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 be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.
16. **Central Government** has a significant influence over the general operations of the Authority – it is responsible for setting the statutory framework within which the Authority operates, provides a proportion of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government are set out in table 10 on page 36.
17. **Members** of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances paid is shown in Note 12 on page 36. No Members of the Authority or members of their immediate family or household declared any positions of influence.
18. **Officers** – No Senior Officers within the Service or members or their immediate family or household declared any positions of influence
19. **Place Partnership Ltd** was a facilities management company co-owned by Hereford & Worcester Fire Authority, Worcestershire County Council, Warwickshire Police, and West Mercia Police (up until 31<sup>st</sup> March 2020 Redditch Borough Council and Worcester City Council were also co-owners) each party had equal shares and equal voting rights. Place Partnership ceased trading on the 31<sup>st</sup> March 2021, and are in the process of being wound up, the liquidators are to distribute the remaining surplus, but indications suggest that this amount will not be material. The services provided by this company were then purchased through West Mercia Police Authority, there is no related party disclosure required for this arrangement as the Fire Authority have no control or influence over the Police Authority. Place Partnership Ltd were classed as a Joint Operation because there was joint control and the activity of the arrangement was primarily to provide services to the parties within each party's boundaries. In 2020/21, the operating costs for the Authority were £1,531,632 paid as principal costs to the company, with an additional sum of £353,732 paid as agency costs. and this was reflected in the Comprehensive Income and Expenditure Statement. Place Partnership Ltd was not fully consolidated into the Fire Authority's accounts as a Joint Operation, because there was no material difference between the costs already reflected.

## External Audit Fees

20. During 2021/22 Hereford & Worcester Fire Authority incurred the fees below in respect of external audit and statutory inspection services, to auditors appointed under the Local Audit and Accountability Act 2014.

	2020/21 £'000	2021/22 £'000
<b>Fees payable to Grant Thornton UK LLP:</b>		
in respect of external audit services : 2020/21 Accounts	40	4
in respect of external audit services 2021/22 Accounts	0	43
	<b>45</b>	<b>47</b>

## Leases

21. The Authority does not have any leases that meet the accounting requirement to be treated as Finance Leases.

## Operating Leases

### Authority as Lessee

22. The Authority has entered into operational leases for the provision of ancillary vehicles. The total rentals paid to lessors on these operating leases in the year totalled £20,541 (2020/21 £21,880).
23. The Authority has entered into two lease agreements with the Police & Crime Commissioner for West Mercia, as part of collaborative working. These are detailed as follows:
- On the 3<sup>rd</sup> April 2014 the Authority entered into a lease arrangement for the provision of a joint Fire/Police Station in Bromsgrove. The lease is for a term of 30 years with the option for the Authority to extend for a further 30 years. The total rent paid in 2021/22 was £239,996 (2020/21 was £239,996).
  - On the 1<sup>st</sup> November 2018, the Authority entered into a lease arrangement for the provision of a Headquarters Facility at Hindlip Hall. The lease is based on a peppercorn arrangement.
24. The future lease payments under non-cancellable operating leases in future years are:

	31-Mar-2021 £'000	31-Mar-2022 £'000
Not later than one year	262	240
Later than one year and not later than 5 years	976	960
Later than 5 years	4,320	4,080
	<b>5,558</b>	<b>5,280</b>

## Capital Expenditure

25. Details of capital expenditure incurred during the year are as follows:

	2020/21 £'000	2021/22 £'000
New Buildings & Adaptations	314	935
Vehicles (including fitted equipment)	442	1,391
IT and Communication Equipment	218	282
Other Equipment	124	127
<b>Total Capital Expenditure</b>	<b>1,098</b>	<b>2,735</b>

26. Capital expenditure was financed as follows:

	2020/21 £'000	2021/22 £'000
Net Borrowing	661	2,236
Capital Receipts	0	65
Capital Grant	0	396
Revenue Contributions	437	38
	<b>1,098</b>	<b>2,735</b>

27. Capital Financing Requirement

	2020/21		2021/22	
	Owned £'000	Total £'000	Owned £'000	Total £'000
<b>Opening CFR</b>	<b>21,328</b>	<b>21,328</b>	<b>20,292</b>	<b>20,292</b>
Capital investment				
Operational assets	1,035	1,035	650	650
Assets not yet Operational	63	63	2,085	2,085
Revenue Expenditure Funded from Capital under Statute (REFCUS)	0	0		
Sources of Finance				
Capital receipts	0	0	(65)	(65)
Government grants and other contributions	0	0	(396)	(396)
Sums set aside from Revenue - Direct Revenue Financing	(437)	(437)	(38)	(38)
	<b>661</b>	<b>661</b>	<b>2,236</b>	<b>2,236</b>
<b>Sums set aside from Revenue</b> - Minimum Revenue Provision	(1,697)	(1,697)	(1,605)	(1,605)
<b>Increase/(Decrease) in CFR</b>	<b>(1,036)</b>	<b>(1,036)</b>	<b>631</b>	<b>631</b>
<b>Closing CFR</b>	<b>20,292</b>	<b>20,292</b>	<b>20,923</b>	<b>20,923</b>
Explanation of movements in year				
Increase/(Decrease) in underlying need to borrow: unsupported by				
government financial assistance	(1,036)	(1,036)	631	631
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(1,036)</b>	<b>(1,036)</b>	<b>631</b>	<b>631</b>

## Property, Plant and Equipment

### 28. Movements in 2021/22

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2021</b>	<b>33,479</b>	<b>26,418</b>	<b>2,832</b>	<b>267</b>	<b>62,996</b>
Additions	517	133		2,085	2,735
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(107)		(184)		(291)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(372)				(372)
Disposals/derecognition		(598)	(2,149)		(2,747)
<b>At 31 March 2022</b>	<b>33,517</b>	<b>25,953</b>	<b>499</b>	<b>2,352</b>	<b>62,321</b>
<b>Accumulated Depreciation and Impairment at 01 April 2021</b>	<b>0</b>	<b>(18,428)</b>	<b>0</b>	<b>0</b>	<b>(18,428)</b>
Reclassifications					
Depreciation Charge for 2021/22	(495)	(1,727)			(2,222)
Depreciation written out to Revaluation Reserve	346				346
Depreciation written out to the Surplus/Deficit on Provision of Services	149				149
Disposals/derecognition		598			598
<b>At 31 March 2022</b>	<b>0</b>	<b>(19,557)</b>	<b>0</b>	<b>0</b>	<b>(19,557)</b>
<b>Balance Sheet amount at 01 April 2021</b>	<b>33,479</b>	<b>7,990</b>	<b>2,832</b>	<b>267</b>	<b>44,568</b>
<b>Balance Sheet amount at 31 March 2022</b>	<b>33,517</b>	<b>6,396</b>	<b>499</b>	<b>2,352</b>	<b>42,764</b>

29. Comparative Movements in 2020/21

	Land and Buildings £'000	Vehicles Plant, Furniture and Equipment £'000	Surplus Assets £'000	Assets not yet Operational £'000	TOTAL Tangible Assets £'000
<b>Cost or Valuation at 01 April 2020</b>	<b>40,701</b>	<b>25,431</b>	<b>2,335</b>	<b>988</b>	<b>69,455</b>
Additions	251	715		63	<b>1,029</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,909)		<b>408</b>		<b>(4,501)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,580)		89		<b>(2,491)</b>
Reclassifications	16	659		(675)	<b>(0)</b>
Reclassifications – to surplus assets				(109)	<b>(109)</b>
Reclassification - to intangible assets					
Reclassifications – to investment assets					
Disposals/derecognition		(387)			<b>(387)</b>
<b>At 31 March 2021</b>	<b>33,479</b>	<b>26,418</b>	<b>2,832</b>	<b>267</b>	<b>62,996</b>
<b>Accumulated Depreciation and Impairment at 01 April 2020</b>	<b>0</b>	<b>(16,918)</b>	<b>0</b>	<b>0</b>	<b>(16,918)</b>
Reclassifications					
Depreciation Charge for 2020/21	(612)	(1,873)			<b>(2,485)</b>
Depreciation written out to Revaluation Reserve	581				<b>581</b>
Depreciation written out to the Surplus/Deficit on Provision of Services	31				<b>31</b>
Disposals/derecognition		363			<b>363</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>(18,428)</b>	<b>0</b>	<b>0</b>	<b>(18,428)</b>
<b>Balance Sheet amount at 01 April 2020</b>	<b>40,701</b>	<b>8,513</b>	<b>2,335</b>	<b>988</b>	<b>52,537</b>
<b>Balance Sheet amount at 31 March 2021</b>	<b>33,479</b>	<b>7,990</b>	<b>2,832</b>	<b>267</b>	<b>44,568</b>

30. Property, Plant and Equipment are represented in the Balance Sheet at current value, with the exception of additions occurring since the last revaluation, which are held at historic cost, net of depreciation where appropriate. Assets disposed of have been written-out at their net book value.

31. PP&E valued at fair value on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). A full valuation of property assets has been carried out this financial year, as at 31<sup>st</sup> March 2022, using the independent professional services of West Mercia Police. The Authority's valuation service has confirmed that the carrying value of these assets is not materially different to their fair value and complies with the requirements of the accounting code and IAS16.

32. The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11<sup>th</sup> March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel,

movement of resources and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further waves of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

33. Nevertheless, as at the valuation date (31<sup>st</sup> March 2022), property markets are mostly functioning again, with transaction volumes and other relevant evidence, returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS3 and VPGA 10 of the RICS Valuation – Global Standards.

### Investment Assets

34. The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	<b>31-Mar-21 £'000</b>	<b>31-Mar-22 £'000</b>
Accounting adjustment for prior year change in value of Investment Property	215	0
Write off of rent free period on disposal of Investment Property	422	0
	<b>637</b>	<b>0</b>

### Intangible Assets

35. The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item or Property, Plant and Equipment.
36. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are 5 years.
37. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £106,312 charged to revenue in 2021/22 was charged to the capital financing line.

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

	2020/21 £'000	2021/22 £'000
Balance at start of year:	182	251
- Gross carrying amount	998	1,135
- Accumulated amortisation	(816)	(884)
Net carrying amount at start of year	182	251
Additions	69	0
Reclassification	109	0
Disposals	(41)	0
Accumulated amortisation on disposal	38	0
Amortisation for the period	(106)	(106)
Net carrying amount at end of year	251	145
Comprising:		
- Gross carrying amount	1,135	1,135
- Accumulated amortisation	(884)	(990)
	251	145

### Heritage Assets

39. The Authority has a number of items which can be classed as heritage assets, due to their cultural and historical associations to the Fire Service. These assets have been held within the Authority and its predecessors for a number of years having been originally donated. The Authority does not seek to acquire assets of this nature and has no intention of disposing of the assets held.
40. These assets are held at Authority fire stations and other buildings throughout the two counties. The estimated value of these assets is not material to the financial statements.
41. As there are no valuations held for these assets and valuations could not be obtained at a cost which is commensurate with the benefits to the users of the financial statements, in accordance with the code therefore these assets are not recognised in the Balance Sheet.

### Financial Instruments

42. The classification of financial instruments included in the Balance Sheet and their carrying amounts are shown overleaf. (Additional information in respect of the long term loans is given at notes 48-49):

Financial Assets	31-Mar-21		31-Mar-22	
	Current £'000	Total £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>				
Short Term Deposits with WCC	10,000	10,000	7,500	7,500
Cash and Cash Equivalents	576	576	2,851	2,851
Trade Debtors	23	23	36	36
<b>Total Financial Assets</b>	<b>10,599</b>	<b>10,599</b>	<b>10,387</b>	<b>10,387</b>
Non-financial Assets	5,578	5,578	6,940	6,940
<b>Total Current Assets</b>	<b>16,177</b>	<b>16,177</b>	<b>17,327</b>	<b>17,327</b>

Financial Liabilities	31-Mar-21			31-Mar-22		
	Long Term £'000	Current £'000	Total £'000	Long Term £'000	Current £'000	Total £'000
<i>(at amortised cost)</i>						
PWLB Borrowing	(10,411)	(1,726)	<b>(12,137)</b>	(9,046)	(1,365)	<b>(10,411)</b>
Trade Creditors		(310)	<b>(310)</b>		0	<b>0</b>
<b>Total Financial Liabilities</b>	<b>(10,411)</b>	<b>(2,036)</b>	<b>(12,447)</b>	<b>(9,046)</b>	<b>(1,365)</b>	<b>(10,411)</b>
Non-financial Liabilities	(408,486)	(4,289)	<b>(412,775)</b>	(411,613)	(4,091)	<b>(415,704)</b>
<b>Total Liabilities</b>	<b>(418,897)</b>	<b>(6,325)</b>	<b>(425,222)</b>	<b>(420,659)</b>	<b>(5,456)</b>	<b>(426,115)</b>

#### Fair Value of Assets and Liabilities carried at amortised cost

43. All the Authority's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.
44. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. The fair values of (i) other short term trade and other receivables or payables is taken to be the invoiced or billed amount, and (ii) cash and cash equivalents are assumed to equal the book values.
45. The fair value of the loans at 31<sup>st</sup> March 2022 was £11.499m (£16.115m at 31<sup>st</sup> March 2021), the fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:
- Estimated ranges of interest rates at 31<sup>st</sup> March 2022 of 3.10% to 5.00% for loans from the PWLB
  - No early repayment or impairment is recognised

IFRS13 - Fair Value Measurement requires disclosure of the valuation method used to derive a fair value. There are three levels of inputs and the Authority has adopted a Level 2 input basis i.e. - inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

46. The fair value of the liabilities is higher 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 the prevailing rates at the balance sheet date (new loan rates).

## Financial Instruments Gains and Losses

47. The gains and losses recognised in the CIES in relation to financial instruments are shown below:

	<b>Interest Expense 2020/21 £'000</b>	<b>Interest Income 2020/21 £'000</b>	<b>Interest Expense 2021/22 £'000</b>	<b>Interest Income 2021/22 £'000</b>
<b>Financial Liabilities</b>				
PWLB Borrowing	562		485	
Total	562	0	485	0
<b>Short Term Deposits</b>				
		(34)		(6)
Total	0	(34)	0	(6)

## Long and Short Term Borrowing

48. Additional information in respect of Long Term Loans shown in the table below is given in paragraph 42 on pages 44- 45.

	31-Mar-21			31-Mar-22		
	<b>Long Term £'000</b>	<b>Short Term £'000</b>	<b>TOTAL £'000</b>	<b>Long Term £'000</b>	<b>Short Term £'000</b>	<b>TOTAL £'000</b>
<b>Loan Source</b>						
Public Works Loans Board	10,411	1,726	12,137	9,046	1,365	10,411
	<b>10,411</b>	<b>1,726</b>	<b>12,137</b>	<b>9,046</b>	<b>1,365</b>	<b>10,411</b>
<b>Analysis by Maturity</b>						
Less than 1 year		1726	1726		1,365	1,365
Between 1 and 2 years	1,365		1,365	211		211
Between 2 and 5 years	558		558	347		347
Between 5 and 10 years	2,000		2,000	4,000		4,000
Over 10 years	6,488		6,488	4,488		4,488
<b>Total of Loans</b>	<b>10,411</b>	<b>1,726</b>	<b>12,137</b>	<b>9,046</b>	<b>1,365</b>	<b>10,411</b>

49. Other than the maturing long term loan, there are no short term borrowings.

## **Financial Instruments – Exposure to Risk**

50. The Authority's activities expose it to a variety of financial risks:
- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
  - Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
  - 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.
51. The CIPFA Code of Practice on Treasury Management has been adopted by the Authority, and under the Service Level Agreement with Worcestershire

County Council the County Council is obliged to, and does, adopt the Code also. In this way risks are actively managed.

## Credit Risk

52. Under the Treasury Management SLA, the Authority invests surplus cash with WCC, but in return for receiving an average investment rate based on the Council's portfolio of investments the Authority shares risk in proportion to its value of the total portfolio. Credit risk also arises from credit exposures to the Authority's customers.
53. Amounts invoiced to customers are of relatively low value and are actively pursued by the in-house legal service.
54. The following analysis summarises the Authority's potential maximum exposure to credit risk based on actual experience in terms of deposits and percentage of debt which has been written off as unrecoverable in the last three years in terms of debtors (total £0.000m).

	<b>31-Mar-22 £'000</b>	<b>Written off in last 3 years £'000</b>	<b>Historical Default</b>
Short Term deposits with WCC	7,500	0	
Customers	21	0	0.0%
<b>Total</b>	<b>7,521</b>	<b>0</b>	

55. Of the £0.021m invoiced to customers at 31<sup>st</sup> March 2022 the following table analyses the due dates.

	<b>£'000</b>
Not yet due	0
Less than 1 month overdue	0
1 to 2 months overdue	20
more than 2 months overdue	1
	21

## Liquidity Risk

56. The Authority is able to access borrowings from the Public Works Loan Board (PWLB) so there is no significant risk that it will be unable to meet its commitments relating to financial liabilities. The risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of borrowings due to mature at intervals as shown below.

<b>Period of Maturity</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	95	25

57. This strategy allows the Authority time to restructure debt when interest rates are favourable. The strategy is to maintain sufficient cash balances to meet

daily revenue requirements without recourse to short term borrowing other than in exceptional circumstances.

## Market Risk

58. The Authority does not invest in equity shares and therefore has no exposure to loss arising from movements in share prices.
59. The Authority has no financial assets or liabilities, denominated in foreign currencies and therefore has no exposure to loss arising from exchange rate movements.
60. **Debtors**

	<b>31-Mar-21 £'000</b>	<b>31-Mar-22 £'000</b>
Central Government Bodies	630	610
Other Local Authorities	305	624
Public Corporations and Trading Funds	2,234	3,464
Other entities and individuals	2,174	2,031
	<b>5,343</b>	<b>6,729</b>

## Cash and Cash Equivalents

61. The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31-Mar-21 £'000</b>	<b>31-Mar-22 £'000</b>
Cash held by the Authority	9	7
Bank Current Accounts	567	2,844
Short term deposits with WCC	10,000	7,500
	<b>10,576</b>	<b>10,351</b>

62. The only financial asset held by the Authority is the short term deposit via Worcestershire County Council, there are no other investments.

63. **Creditors**

	<b>31-Mar-21 £'000</b>	<b>31-Mar-22 £'000</b>
Central Government Bodies	664	496
Other Local Authorities	1,626	1,796
Other entities and individuals	2,309	1,799
	<b>4,599</b>	<b>4,091</b>

## Pension Arrangements

64. As part of the terms and conditions of employment of its staff, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.
65. The Authority participates in five schemes:

- The Firefighters' Pension Scheme (FFPS) (the "1992 Scheme"). This is a statutory un-funded defined benefit final salary scheme and has been closed to new entrants since 6<sup>th</sup> April 2006.
  - The 2006 Firefighters' Pension Scheme (NFPS) (the "2006 Scheme") – is open to all uniformed staff (except Fire Control) and is also a statutory un-funded defined benefit final salary scheme, with differing benefits.
  - The 2015 Firefighters' Pension Scheme (FFCARE) – this is a career average scheme, and is available to operational firefighters appointed on or after 1<sup>st</sup> April 2015. Serving firefighters will also have been transferred into the scheme unless they have protected status under one of the existing schemes.
  - The Firefighters' Compensation Scheme (FFCS) (the Injury Scheme) – another statutory un-funded defined benefit scheme covering existing and new injury pensions.
  - The four Firefighters' 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 the actual pensions payments as they eventually fall due. The arrangements are determined by the Home Office.
  - The Local Government Pension Scheme (LGPS) – subject to qualifying criteria, open to staff not covered by the Firefighters' schemes. This scheme is administered by Worcestershire County Council and is a funded defined benefit final salary scheme. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
  - The Local Government Pension Scheme (LGPS – Place Partnership Ltd) – The Fire Authority transferred all of its Property Section staff to Place Partnership Ltd, as part of the agreement between the partners of this company, the Fire Authority has guaranteed any pension fund liability will be met based on the proportion of staff transferred into the scheme. Prior to the transfer the liability relating to these staff was included in the Fire Authority liability. At the Balance Sheet date this liability was zero.
66. The retirement benefits are recognised in the Net Cost of Service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax precept is based on the cash payable in the year, (as described in paragraph 67 below) so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement (MiRS).
67. Charges made to the Income and Expenditure Account for council tax precept purposes are as below:
- LGPS – the employer's contribution payable to the Pension Fund.
  - FFPS/NFPS – the notional employer's contribution payable into the Pension Account as explained in Paragraphs 33-34 on page 10 of the Narrative Report.
  - FFCS – the actual injury pensions and any RDS ill-health pensions payable.
68. Transactions made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement (MiRS) during the year are shown in the tables overleaf:

	<b>LGPS 2021/22 £'000</b>	<b>FFPS 2021/22 £'000</b>	<b>NFPS 2021/22 £'000</b>	<b>FF CARE 2021/22 £'000</b>	<b>FFCS 2021/22 £'000</b>	<b>TOTAL 2021/22 £'000</b>
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	1,650	140	120	7,520	180	<b>9,610</b>
<b>Other Operating Expenditure comprising:</b>						
Administration Expenses	16					<b>16</b>
Pensions Grant		(10,489)	(71)	4,933		<b>(5,627)</b>
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	397	6,220	510	700	340	<b>8,167</b>
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>2,063</b>	<b>(4,129)</b>	<b>559</b>	<b>13,153</b>	<b>520</b>	<b>12,166</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	132	360	(310)	3,110	100	<b>3,392</b>
Return on plan assets (excluding the amount included in the net interest expense)	(1,263)					<b>(1,263)</b>
Actuarial (gains) and losses arising in financial assumptions	(1,018)	(3,370)	(390)	(710)	(160)	<b>(5,648)</b>
Actuarial (gains) and losses arising in demographic assumptions	(373)					<b>(373)</b>
Business Combination Adjustment	241					<b>241</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(218)</b>	<b>(7,139)</b>	<b>(141)</b>	<b>15,553</b>	<b>460</b>	<b>8,515</b>

	<b>LGPS 2021/22 £'000</b>	<b>FFPS 2021/22 £'000</b>	<b>NFPS 2021/22 £'000</b>	<b>FF CARE 2021/22 £'000</b>	<b>FFCS 2021/22 £'000</b>	<b>TOTAL 2021/22 £'000</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(2,063)	4,129	(559)	(13,153)	(520)	<b>(12,166)</b>
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	2,281	3,010	700	(2,400)	60	<b>3,651</b>
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,238	201	155	3,174		<b>4,768</b>
Retirement Benefits payable to Pensioners					718	<b>718</b>
<b>Net Charge to General Fund</b>	<b>1,238</b>	<b>201</b>	<b>155</b>	<b>3,174</b>	<b>718</b>	<b>5,486</b>

	<b>LGPS 2020/21 £'000</b>	<b>FFPS 2020/21 £'000</b>	<b>NFPS 2020/21 £'000</b>	<b>FF CARE 2020/21 £'000</b>	<b>FFCS 2020/21 £'000</b>	<b>TOTAL 2020/21 £'000</b>
<b>Income and Expenditure Account</b>						
<b>Net Cost of Services:</b>						
Current Service Cost	1,334	510	230	6,990	180	<b>9,244</b>
<b>Other Operating Expenditure comprising:</b>						
Administration Expenses	17					<b>17</b>
Pensions Grant		(9,098)	157	3,912		<b>(5,029)</b>
<b>Financing and Investment Income and Expenditure:</b>						
Net Interest Expense	371	6,530	540	640	400	<b>8,481</b>
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>1,722</b>	<b>(2,058)</b>	<b>927</b>	<b>11,542</b>	<b>580</b>	<b>12,713</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>						
Experience (gains)/losses	(856)	(4,040)	(2,320)	(7,430)	(1,810)	<b>(16,456)</b>
Return on plan assets (excluding the amount included in the net interest expense)	(4,952)					<b>(4,952)</b>
Actuarial (gains) and losses arising in financial assumptions	7,962	28,190	3,360	4,480	1,160	<b>45,152</b>
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>3,876</b>	<b>22,092</b>	<b>1,967</b>	<b>8,592</b>	<b>(70)</b>	<b>36,457</b>

	<b>LGPS 2020/21 £'000</b>	<b>FFPS 2020/21 £'000</b>	<b>NFPS 2020/21 £'000</b>	<b>FF CARE 2020/21 £'000</b>	<b>FFCS 2020/21 £'000</b>	<b>TOTAL 2020/21 £'000</b>
<b>Movement in Reserves Statement</b>						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,722)	2,058	(927)	(11,542)	(580)	<b>(12,713)</b>
Reversal of remeasurements of the net defined benefit liability/asset charged to Other Comprehensive Income and Expenditure	(2,155)	(24,150)	(1,040)	2,950	650	<b>(23,745)</b>
<b>Actual Amount charged against the General Fund Balance for pensions in the year:</b>						
Employer's contribution payable to scheme	1,010	387	176	3,007		<b>4,580</b>
Retirement Benefits payable to Pensioners					794	<b>794</b>
<b>Net Charge to General Fund</b>	<b>1,010</b>	<b>387</b>	<b>176</b>	<b>3,007</b>	<b>794</b>	<b>5,374</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

	Funded Liability LGPS 2021/21 £'000	Un-funded Liability FFPS 2021/22 £'000	Un-funded Liability NFPS 2021/22 £'000	Un-funded Liability FFCARE 2021/22 £'000	Un-funded Liability FFCS 2021/22 £'000	TOTAL 2021/22 £'000
Present value of the defined benefit obligation	51,154	309,146	25,235	42,380	16,837	444,752
Fair Value of Plan assets	(33,338)					(33,338)
<b>Net liability arising from defined benefit obligation</b>	<b>17,816</b>	<b>309,146</b>	<b>25,235</b>	<b>42,380</b>	<b>16,837</b>	<b>411,414</b>

	Funded Liability LGPS 2020/21 £'000	Un-funded Liability FFPS 2020/21 £'000	Un-funded Liability NFPS 2020/21 £'000	Un-funded Liability FFCARE 2020/21 £'000	Un-funded Liability FFCS 2020/21 £'000	TOTAL 2020/21 £'000
Present value of the defined benefit obligation	49,782	316,486	25,531	30,001	17,095	438,895
Fair Value of Plan assets	(30,761)					(30,761)
<b>Net liability arising from defined benefit obligation</b>	<b>19,021</b>	<b>316,486</b>	<b>25,531</b>	<b>30,001</b>	<b>17,095</b>	<b>408,134</b>

## Assets and Liabilities in relation to post-employment benefits

### 69. Reconciliation of the present value of scheme liabilities:

	Funded Liabilities (LGPS) 2021/22 £'000	Un-funded Liabilities (FFPS) 2021/22 £'000	Un-funded Liabilities (NFPS) 2021/22 £'000	Un-funded Liabilities (FF CARE) 2021/22 £'000	Un-funded Liabilities (FFCS) 2021/22 £'000	TOTAL 2021/22 £'000
<b>at 1 April</b>	<b>49,782</b>	<b>316,486</b>	<b>25,531</b>	<b>30,001</b>	<b>17,095</b>	<b>438,895</b>
Current Service Cost	1,650	140	120	7,520	180	9,610
Past Service Cost						
Interest Cost	1,047	6,220	510	700	340	8,817
Employee Contributions	263					263
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	132	360	(310)	3,110	100	3,392
Actuarial (Gains) and Losses arising on changes in demographic assumptions	(373)					(373)
Actuarial (Gains) and Losses arising on changes in financial assumptions	(1,018)	(3,370)	(390)	(710)	(160)	(5,648)
Business Combination Adjustment	241					241
Pensions Grant		(10,489)	(71)	4,933		(5,627)
Employer contributions firefighter scheme/benefits paid LGPS scheme	(570)	(201)	(155)	(3,174)	(718)	(4,818)
<b>at 31 March</b>	<b>51,154</b>	<b>309,146</b>	<b>25,235</b>	<b>42,380</b>	<b>16,837</b>	<b>444,752</b>

	<b>Funded Liabilities (LGPS) 2020/21 £'000</b>	<b>Un-funded Liabilities (FFPS) 2020/21 £'000</b>	<b>Un-funded Liabilities (NFPS) 2020/21 £'000</b>	<b>Un-funded Liabilities (FF CARE) 2020/21 £'000</b>	<b>Un-funded Liabilities (FFCS) 2020/21 £'000</b>	<b>TOTAL 20/21 £'000</b>
<b>at 1 April</b>	<b>40,784</b>	<b>294,781</b>	<b>23,740</b>	<b>24,416</b>	<b>17,959</b>	<b>401,680</b>
Current Service Cost	1,334	510	230	6,990	180	<b>9,244</b>
Past Service Cost						
Interest Cost	980	6,530	540	640	400	<b>9,090</b>
Employee Contributions	270					<b>270</b>
<b>Remeasurement Gains and Losses</b>						
Experience (Gains) and Losses	(856)	(4,040)	(2,320)	(7,430)	(1,810)	<b>(16,456)</b>
Actuarial (Gains) and Losses arising on changes in demographic assumptions						
Actuarial (Gains) and Losses arising on changes in financial assumptions	7,962	28,190	3,360	4,480	1,160	<b>45,152</b>
Pensions Grant		(9,098)	157	3,912	0	<b>(5,029)</b>
Employer contributions firefighter scheme/benefits paid LGPS scheme	(692)	(387)	(176)	(3,007)	(794)	<b>(5,056)</b>
<b>at 31 March</b>	<b>49,782</b>	<b>316,486</b>	<b>25,531</b>	<b>30,001</b>	<b>17,095</b>	<b>438,895</b>

70. Reconciliation of fair value of scheme assets:

	<b>Funded Assets (LGPS) 2020/21 £'000</b>	<b>Funded Assets (LGPS) 2021/22 £'000</b>
<b>Fair value at 1 April</b>	<b>24,125</b>	<b>30,761</b>
Interest Income	610	650
<b>Remeasurement gain/loss</b>		
Return on plan assets (excluding the amount included in the net interest expense)	4,952	1,263
Other (administration expenses)	(17)	(16)
Employer Contributions	1,514	987
Employee Contributions	270	263
Benefits Paid	(693)	(570)
<b>at 31 March</b>	<b>30,761</b>	<b>33,338</b>

71. The expected rate of return on assets (LGPS only) is based on market expectations, at the beginning of the period, for investment returns over the life of the entire life of the related obligation. The assumption used is the average of the assumptions shown in table 83 appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class as shown in table 84. Note that rates quoted are gross of expenses. The actual return on schemes' assets in the year was £1.914m (2020/21 £5.306m).

72. The objective of the Local Government Pension scheme is to keep employers' contributions at as constant a rate as possible. The Worcestershire County Council Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 25 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on 31<sup>st</sup> March 2019.

73. The Authority anticipates it will pay approximately £0.773m in contributions to the Local Government Pension scheme in 2022/23.

74. The Firefighter scheme employer contribution rates are set by the Home Office and the current rates are in place from April 2019 until March 2022.
75. Expected employers' contributions for the firefighters' pension schemes in the year to 31<sup>st</sup> March 2023 are approximately £3.548m.
76. No adjustment has been made to the expected employer contributions to allow for the implications of the appeal relating to McCloud/Sargeant which reviews the lawfulness of the transitional protection arrangements, as it is not possible to assess the impact at this time.
77. Reconciliation of Movements in Net Pensions Liability:

	<b>Funded Liabilities (LGPS) 2021/22</b>	<b>Un-funded Liabilities (FFPS) 2021/22</b>	<b>Un-funded Liabilities (NFPS) 2021/22</b>	<b>Un-funded Liabilities (FF CARE) 2021/22</b>	<b>Un-funded Liabilities (FFCS) 2021/22</b>	<b>TOTAL 2021/22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>at 1 April</b>	<b>19,021</b>	<b>316,486</b>	<b>25,531</b>	<b>30,001</b>	<b>17,095</b>	<b>408,134</b>
Current Service Cost	1,650	140	120	7,520	180	9,610
Past Service Cost						
Employer Contributions	(987)	(201)	(155)	(3,174)	(718)	(5,235)
Pensions Grant		(10,489)	(71)	4,933	0	(5,627)
Administration Expenses	16					16
Interest on Liabilities	1,047	6,220	510	700	340	8,817
Interest on Assets	(650)					(650)
Net remeasurement gains and losses	(2,522)	(3,010)	(700)	2,400	(60)	(3,892)
Business Combination Changes	241					241
<b>at 31 March</b>	<b>17,816</b>	<b>309,146</b>	<b>25,235</b>	<b>42,380</b>	<b>16,837</b>	<b>411,414</b>

	<b>Funded Liabilities (LGPS) 2020/21</b>	<b>Un-funded Liabilities (FFPS) 2020/21</b>	<b>Un-funded Liabilities (NFPS) 2020/21</b>	<b>Un-funded Liabilities (FF CARE) 2020/21</b>	<b>Un-funded Liabilities (FFCS) 2020/21</b>	<b>TOTAL 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>at 1 April</b>	<b>16,659</b>	<b>294,781</b>	<b>23,740</b>	<b>24,416</b>	<b>17,959</b>	<b>377,555</b>
Current Service Cost	1,334	510	230	6,990	180	9,244
Past Service Cost						
Employer Contributions	(1,513)	(387)	(176)	(3,007)	(794)	(5,877)
Pensions Grant		(9,098)	157	3,912	0	(5,029)
Administration Expenses	17					17
Interest on Liabilities	980	6,530	540	640	400	9,090
Interest on Assets	(610)					(610)
Net remeasurement gains and losses	2,154	24,150	1,040	(2,950)	(650)	23,744
<b>at 31 March</b>	<b>19,021</b>	<b>316,486</b>	<b>25,531</b>	<b>30,001</b>	<b>17,095</b>	<b>408,134</b>

78. Scheme History

	31-Mar 2017 £'000	31-Mar 2018 £'000	31-Mar 2019 £'000	31-Mar 2020 £'000	31-Mar 2021 £'000	31-Mar 2022 £'000
<b>Present value of liabilities:</b>						
LGPS : Local Government Pension Scheme	34,802	34,990	39,313	40,785	49,782	51,154
FFPS : Firefighters' 1992 Scheme	296,194	299,345	319,232	294,781	316,486	309,146
NFPS : Firefighters' 2006 Scheme	21,616	22,638	25,688	23,741	25,531	25,235
FFCARE: Firefighters' 2015 Scheme	8,082	11,424	17,419	24,416	30,001	42,380
FFCS : Firefighters' Injury Scheme	16,457	18,447	19,384	17,958	17,095	16,837
	<b>377,151</b>	<b>386,844</b>	<b>421,036</b>	<b>401,681</b>	<b>438,895</b>	<b>444,752</b>
<b>Fair value of assets in the LGPS</b>	21,432	23,433	24,620	24,125	30,761	33,338
	<b>21,432</b>	<b>23,433</b>	<b>24,620</b>	<b>24,125</b>	<b>30,761</b>	<b>33,338</b>
<b>Net Liabilities of the scheme:</b>						
LGPS : Local Government Pension Scheme	13,370	11,557	14,693	16,660	19,021	17,816
FFPS : Firefighters' 1992 Scheme	296,194	299,345	319,232	294,781	316,486	309,146
NFPS : Firefighters' 2006 Scheme	21,616	22,638	25,688	23,741	25,531	25,235
FFCARE: Firefighters' 2015 Scheme	8,082	11,424	17,419	24,416	30,001	42,380
FFCS : Firefighters' Injury Scheme	16,457	18,447	19,384	17,958	17,095	16,837
<b>Total</b>	<b>355,719</b>	<b>363,411</b>	<b>396,416</b>	<b>377,556</b>	<b>408,134</b>	<b>411,414</b>

79. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £411.414m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £365.878m.

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

- The deficit on the LGPS will be made good by contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover Firefighters' pensions when the pension is actually paid.

Basis for Estimating Liabilities

81. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

82. Estimates for the LGPS have been made by Mercer Limited (an independent firm of actuaries), and for the firefighters' schemes by GAD, the Government Actuary's Department.

83. The principal assumptions used by the Actuaries are shown overleaf:

	<b>LGPS 2021/22</b>	<b>FFPS 2021/22</b>	<b>NFPS 2021/22</b>	<b>FFCARE 2021/22</b>	<b>FFCS 2021/22</b>
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	22.6	21.5	21.5	21.5	21.5
Female	25.0	21.5	21.5	21.5	21.5
<b>Longevity at 65 for future pensioners</b>					
Male	24.1	23.2	23.2	23.2	23.2
Female	27.0	23.2	23.2	23.2	23.2
Rate of inflation (CPI)	3.30%	3.00%	3.00%	3.00%	3.00%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	4.75%	4.75%	4.75%	4.75%
Rate of increase in salaries	4.80%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	3.30%	4.75%	4.75%	4.75%	4.75%
Rate of increase in pensions	3.40%	3.00%	3.00%	3.00%	3.00%
Rate for discounting scheme liabilities	2.80%	2.65%	2.65%	2.65%	2.65%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

	<b>LGPS 2020/21</b>	<b>FFPS 2020/21</b>	<b>NFPS 2020/21</b>	<b>FFCARE 2020/21</b>	<b>FFCS 2020/21</b>
<b>Mortality assumptions:</b>					
<b>Longevity at 65 for current pensioners</b>					
Male	22.7	21.4	21.4	21.4	21.4
Female	25.1	21.4	21.4	21.4	21.4
<b>Longevity at 65 for future pensioners</b>					
Male	24.4	23.1	23.1	23.1	23.1
Female	27.1	23.1	23.1	23.1	23.1
Rate of inflation (CPI)	2.7%	2.40%	2.40%	2.40%	2.40%
Short term rate of increase in salaries	n/a	n/a	n/a	n/a	n/a
Long term rate of increase in salaries	n/a	4.15%	4.15%	4.15%	4.15%
Rate of increase in salaries	4.2%	n/a	n/a	n/a	n/a
Rate of CARE revaluation	2.7%	4.15%	4.15%	4.15%	4.15%
Rate of increase in pensions	2.80%	2.40%	2.40%	2.40%	2.40%
Rate for discounting scheme liabilities	2.10%	2.00%	2.00%	2.00%	2.00%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>					
take maximum cash	50%	n/a	n/a	n/a	n/a
take 3/80ths cash	50%	n/a	n/a	n/a	n/a

84. The Firefighters' schemes have no assets to cover their liabilities. The LGPS assets consist of the following categories by proportion of the total assets held – shown in the following table.

Asset Category	Sub Category	31-Mar-21	31-Mar-22
Equities	UK Quoted	0.1%	0.1%
	Overseas Quoted	31.3%	24.5%
	UK Managed Funds	13.9%	13.8%
	UK Managed Funds – Overseas Equities)	39.5%	40.0%
	Overseas Managed Fund	0.1%	0.8%
Bonds	UK Corporate	0.0%	0.0%
	Overseas Corporate	0.0%	0.0%
	Other Bonds	0.1%	0.0%
	LGPS Central Global Pooled Funds	0.0%	1.4%
	UK Government Fixed	0.0%	1.6%
Property	Overseas Government	0.0%	0.0%
	European Property Funds	1.9%	0.0%
	UK Property Debt	0.4%	0.7%
	Overseas Property Debt	0.3%	0.5%
	UK Property Funds	2.0%	4.4%
Alternatives	Overseas REITs	0.1%	0.0%
	UK Infrastructure	3.9%	4.7%
	European Infrastructure	2.8%	3.1%
	US Infrastructure	2.1%	2.6%
	US Stock Options	0.3%	0.4%
Cash	Overseas Stock Options	0.1%	-0.2%
	Corporate Private Debt	1.1%	1.6%
	Cash Instruments	0.0%	0.0%
	Cash Accounts	0.0%	0.0%
	Net Current Assets	0.0%	0.0%
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>

### Injury Awards

85. The level of injury awards payable to eligible members is dependent on the salary, service and also degree of disablement of the member at the time the injury is incurred. Therefore, in line with IFRS Code of Practice, the assumption that such awards are “not usually subject to the same degree of uncertainty as the measurement of post-employment benefits” can be rebutted and injury awards are therefore accounted for, under IAS19, in the same manner as for the main pension scheme benefits.

### **Usable Reserves**

86. Movements in the Authority’s usable reserves are summarised in the Movement in Reserves Statement and Notes and are described below:

	Note	31-Mar-21 £'000	31-Mar-22 £'000
General Fund	87	1,538	1,538
Earmarked Reserves	88-90	14,238	15,476
Unapplied Grants and Contributions	91	3	3
Capital Receipts Reserve	92	5,533	7,070
		<b>21,312</b>	<b>24,087</b>

## 87. General Fund Balance

	2020/21 £'000	2021/22 £'000
<b>Balance at 01 April</b>	<b>1,538</b>	<b>1,538</b>
Transfers from CIES	0	0
<b>Balance at 31 March</b>	<b>1,538</b>	<b>1,538</b>

## Earmarked Reserves

88. Earmarked revenue reserves are held for a variety of purposes, and they were reviewed and consolidated at the Authority meeting in June 2022. The nature and value of these is outlined below:

- **C&C Reserve** – to fund the cyclical upgrade/replacement of the mobilising system. The current system was largely funded by specific government grant.
- **ICT Replacements Reserve** – to fund replacement of key ICT systems principally equipment, safety monitoring and tracking, Intel (Intelligence on Operational Risks) and station end equipment for alerting.
- **ESMCP Reserve** – to fund the as yet unknown, costs associated with the implementation of the Emergency Services Mobile Communications Project (ESMCP), the new national radio/communications system, as and when the significantly delayed project requires.
- **Organisational Excellence Reserve** – to embed National Operational Guidance (NOG), enhance Command Training and achieve statutory accreditation of the Fire Investigation function.
- **On Call Recruitment Reserve** – to provide an in-depth sustained and targeted approach to On-Call recruitment over the next four years.
- **RPE Reserve** – to fund the future costs of replacing Respiratory Protective Equipment (RPE).
- **Broadway Reserve** – to fund the replacement of the Fire Station at Broadway.
- **Capital Projects Reserve** – to provide funds to complete the North Herefordshire Training Facility and continue to move training facilities from the cramped site at Droitwich.
- **Property Maintenance Reserve** – to be utilised in future years to ensure the completion of planned station maintenance.
- **Pension Tribunal Reserve** – to meet the potential costs of HMRC challenge relating to employment of Fire fighters on the retained fire fighter duty system who had retired from whole time posts before reaching the age of 55.
- **Development Reserve** – to provide funding for capacity building or “invest to save” type initiatives to prepare for future grant reductions.
- **Sustainability Reserve** – for targeted actions with the Environmental Sustainability Plan
- **Fire Prevention Reserve** – monies set aside for targeted increases in prevention activities.
- **Pensions Reserve** – to meet the potential back cost of any matters arising from pensions including grant given at the end of 2020/21 for 2021/22 administration costs.
- **Protection Grants Reserve** – specific government grant to improve protection arrangements, being used over next two years to embed and extend capabilities.
- **Equipment Reserve** – to fund additional equipment required within the service, when it falls due, (including the remaining costs of mobile data terminals and fire-ground radios) as well as allowing investment in new equipment on an “invest to save” basis.

- **Safety Initiatives Reserve** – monies set aside for targeted increases in protection activities.
- **Budget Reduction Reserve** – this reserve is held as part of the MTFP in response to the extreme uncertainty about future funding. It can meet short term costs as necessary or be released for future investment if future funding becomes sustainable.
- **Budget Reduction (Covid) Reserve** – as above, but specifically showing monies received as special Covid grants being used to offset loss of tax income in the next few years.
- **Tax Income Grant Reserve** – Government grant to support tax losses over next three years (and included in the Medium Term Financial Plan).
- **Operational Activity Reserve** – to fund exceptional activity costs arising from spate conditions e.g. prolonged fires in the Malvern Hills or flooding.
- **Insurance Reserve** – this reserve is created to fund the excess on any long-tail claims.

89. A summary of movements is shown below.

	<b>Balance At 31-Mar-21 £'000</b>	<b>Transfer from/to General Fund £'000</b>	<b>Balance at 31-Mar-22 £'000</b>
<b>Future Expenditure Reserves</b>			
C&C Reserve	1,527		1,527
ICT Replacements Reserve	1,200	115	1,315
ESMCP Reserve	1,099	(67)	1,032
Organisational Excellence Reserve	1,040	(132)	908
On Call Recruitment Reserve	1,000	(5)	995
RPE Reserve	1,000		1,000
Broadway Reserve	981	(39)	942
Capital Projects Reserve	900	1,575	2,475
Property Maintenance Reserve	812	(278)	534
Pensions Tribunal Reserve	400		400
Development Reserve	310		310
Sustainability Reserve	310		310
Fire Prevention Reserve	230		230
Pensions Reserve	216	44	260
Protection Grants Reserve	201	48	249
Equipment Reserve	190		190
Safety Initiatives Reserve	110	28	138
	<b>11,526</b>	<b>1,289</b>	<b>12,815</b>
<b>Budget Reduction Reserves</b>			
Budget Reduction Reserve	1,234		1,234
Budget Reduction (Covid) Reserve	602		602
Tax Income Guarantee Grant Reserve	146	(51)	95
	<b>1,982</b>	<b>(51)</b>	<b>1,931</b>
<b>Other Specific Reserves</b>			
Operational Activity Reserve	600		600
Insurance Reserve	130		130
	<b>730</b>	<b>0</b>	<b>730</b>
	<b>14,238</b>	<b>1,238</b>	<b>15,476</b>

90. The comparative movements for 2020/21 are summarised below:

	<b>Balance At 31-Mar-20 £'000</b>	2020/21 Reclassific -ications £'000	Transfer from/to General Fund £'000	Fire Authority Realloc £'000	<b>Balance at 31-Mar-21 £'000</b>
<b>Future Expenditure Reserves</b>					
C&C Reserve	1,267		(40)	300	1,527
ICT Replacements Reserve	0			1,200	1,200
ESMCP Reserve	1,599			(500)	1,099
Organisational Excellence Reserve	0			1,040	1,040
On Call Recruitment Reserve	0			1,000	1,000
RPE Reserve	1,000				1,000
Broadway Reserve	1,000		(19)		981
Capital Projects Reserve	0			900	900
Property Maintenance Reserve	660		(98)	250	812
Pensions Tribunal Reserve	400				400
Development Reserve	0	237	(48)	121	310
Sustainability Reserve	0		310		310
Fire Prevention Reserve	0	242	(12)		230
Pensions Reserve	0	162	54		216
Protection Grants Reserve	0		201		201
Equipment Reserve	191		(1)		190
Safety Initiatives Reserve	0	158	(48)		110
Pay Award Reserve	837			(837)	0
Fire Alliance Reserve	188		(67)	(121)	0
DCP Change Reserve	164		(164)		0
	<b>7,306</b>	<b>799</b>	<b>68</b>	<b>3,353</b>	<b>11,526</b>
<b>Budget Reduction Reserves</b>					
Budget Reduction Reserve	3,582		1,005	(3,353)	1,234
Budget Reduction (Covid) Reserve	0		602		602
Tax Income Guarantee Grant Reserve	0		146		146
	<b>3,582</b>	<b>0</b>	<b>1,753</b>	<b>(3,353)</b>	<b>1,982</b>
<b>Other Specific Reserves</b>					
Operational Activity Reserve	600				600
Insurance Reserve	130				130
Pensions Reserve	162	(162)			0
Development Reserve	237	(237)			0
Safety Initiatives Reserve	400	(400)			0
	<b>1,529</b>	<b>(799)</b>	<b>0</b>	<b>0</b>	<b>730</b>
	<b>12,417</b>	<b>0</b>	<b>1,821</b>	<b>0</b>	<b>14,238</b>

91. Unapplied Grant and Contributions

	Hereford Hub Contribution £'000	West Mercia Police Contribution £'000	Shropshire Fire & Rescue Contribution £'000	TOTAL £'000
<b>Balance at 31 March 2020</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>3</b>
Used to Finance Capital Expenditure in 2020/21	0	0	0	0
<b>Balance at 31 March 2021</b>	<b>(3)</b>	0	<b>0</b>	<b>3</b>
Grants and Contributions Received in Year	0	373	23	<b>396</b>
Used to Finance Capital Expenditure in 2021/22	0	(373)	(23)	<b>(396)</b>
<b>Balance at 31 March 2022</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>3</b>

92. Capital Receipts

	2020/21 £'000	2021/22 £'000
<b>Balance at 01 April</b>	<b>0</b>	<b>(5,533)</b>
Net Proceeds from Sale of Fixed Assets	(5,533)	(1,602)
Used to Finance Capital Expenditure	0	65
<b>Balance at 31 March</b>	<b>(5,533)</b>	<b>(7,070)</b>

93. Unusable Reserves

	Note	31-Mar-21 £'000	31-Mar-22 £'000
Revaluation Reserve	94-95	6,542	5,840
Capital Adjustment Account	96-99	18,226	16,386
Pensions Reserve	100-101	(408,638)	(411,666)
Collection Fund Adjustment Account	102	(1,401)	(362)
Accumulated Absences Adjustment Account	103	(267)	(163)
		<b>(385,538)</b>	<b>(389,965)</b>

Revaluation Reserve

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

- 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.

95. The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> 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.

	<b>2020/21</b> <b>£'000</b>	<b>2021/22</b> <b>£'000</b>
<b>Balance at 1 April</b>	<b>10,604</b>	<b>6,542</b>
Upward revaluation of assets	982	1,770
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,901)	(1,715)
Reverse charge to Provision of Service where Revaluation Reserve in place		(26)
<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>6,685</b>	<b>6,571</b>
Difference between fair value depreciation and historical cost depreciation	(143)	(75)
Accumulated gains on assets sold	0	(656)
Accumulated gains on assets derecognised		
Amounts written off to the Capital Adjustment Account		
<b>Balance at 31 March</b>	<b>6,542</b>	<b>5,840</b>

#### Capital Adjustment Account

96. The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.
97. The Account contains accumulated gains and losses on Investment Properties and gains recognised as Donated Assets that have yet to be consumed by the Authority.
98. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.
99. The following table provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>26,443</b>	<b>18,226</b>
<ul style="list-style-type: none"> <li>Charges for depreciation and impairment of non-current assets</li> <li>Revaluation gains/(losses) on Property, Plant and Equipment</li> <li>Amortisation of intangible assets</li> <li>Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal in the Comprehensive Income and Expenditure Statement</li> </ul>	(2,485) (2,460) (106) (5,443)	(2,222) (198) (106) (2,149)
<ul style="list-style-type: none"> <li>Adjusting amounts written out to the Revaluation Reserve</li> <li>- difference in depreciation on historical &amp; current cost basis</li> <li>- accumulated gains on assets sold</li> </ul>	15,949 143	13,551 75 656
<b>Capital financing applied in the year:</b>	<b>16,092</b>	<b>14,282</b>
<ul style="list-style-type: none"> <li>Use of the Capital Receipts Reserve to finance new capital Expenditure</li> <li>Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing</li> <li>Statutory provision for the financing of capital investment charged against the General Fund balance.</li> <li>Capital expenditure charged against the General Fund balance</li> </ul>	1,697 437	65 396 1,605 38
<b>Balance at 31 March</b>	<b>18,226</b>	<b>16,386</b>

### Pensions Reserve

100. 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.
101. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing for 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 set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>377,556</b>	<b>408,638</b>
Actuarial gains or losses on pensions assets & liabilities	23,745	(3,892)
Business Combinations Adjustment		241
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services the CIES	12,713	12,166
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,376)	(5,487)
<b>Balance at 31 March</b>	<b>408,638</b>	<b>411,666</b>

#### Collection Fund Adjustment Account

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

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>611</b>	<b>(1,401)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements:		
Council Tax	(483)	447
Non-Domestic Rates	(1,529)	592
<b>Balance at 31 March</b>	<b>(1,401)</b>	<b>(362)</b>

#### Accumulated Absences Account

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

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(232)</b>	<b>(267)</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory provisions	(35)	104
<b>Balance at 31 March</b>	<b>(267)</b>	<b>(163)</b>

## Lease Income Adjustment Account

104. The Lease Income Adjustment Account manages the differences arising from the recognition of lease income in the Comprehensive Income and Expenditure Statement as it falls due from lessors compared with the statutory accounting arrangements.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>422</b>	<b>0</b>
Amount by which lease income credited to the Comprehensive Income and Expenditure Statement is different from lease income calculated for the year in accordance with statutory requirements:	(422)	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

## **Provision - NNDR Appeals Provision**

105. This is a provision to reflect the Authority's share of the appeals made by NNDR payers at billing authorities.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>181</b>	<b>352</b>
Transfer from CIES	171	(154)
	<b>352</b>	<b>198</b>

## **Contingent Liabilities**

### McCloud/Sergeant

106. The Authority is aware of the recent lodging of the "injury to feelings" claim concerning the transitional arrangements that were put in place when the 2015 Firefighters' Pension Scheme came into effect on 1<sup>st</sup> April 2015. There is currently no date set aside for the case to be heard by the courts, but if the claim is successful it is possible that the Authority may incur a financial impact. At this stage the value and quantum of any impact is unknown.

### Protected Pension Age of Fire-fighters

107. The Authority and HMRC have different views on the interpretation of the rules regarding Protected Pension Age of fire-fighters who retired from their whole-time role whilst continuing in an On-Call (RDS) capacity. This is currently part of a long-running national issue and may involve the Authority in an HMRC Tribunal. If the HMRC view prevails the Authority may face a potential liability. Although the risk is covered by an earmarked reserve, estimated at £400k the Authority's view is that it will have no liability.

### Fire-fighters Pension Scheme: Immediate Detriment (McCloud/Sargeant)

108. The Firefighters' Pension Scheme 2015 ('the 2015 Scheme') was introduced on 1<sup>st</sup> April 2015, and the regulations for the implementation of the 2015 Scheme included transitional arrangements that gave tapered protection for those employees who were closer to normal retirement age.

109. In December 2018, in the case of *McCloud/Sargeant*, the Court of Appeal ruled that the transitional arrangements (not the 2015 Scheme itself) amounted to age discrimination against younger members of the pension schemes who were not given the same protections.
110. The Court of Appeal referred the case back to the Employment Tribunal (ET) to decide on the appropriate remedies. In December 2019 the ET made an interim declaration that claimants in the proceedings should be treated as though they were full protection members of the 1992 Scheme. At the same time, the LGA issued guidance to FRAs that:
- the ruling applied only to the actual claimants in the proceedings
  - they had asked the Home Office to quickly issue guidance on implementation (e.g. applicable contribution rates to be used)
  - pending that guidance, FRAs should take no immediate steps with regard to implementation
  - whilst the order did not cover non-claimants discussions were taking place on how to provide a remedy for non-claimants
  - subsequent hearings would deal with claims for 'injury to feelings' and other heads of financial loss (the injury to feelings claims are now listed for hearing in October 2022).
111. Following a period of consultation the Government announced in February 2021 they would introduce legislation for all public sector pension scheme members to be given the choice of having their service during the 'remedy period' (1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2022) calculated either under the new [2015] pension schemes or the relevant legacy scheme, whichever they prefer (and subject to paying any additional contributions under the legacy scheme) and that this would be implemented by October 2023.
112. Parliament has now laid the foundations for that change in the Public Sector Pensions and Judicial Office Holders Act 2022 but the relevant provisions will not come into force until the necessary amendments to regulations are made, which are expected in October 2023.
113. The Home Office issued 'informal guidance' to FRAs in August 2020 (updated June 2021) regarding payment of pension benefits under the legacy schemes even though the remedying legislation was not yet in force. However, there were concerns about:
- the status and validity of the Home Office's informal guidance;
  - how to implement the guidance in practice - some of the calculations that would be needed were dependent upon decisions that HM Treasury had not yet made;
  - the risk of FRAs adopting very different approaches to the calculations; and
  - the risk that the approach adopted might not accord with the eventual remedying legislation
114. Consequently, many FRAs were reluctant to follow the Home Office guidance on immediate detriment. In response to three test cases brought by the FBU, the LGA and FBU agreed a Memorandum of Understanding in October 2021 with an agreed framework for implementing immediate detriment which all FRAs were recommended to adopt. This covered both:
- forthcoming retirements (Cat.1 cases); and
  - people who had already retired (Cat.2 cases) (who had been outside the scope of the Home Office guidance)

115. In October 2021, the Authority commenced processing immediate detriment cases in accordance with the Framework, but only one (cat.1) case has actually been paid.
116. In November 2021, HM Treasury published advice strongly advising FRAs not to implement immediate detriment ahead of the remedying legislation. At the same time, the Home Office withdrew their immediate detriment guidance and stated that the Government would not provide any funding if FRAs chose to process immediate detriment claims ahead of the remedying legislation. The HM Treasury advice has since been further explained in a letter to the Firefighters Pension Scheme Advisory Board.
117. In February 2022, in light of the HM Treasury advice and withdrawal of the Home Office guidance, the Authority decided to pause processing further immediate detriment cases.
118. The outstanding issues are not about whether firefighters are ultimately entitled to have benefits calculated under the legacy pension schemes – that has been settled and is accepted. Nor is it about *the principle* of FRAs giving effect to the Courts’ rulings and implementing immediate detriment as soon as possible. The issues are about the consequences, in particular the tax consequences, of implementing the ET declaration ahead of the amending legislation being in force and the risks in so doing.
119. In its November 2021 advice, HM Treasury make clear that if FRAs process claims ahead of the remedying legislation then they have to operate within existing tax legislation and which may generate unwelcome tax outcomes.
120. The main areas of risk are around:
- Potential liability to repay pension tax relief on previous contributions paid into the 2015 scheme
  - whether contributions (including arrears of contributions) into the legacy scheme will benefit from pension tax relief
  - unauthorised payment charges (for Category 2 cases who retired more than 12 months ago)
  - whether refunds of 2015 Scheme contributions (or re-allocation of those contributions to the 1992 scheme) are a cost on the pension fund or will have to be borne by the FRA revenue account
121. If the Authority were to implement immediate detriment for all affected scheme members, then the potential costs are estimated as below

2015 Scheme contributions not tax deductible	£0.340m
1992 Scheme contributions not tax deductible	£0.370m
2015 Scheme refunds if not chargeable to the pension fund	£1.700m
<b>Total</b>	<b>£2.410m</b>

122. It must be emphasised however that these are just the costs areas that have specifically been recognised – the HM Treasury guidance of November 2021 warned that there may be other costs and consequences that have not yet been identified.
123. Work is ongoing between the LGA and FBU discussing potential revisions to the framework in light of the HM Treasury advice but at the time of writing this report, there is still no conclusion to that work.

124. Some of those costs may not arise once the remedying legislation is in place and hopefully any that remain will be covered by the LGA New Burdens funding claim

### Specific Government Grants

125. The following grants are included as income within the CIES on page 25

	2020/21 £'000	2021/22 £'000
Fire Revenue Grant - New Dimensions/Firelink	1,028	980
MORSE Funding – PCC	47	77
Belwyn Grant	33	0
Low Carbon Skills Fund – Salix	12	0
Building Risk Review Grant	60	0
Protection Uplift Grant	134	193
Grenfell Infrastructure Grant	48	0
Redmond Review	0	13
	<b>1,362</b>	<b>1,263</b>

### Cashflow Statement – Operating Activities

126. The surplus or deficit on the provision of services has been adjusted for the following non-cash movements

	2020/21 £'000	2021/22 £'000
Depreciation	(2,485)	(2,222)
Downward revaluations	(2,676)	(198)
Amortisations	(106)	(106)
Increase/decrease in creditors	203	699
Increase/decrease in debtors	(1,065)	992
Increase/decrease in inventories	(35)	(11)
Movement in pensions liability	(6,835)	(6,930)
Carrying amount of non-current assets sold or derecognised	(5,443)	(2,149)
Other non-cash items charged to the net surplus or deficit on the provision of services	(170)	154
	<b>(18,612)</b>	<b>(9,771)</b>

127. The net surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2020/21 £'000	2021/22 £'000
Proceeds of sales of Property, Plant & Equipment – Capital Receipts	4,983	1,581
	<b>4,983</b>	<b>1,581</b>

128. The cashflows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest Paid	(562)	(497)
Interest Received	35	7
	<b>(527)</b>	<b>(490)</b>

129. Cashflow Statement – Investing Activities

	2020/21 £'000	2021/22 £'000
Purchase of Property, Plant & Equipment	1,102	2,938
Proceeds of sales of Property Plant & Equipment - Capital Receipts	(4,983)	(1,581)
	<b>(3,881)</b>	<b>1,357</b>

130. Cashflow Statement – Financing Activities

	2020/21 £'000	2021/22 £'000
Long Term Loans Raised		
Long Term Loans Repaid	1,500	1,726
	<b>1,500</b>	<b>1,726</b>

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

131. 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 based on past experience, current trends and other relevant factors. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
132. The items in the balance sheet at 31<sup>st</sup> March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below. The list does not include items which are carried at fair value based on recently observed market prices, such as land and buildings, for which the Authority relies on independent advice from specialist valuers.

Pensions Liability

133. The Actuaries have provided an assessment of the effect of changes in the assumptions used in estimating the pension and assets included in the Accounts according to the requirements of IAS19.
- There are a range of actuarial assumptions which is acceptable under IAS19, particularly in respect of expected salary increases and demographic factors. The assumptions made are the responsibility of the Authority, after taking the advice of the Actuaries. There are risks and uncertainties associated with whatever assumptions are adopted, as the assumptions are effectively projections of future investment returns and demographic experience many years into the future. Inevitably this involves a great deal of uncertainty about what constitutes a “best estimate” under IAS19. The Actuaries interpret this as meaning that the proposed assumptions are neutral, i.e. there is an equal chance of actual experience being better or worse than the assumptions.
  - The assumptions used are largely prescribed and reflect market conditions at 31<sup>st</sup> March 2021. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions made by the relevant Actuary is shown in the table.

- With regard to the LGPS, it is also relevant to note that IAS19 requires the discount to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. Therefore the balance sheet position may change significantly due to relative changes in the equity and AA corporate bond markets at the reporting date.

134. Approximate increase in Net Liability

<b>Change in financial assumptions 2021/22: 1992 Firefighters' Scheme</b>		
	<b>£'000</b>	<b>%</b>
0.5% Decrease in rate of discounting scheme liabilities	-25,000	-8.0%
0.5% Increase in rate of salaries	2,000	0.5%
0.5% increase in rate of pensions/deferred revaluation	23,000	7.5%
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	11,000	3.5%

<b>Change in financial assumptions 2021/22: 2006 Firefighters' Schemes</b>		
	<b>£'000</b>	<b>%</b>
0.5% Decrease in rate of discounting scheme liabilities	-4,000	-14.0%
0.5% Increase in rate of salaries	1,000	4.0%
0.5% increase in rate of pensions/deferred revaluation	2,000	11.0%
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	1,000	3.5%

<b>Change in financial assumptions 2021/22: 2015 Firefighters' Schemes</b>		
	<b>£'000</b>	<b>%</b>
0.5% Decrease in rate of discounting scheme liabilities	-6,000	-14.5%
0.5% Increase in rate of salaries	2,000	5.0%
0.5% increase in rate of pensions/deferred revaluation	5,000	10.5%
Life Expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed	1,000	3.0%

<b>Change in financial assumptions 2021/22: LGPS</b>		
	<b>£'000</b>	<b>%</b>
0.1% Increase in real discount rate	(968)	(5.4%)
0.1% Increase in rate of increase in salaries	108	0.6%
1 Year Increase in Member Life Expectancy	1,496	8.3%

Property, Plant and Equipment

135. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.
136. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £15,000 for every year that useful lives had to be reduced.
137. The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11<sup>th</sup> March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets

having experienced lower levels of transactional activity and liquidity. Travel, movement of resources and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further waves of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

138. Nevertheless, as at the valuation date (31<sup>st</sup> March 2022), property markets are mostly functioning again, with transaction volumes and other relevant evidence, returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS3 and VPGA 10 of the RICS Valuation – Global Standards.

### **Critical Judgements in Applying Accounting Policies**

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

#### Government Funding

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

#### Property Value

141. In order to satisfy The Code of Practice, which explicitly states that revaluations must be ‘sufficiently regular to ensure that the carrying amount is not materially different from the current value at the end of the reporting period’, all land and buildings have undergone a valuation assessment on 31<sup>st</sup> March 2022. All the stations are classed as a specialised building using the Depreciated Replacement Cost (DRC) method

#### Firefighters’ Pension Schemes

142. The final remedy will apply to those members that were in active service on or prior to 31<sup>st</sup> March 2012 and on or after 1<sup>st</sup> April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2022. To make that choice all members will be automatically defaulted to the legacy scheme during the remedy period and the reformed scheme benefits kept as an underpin. From 1<sup>st</sup> April 2022, everyone is assumed to accrue benefits in the CARE scheme.
143. Given the uncertainty of how members’ benefits will accrue over the remedy period, due to future salary increases, preferences for early/late retirement over more pension, we have made assumptions in order to determine which scheme the member will choose to accrue benefits in at retirement.
144. We calculated the estimated present value of the benefits that would accrue over the remedy period under each member’s legacy and the CARE scheme and determined that the member would choose the scheme that had the

highest present value. Where retirement dates differed we applied early retirement factors to the CARE benefits to bring in line with the assumed retirement age of the legacy scheme. Where the member's legacy scheme retirement age is lower than 55 we have assumed that the member would remain in their legacy scheme. The effect of this adjustment to the McCloud allowance is a very slight reduction to the overall liability.

## LGPS

145. The Scheme Advisory Board, with consent of the Ministry of Housing, Communities and Local Government (MHCLG), commissioned GAD to report on the possible impact of the McCloud/Sargeant judgement on LGPS liabilities, and in particular, those liabilities to be included in local authorities' accounts as at 31<sup>st</sup> March 2019. This followed an April 2019 CIPFA briefing note which said that local authorities should consider the materiality of the impact. This analysis was to be carried out on a "worst-case" basis, (i.e. what potential remedy would incur the highest increase in costs/liabilities). The results of this analysis are set out in GAD's report dated 10<sup>th</sup> June 2019.
146. Although GAD were asked to carry out their analysis on a "worst-case" basis, there are a number of other potential outcomes to the case which would potentially inflict less cost to the Employer. For example, the solution proposed by the Government would only apply the underpin to all members who were active on 31<sup>st</sup> March 2012. This would have less impact than GAD's scenario (which also includes any new joiners from 1<sup>st</sup> April 2012).
147. IAS19/FRS102 requires us to place a best estimate value on liabilities and costs. Consistent with the approach we adopted for the McCloud impact estimates made last year, we will adjust GAD's estimate to include only members that were active on 31<sup>st</sup> March 2012. This is in line with that proposed in the Government's consultation.

## Kings Court EMC Ltd

148. The Authority was a member of Kings Court EMC Ltd, which managed ground maintenance on the common areas of the office site, at Kings Court, Charles Hastings Way, Worcester, which was owned by the Fire Authority to realise rental income, until its sale on the 9<sup>th</sup> April 2020. The company is one that is limited by guarantee, for which the maximum liability to the Authority is £1. The Authority had appointed the Director of Finance (Treasurer) as its (unpaid) director. Following the sale of Kings Court in April 2020, the managers of Kings Court EMC Ltd were asked (and reminded twice) to notify Companies House that the directorship had now ceased. Companies House were informed of this change in December 2021.

## LGPS Pension Liability Prepayment

149. As part of the triennial revaluation of the Worcestershire Pension Fund (LGPS), the Fire Authority has a liability to make lump sum contributions to the previous deficit relating to prior years in 2020/21, 2021/22 and 2022/23 totalling £801k. In April 2020 the Authority paid the 2020/21 liability and prepaid the liability for 2021/22 and 2022/23 to secure a discount of £47.1k in the total liability.

## SUPPLEMENTARY FINANCIAL STATEMENT

### Firefighters' Pension fund

1. Since 2006/07 Firefighters' pensions are paid out of a separate account into which the employee's contributions and an employer's contribution are paid. Any deficit on this account is made up by direct government grant.
2. A detailed explanation of the schemes can be found on pages 48-49, but although they are all statutory, national un-funded defined benefit schemes, they are administered locally by each Authority.
3. The financial arrangements for the schemes were established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.
4. The employer's contribution is borne by the General Fund for Council Tax Precept setting purposes.
5. Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by Home Office and subject to triennial revaluation by the Government Actuary's Department.
6. In accordance with the requirements of IAS19 the employer's contribution is replaced by the current service cost of pensions in the CIES, and reversed out again in the MiRS.
7. Although the scheme remains an un-funded one, Government has determined that this account is deemed a Pension Fund separate from the income and expenditure account and is thus reported on separately. As an un-funded scheme there are no assets and the difference between income and expenditure is met by the direct government grant.
8. The accounts are prepared in accordance with the same Code of Practice and accounting policies as outlined in the Statement of Accounting Policies set out on pages 15-24.
9. Any Government grant payable is paid in two instalments, 80% of the estimated annual amount at the start of the year, and the actual balance paid following completion of the accounts for the year.
10. The following Statement shows the income and expenditure for the year. It does not take account of liabilities to pay pensions and other benefits after the year end. These are calculated in accordance with IAS 19 and are included in the Balance Sheet on page 29 and detailed in the Notes to the Core Financial Statements on pages 48-57.

## Firefighters' Pension Fund Account

	2020/21 £'000	2021/22 £'000
<b>Contributions receivable</b>		
Fire & Rescue Authority		
Contributions in relation to pensionable pay	(3,488)	(3,445)
Other	(85)	(85)
Firefighters' Contributions	(1,543)	(1,527)
	<b>(5,116)</b>	<b>(5,057)</b>
Transfers in from other schemes	0	(586)
<b>Benefits Payable</b>		
Pensions	8,701	8,539
Commutations & lump sum retirement benefits	1,258	2,451
<b>Payments to and on account of leavers</b>		
Transfers out to other schemes	185	280
<b>Net amount payable for the year</b>	<b>5,028</b>	<b>5,627</b>
<b>Top-up grant payable by government</b>	<b>(5,028)</b>	<b>(5,627)</b>
	<b>0</b>	<b>0</b>

## Firefighters' Pension Fund Statement of Net Assets

The following balances are held in relation to the Pensions Fund.

	31-Mar-21 £'000	31-Mar-22 £'000
<b>Current Assets</b>		
Debtors		
Employer Contributions Due	65	66
Employee Contributions Due	32	32
Top Up receivable from the government	1,465	2,673
Prepayments		
Pensions paid in advance	672	693
Creditors		
Amounts due to General Fund	(2,234)	(3,464)
	<b>0</b>	<b>0</b>

### 1. Scope of Responsibility

- 1.1 The Fire Authority (the Authority) has a statutory responsibility to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. To do this the Authority must ensure that proper arrangements exist for the governance of its affairs. This includes maintaining a sound system of internal control and ensuring that robust arrangements for the management of risk are in place.

### 2. The Purpose of the Governance Framework

- 2.1 Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
- 2.2 The system of internal control is designed to manage risk to a reasonable level (rather than to eliminate all risk). The Authority maintains a sound system to protect against risks and mitigate their impact. The systems are regularly reviewed and updated.

### 3. Key Elements of the Governance Framework and Internal Control System

- 3.1 The Authority has adopted a Code of Corporate Governance, which sets out how the Authority promotes good governance. A copy of the code is available at [hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx](http://hwfire.cmis.uk.com/hwfire/Documents/DocumentLibrary.aspx) or may be obtained from Hereford & Worcester Fire Authority Headquarters, Hindlip Park, Worcester, WR3 8SP.
- 3.2 The Authority has the following protocols and processes in place which demonstrate the core principles as required by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016:

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

- **Members' Code of Conduct and Registers of Interests** – a local Code of Conduct for all Members is in place and a Register of Financial Interests for each Member is published on the Authority's website.
- **Ethical Framework** - reflects the Authority's commitment to always operating fairly and ensuring dignity and respect in the workplace and in the communities we serve, in an environment which values individual contributions and work towards the elimination of unlawful discrimination.
- **Core Code of Ethics for Fire & Rescue Services** – the Authority has committed to implementing the Core Code of Ethics for Fire and Rescue Services in England, which was developed in partnership by the National Fire Chiefs Council (NFCC), the Local Government Association and the Association of Police Crime Commissioners
- **Equality, Diversity & Inclusion Plan** – sets out the Authority's commitment to our equality objectives by being an inclusive organisation which recognises and diverse backgrounds, beliefs and needs of our staff and the communities we serve. There is an Equality, Diversity & Inclusion Officer in post and three Fire Authority Members are appointed as Equality, Diversity & Inclusion Champions

- **Code of Conduct for Staff and Register of Staff Interests** - requires employees to perform their duties with honesty, integrity, impartiality and objectivity.
- **Whistleblowing Policy** - in place for receiving and investigating complaints from staff and/or contractors.
- **Complaints Systems** - in place for receiving and investigating complaints from the public. A procedure is also in place for complaints relating to alleged breaches of the Code of Conduct by Members.
- **Anti-Fraud, Bribery and Corruption Policy** – the Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside the organisation.
- **Monitoring Officer** - provides advice on the scope of the powers and responsibilities of the Authority. The Monitoring Officer has a statutory duty to ensure lawfulness and fairness of decision making and also to receive allegations of breaches of the Code of Conduct by Authority Members. The Head of Legal Services acts as the Authority's Monitoring Officer and is governed by the professional standards set by the Solicitors' Regulation Authority.

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

- **Public Participation at Authority meetings** – members of the public can raise any topic at full Authority meetings as long as it is relevant to the duties and power of the Fire Authority. In the case of meetings that were held virtually during the Covid-19 pandemic, these were streamed live on YouTube.
- **Public Consultation** - public consultation on the draft Community Risk Management Plan 2021-25 took place between 6 July 2020 and 25 September 2020. This included public focus groups and an on-line questionnaire sent to key stakeholders, including councillors, parish and town councils, libraries, housing associations and trusts, voluntary organisations, faith and community groups, as well as other fire and rescue services, emergency services and representative bodies.
- **Internal engagement** – the Authority is committed to ensuring effective engagement with its staff. In addition to consultation and negotiation with recognised trade union bodies, for example via the Joint Consultative Committee (JCC), staff groups such as women@hwfire provide forums for engagement with staff. The Authority has also appointed an Employee Engagement and Wellbeing Officer
- **Active engagement with partners** – the Authority is represented on Local Strategic Partnerships, the Safer Roads Partnership and local Community Safety Partnerships. The Authority has also worked closely with West Mercia Police with regards to sharing buildings and assets and has set up a strategic alliance with Shropshire Fire and Rescue Service with a Strategic Alliance Plan 2018-2022 in place.

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

- **Fire Authority Annual Report 2021/22** (Corporate Plan) - incorporates the future outlook and objectives for the year.
- **Community Risk Management Plan 2021-2025 (CRMP)** – sets out how we will deliver sustainable services for our communities.
- **Core Strategies** - the Service has published core strategies for Prevention, Protection and Response showing how the commitments in the CRMP will be delivered

- **Strategic Projects Programme** – a programme of major projects identified as being critical to the success of the organisation because they ensure its on-going resilience in the coming years. The projects in the programme include new fire stations, the roll out of vital new technology upgrades as part of national projects, and pivotal work with local partner organisations.
- **Fleet Strategy 2016-2021** – provides a structured approach to vehicle management that ensures the Authority continues to provide and maintain an effective fleet of vehicles to ensure that staff can undertake their jobs effectively.
- **Property Strategy 2018-2023** – to ensure premises are sustainable, safe and meet operational need
- **ICT Strategy 2017-2020** - provides a comprehensive picture of how the Authority will use ICT to support the services it provides
- **Environmental Sustainability Plan 2021-2025** – sets out how we will continue to improve the ways in which we use our resources to ensure the least harm to our environment

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

- **Performance Management Framework** – a comprehensive set of key performance indicators measures the quality of service for users. Performance is monitored on a quarterly basis by the Authority’s Policy & Resources Committee and Senior Management Board to ensure that services are delivered in accordance with the Authority’s objectives and best use of resources.
- **Medium Term Financial Plan** - sets out the resources needed to deliver services.
- **Strategic Risk Register** - identifies controls to mitigate inherent identified risks and is monitored on an on-going basis with exception reporting to the Senior Management Board and to the Audit & Standards Committee.
- **Departmental Risk Registers** - reviewed by managers on a quarterly basis.

**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it demonstrated through:**

- **Constitution** - defines the roles and responsibilities of the Authority, Committees, Members and Officers and the protocols to be followed.
- **Fire Authority Members** – all new Members are provided with an induction and information is available for all Members to further develop fire-specific knowledge during their tenure.
- **Senior Management Board (SMB)** – involves all Principal Officers and Assistant Directors in supporting the Chief Fire Officer to lead the Service.
- **People Strategy 2020 - 2022** - sets out how the Authority is supporting its workforce to become more resilient and diverse, to develop their skills and maximise their wellbeing at work.
- **Staff Development Process** – Individual Appraisals are in place for all staff to enable personal objectives to be set which contribute to the overall aims of the Authority. Competency training records and a course management system are also in place.

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

- **Audit & Standards Committee** - reviews arrangements for identifying and managing the Authority's business risks and the approval of policies in respect of the Authority's governance framework.
- **Chief Financial Officer (Treasurer)** - ensures the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with s.151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015. The Chief Financial Officer is also governed by professional standards set by CIPFA.
- **Risk Management Strategy** - ensures that the Authority identifies strategic risks and applies the most cost effective control mechanisms to manage those risks.
- **Business Continuity Plans** – these plans have been implemented during the Covid-19 pandemic to ensure the delivery of core functions.

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

- **Transparency Information** - published on the website in accordance with the Local Government Transparency Code to **promote openness and accountability through reporting on local decision making, public spending and democratic processes.**
- **Agendas, minutes and decisions** – published on the website and includes the rationale and considerations on which decisions are based.
- **Internal Auditors** - Worcestershire Internal Audit Shared Service Audit Team provides the internal audit function for the Authority and reports quarterly to the Audit & Standards Committee.
- **External Auditors** - Grant Thornton UK LLP provides the external audit services to the Authority and reports regularly to the Audit & Standards Committee.
- **Annual Assurance Statement** - provides staff, partners and local communities with an assurance that the Authority is doing everything it can to keep them safe and that it is providing value for money.
- **Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services** – provides an additional external perspective on the effectiveness and efficiency of services provided.

### **4. Review of Effectiveness**

- 4.1 The Authority has prepared the Annual Governance Statement in accordance with the "Delivering Good Governance in Local Government Framework 2016" published by CIPFA/SOLACE. As part of the process the Audit & Standards Committee will consider the self-assessment review of its corporate governance arrangements against the CIPFA/SOLACE framework to ensure that the Authority's governance arrangements are working correctly and are relevant to the current environment.
- 4.2 The Authority is satisfied that its financial management arrangements conform with the governance requirements of the CIPFA Statement of the Role of the Chief Financial Officer in Local Government. In addition, the key financial systems are continually reviewed by the Internal Auditor. There were no major weaknesses identified in the 2021/22 financial year.

4.3 The continued uncertainty during 2021/22 over the delayed Comprehensive Spending Review (CSR) along with the impact of Covid-19 required some re-allocation of revenue budget to support core business activity. Budget Monitoring reports have been presented to the Policy and Resources Committee and have shown that the Authority's finances continue to be well controlled.

**5. Significant Governance Issues**

5.1 Based on the information provided above there are no significant governance issues identified at this time. We are satisfied that the need for improvements will be addressed and we will thereafter monitor the implementation and operation of any agreed recommendations as part of our next annual review.

[Signed on original]

[Signed on original]

**Jon Pryce**  
**Chief Fire Officer/Chief Executive**

**Cllr Kit Taylor**  
**Chairman of the Fire Authority**

**Date: 20<sup>th</sup> April 2022**

## **GLOSSARY OF TERMS**

### **Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under IFRS and are financed through capital controls system.

### **Capital Expenditure**

Expenditure on the acquisition of non current assets such as land, building, vehicles and equipment, which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

### **Capital Receipts**

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or finance new assets.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **Capital Financing Requirement**

This measures the underlying need to borrow to finance capital expenditure.

### **Collection Fund Adjustment Account**

Provides a mechanism for recognising the Fire Authority's share of the Collection Fund surplus/deficits at the end of the year.

### **Council Tax**

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied is dependent on the valuation of each dwelling.

### **Creditors**

Amount owed by an organisation for work done, goods received or services rendered to the organisation within the accounting period but for which payment has not been made.

### **Current Assets**

Items from which the Fire Authority derives a benefit but which will be consumed or realised during the next accounting period ie. stocks, debtors, cash.

### **Current Liabilities**

Amounts which will become payable in the next accounting period ie creditors.

### **DCLG**

The Department of Communities and Local Government – the Government department which had responsibility for the Fire and Rescue Service until 5<sup>th</sup> January 2016. Responsibility for Fire then transferred to the Home Office.

### **Debtors**

Sums of money due to the Fire Authority for goods sold or services rendered but for which payment has not been received at the balance sheet date.

### **Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

### **Finance Lease**

Leases which transfer the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the non current assets in the balance sheet.

**Government Grants**

Assistance by Government in the form of cash or transfers of assets to authorities, in return for past or future compliance with certain conditions relating to the activities of the Fire Authorities.

**Heritage Assets**

Assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific or environmental qualities, and which are held and maintained by the Fire Authority principally for the contribution to knowledge and culture.

**Home Office**

The Government department with responsibility for the Fire and Rescue Service from 5<sup>th</sup> January 2016.

**Impairment**

A reduction in the value of a non current asset below its carrying amount on the balance sheet.

**International Accounting Standards (IAS)****International Financial Accounting Standards (IFRS)**

The framework of standards within which the financial statements are prepared.

**Long Term Borrowing**

Loans that are raised with external bodies, for periods of more than one year.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year to set aside the provision for credit liabilities, previously 4% of the capital financing requirement.

**Non Current Assets**

Assets that yield benefits to the Fire Authority and the services it provides for a period of more than one year.

**Operating Lease**

Leases where the ownership of the asset remains with the lessor, and the annual rental is charged to the revenue account.

**Operational Assets**

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

**PCC**

The Police and Crime Commissioner – this is a directly elected role which oversees policing and ensures that police forces are effective. The Police and Crime Act 2017 now enables the PCC to take on responsibility for Fire and Rescue Services where a local case is made.

**Revaluation Reserve**

Contains revaluation gains recognised since 1<sup>st</sup> June April 2007 only, the date of its formal implementation.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset. These costs may be charged as expenditure to the relevant service in the CIES in the year.

**Revenue Support Grant**

Government grant in aid of the Fire Authority's services generally. It is based upon the Government's assessment of how much the Fire Authority needs to spend in order to provide a standard level of service.

**RICS**

Royal Institution of Chartered Surveyors.

**Stocks**

The amount of unused or unconsumed stocks held in expectation of future use.

**Useful Life**

The period over which the Fire Authority will derive benefits from the use of non current assets.

**Virement**

The transfer of resources between budget heads. Virements must be properly authorised by the appropriate committee or by officers under delegated powers.

**VPS**

Royal Institution of Chartered Surveyors – Valuation Technical and Performance Standard

**VPGA**

Royal Institution of Chartered Surveyors – Valuation Practice Global Alert.