

# Statement of Accounts

2023-2024



Gwasanaeth Tân ac Achub  
Fire and Rescue Service



<b>STATEMENT OF ACCOUNTS</b>	<b>PAGE</b>
Narrative Report	1-10
Statement of Responsibilities	11
Independent Auditors Report	12-16
Expenditure and Funding Analysis	17
Core Financial Statements	18-22
Notes to the Core Financial Statements	23-58
Firefighters Pension Fund Accounts	59-60
Accounting Policies	61-75

The maintenance and integrity of the Authority's website is the responsibility of the Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## NARRATIVE REPORT

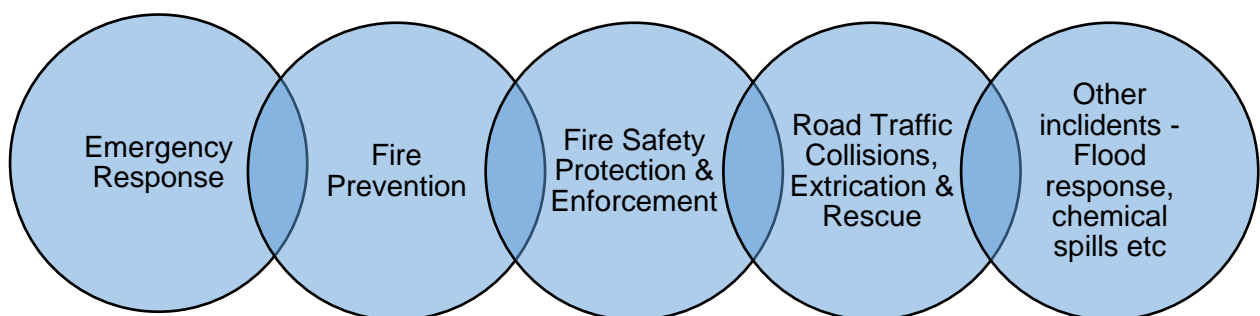
The purpose of the narrative report is to offer interested parties' clear information about the financial position and the financial performance of the North Wales Fire and Rescue Authority (NWFRFA) for the financial year 2023/24.

## ORGANISATION OVERVIEW

The North Wales Fire and Rescue Authority (NWFRFA) is made up of 28 Elected Members nominated by each of the six local authorities and provides direction and governance for the day to day activities delivered by North Wales Fire and Rescue Service (NWFRS).

NWFRS serves the communities within the counties of Gwynedd and Ynys Môn, Conwy and Denbighshire and Wrexham and Flintshire.

NWFRFA is responsible for providing adequate resources to enable the Fire and Rescue Service to undertake a range of activities as detailed below.



The Service deals with a wide-range of emergencies, from fire incidents and road traffic collisions, to floods and chemical spills. Extensive work is carried out with schools, businesses and local communities to promote fire safety and prevention and to help keep people and property safe.

The Authority is financed by contributions from the six constituent authorities, in proportion to population for each authority.

Details of our service area, funding and activities can be found on the following pages.

## About Our Service Area





## Resources



**44** fire stations



**54** front line fire appliances



**39** special appliances including rescue boats and aerial ladder platforms



**909** staff of which **20%** are fluent welsh speakers

## Prevention and Protection activities



**19,859** safe and well checks completed



**482** business audits conducted



**216** safety talks with **20,837** children and young people



**22** phoenix courses with **190** participants completing the programme

## Responding activities



**12,743** emergency calls handled



Attended **5935** emergency incidents



**1656** fires attended of which **14** were wildfires



**2900** false alarms

## THE AUTHORITY'S IMPROVEMENT AND WELLBEING OBJECTIVES

Fire and Rescue Authorities in Wales are required to publish improvement objectives in accordance with the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015. For the purposes of the Authority's planning processes these are treated as one and the same.

These long-term objectives are changes that the Authority wants to help bring about in North Wales that will contribute to improving local well-being and to moving Wales closer to achieving its well-being goals. Having identified these long-term objectives, the Authority has a duty to take all reasonable steps to pursue them and to report publicly after the end of each financial year on the progress it has made.

In March 2021 the Authority published its Corporate Plan for 2021- 2024 with a set of seven long-term objectives:

- Work towards making improvements to the health, safety and well-being of people in North Wales
- Continue to work collaboratively to help communities improve their resilience
- Operate as effectively and efficiently as possible, making the best use of the resources available
- Continue to identify opportunities to encourage greater engagement with people, communities, staff and stakeholders
- Maintain a suitably resilient, skilled, professional and flexible workforce
- Develop ways of becoming more environmentally conscious in order to minimise the impact of our activity on the environment
- Ensure that social value and sustainability are considered, including during procurement processes

The following link provides information relating to North Wales Fire and Rescue Service activity and performance against improvement objectives over the last twelve months-[Activity and Performance](#)

The statutory deadline for publishing an Annual Performance Assessment is 30<sup>th</sup> September 2024. The Annual Performance Assessment will be available on the website at [Corporate Plan and Annual Performance Assessment](#)

## SUSTAINABILITY AND CLIMATE CHANGE

During 2023/24, the Authority approved its Environmental Strategy for the period 2023-2030. The Environment and Sustainability Working Group, chaired by the Environment and Climate Change Manager, has developed detailed decarbonisation plans following a series of Working Groups with Authority members over the course of the year, aligning with our goal to reach Net Zero carbon emissions by 2030. These plans cover fleet, estates and procurement.

To begin the process of decarbonising our fleet, an operational trial of Hydrotreated Vegetable Oil as a sustainable alternative to diesel, has been carried out. This trial

was successful and there will shortly be a station-based operational trial, before rolling out tanks and dispensing equipment around our estate.

In addition, the Fleet Department, procured four fully electric vans which are currently on trial, across various departments, to test their viability in relation to service requirements.



Image: EV Van in workshop

Working closely with Welsh Government Energy Service a plan has been developed to decarbonise our heating systems. This will form the basis of a programme of rolling heating system replacements over the coming years, prioritised as funding and operational requirements permit.



Image: Colwyn Bay Fire Station

Numerous biodiversity enhancement schemes have been carried out, including installation of swift nesting boxes, on some of our sites, in partnership with the North Wales Wildlife Trust and Conwy County Borough Council.

Work is continuing on developing a bespoke Environmental Management System based on the ISO:14001 standard. This is a system that will help with the identification, management, monitoring and control of the impact the service has on the environment. This will help improve environmental performance through the more efficient use of resources and reduce waste.

## FINANCIAL PERFORMANCE

North Wales Fire and Rescue Authority is committed to continuing to provide excellent fire safety prevention and enforcement services and a comprehensive emergency response. The Authority remains committed to playing its part in building stronger and safer communities, but also acknowledges that for the future the financial situation means that being able to sustain service delivery will require a great deal of flexibility and innovation.

In order to secure financial sustainability for the Authority and maintain service levels, Members agreed a 3 year medium term financial strategy. Members agreed for 2023/24 to increase the contributions from the constituent authorities by 9.9% to £43,314k. When added to the contributions in relation to Firefighter Pension Scheme Employer Contribution Costs funding of £1.081m, previously received as grant but now paid to the constituent authorities, this resulted in a total budget of £44,394k. When setting the 2023/24 budget, Members also approved a range of non-recurring measures necessary to achieve financial balance within 2023/24 which impacted on

both service delivery and corporate capacity. These included deferring expenditure and where necessary the use of earmarked and general reserves; actions necessary to address the loss of grant income of £0.4m from the Welsh Government in respect of the Airwave contract, other known pressures and also uncertainty relating to national pay negotiations.

In June 2023, the staffing structure was refined, however it has continued to be challenging to appoint to specialist corporate roles and retained firefighters. During 2023/24 work continued on implementing the recommendations arising from the review of the retained duty system (RDS), taking account of the national discussion regarding terms and conditions, which has superseded some elements of the review.

During 2022/23 the Authority commissioned an Emergency Cover Review to consider future service delivery models to address availability issues within rural communities and to consider future risks. During 2023/24, the Authority undertook a consultation on a number of models, the results of which were considered by the Authority in December 2023. The Authority did not progress with the recommendations and further work is ongoing to develop a new option in 2024/25.

Higher than anticipated pay awards and inflation for non-pay costs, particularly utilities, building costs, fuel and ICT costs have put significant pressure on the budget. However, these cost pressures have been largely mitigated by the savings bought about by the staff vacancies, exceptional in year income receipts and delayed expenditure. Departments continue to monitor the impact of the economic situation recognising that changes on both revenue and capital may materialise over the coming months and years.

The Authority's position over the medium term will require careful attention to be paid to all expenditure but in particular cost pressures relating to pension and payroll costs.

## REVENUE PERFORMANCE

The Authority reported an underspend of £94k in 2023/24. The breakdown of expenditure is detailed below.

2023/24	Budget £000	Outturn £000	Use of Reserves £000	CERA Cont'ns £000	Total £000	Variance £000	Variance %
Employees	31,902	30,896	473		31,369	(532)	-2%
Premises	3,616	3,297			3,297	(319)	-9%
Transport	1,273	1,390			1,390	117	9%
Supplies	5,453	5,393	833		6,226	772	14%
Third Party Payments	342	319			319	(23)	-7%
Capital Finance & Charges	3,129	2,165	(130)	1,101	3,136	7	0%
Income	(1,321)	(1,437)			(1,437)	(116)	9%
<b>Outturn Position</b>	<b>44,394</b>	<b>42,023</b>	<b>1,176</b>	<b>1,101</b>	<b>44,300</b>	<b>(94)</b>	<b>-0.2%</b>



## USABLE RESERVES

Usable reserves increased in 2023/24, by £0.703m to cover ongoing service requirements including insurance claims and fire kit. It is envisaged that reserves will reduce in future years. Further information is available in Note 8.

Usable Reserves	Balance 31 March 2023 £000	Transfers (in/)/out 2023/24 £000	Balance 31 March 2024 £000
Earmarked Reserves	(6,222)	(1,176)	(7,398)
General Fund	(1,480)	(95)	(1,575)
Capital Grants Unapplied	(85)	37	(48)
Capital Receipts Reserve	(34)	(39)	(73)
<b>Total Usable Reserves</b>	<b>(7,821)</b>	<b>(1,273)</b>	<b>(9,094)</b>

## CAPITAL PERFORMANCE

Capital expenditure for 2023/24 amounted to £2,182k, details of the various schemes are in the below table.



Image: Welfare Unit in the Workshop

Ongoing supply chain issues and inflationary pressures remain and it has been necessary to review and revise the capital programme to reflect projects that could be delivered in year.

The Fleet Department procured various vehicles to assist with service delivery, including 3 welfare vehicles and 8 multi use station vehicles.

A particular area of challenge relates to the provision of replacement towers. Whilst the tenders have been awarded there have been delays due to design amendments, supplier capacity and planning permission.

A total of five replacement towers were scheduled for completion during 2023/24. Of these three will now be completed in the first quarter of 2024/25.



Image: Multi-purpose station vehicle

There is a requirement to rollover funding of £3,951k to complete ongoing projects, as detailed below.

<b>Scheme</b>	<b>Revised Allocation £000</b>	<b>Actual Spend £000</b>	<b>Rollover £000</b>
Fire Appliance replacement	475	475	960
Multi- purpose vans	189	268	-
Electric Van pilot	-	107	-
Welfare Units	150	150	-
National Resilience Vehicles	-	71	-
Command & Control refresh	600	-	-
Minor Building works	100	52	48
Training Towers	250	-	-
Fleet - fall arrest system and roof works	126	-	134
Appliance bay doors	180	165	19
Llandudno Heating upgrade	150	-	150
Dolgellau Smokehouse works	365	256	-
Proposed training centre land	3,000	-	2,630
Unallocated	947	-	-
<b>Total : Capital Plan</b>	<b>6,532</b>	<b>1,544</b>	<b>3,941</b>
<b>Rollover 2022/23</b>			
Training Towers	307	318	10
Multipurpose station vans	160	162	-
Buildings - Minor works	158	158	-
<b>Total: Rollover</b>	<b>625</b>	<b>638</b>	<b>10</b>
<b>Total</b>	<b>7,157</b>	<b>2,182</b>	<b>3,951</b>

The financing of the capital plan is as follows:

<b>Funding</b>	<b>Amount £000</b>
Internal Borrowing	1,010
Grant Funding	71
Contributions	1,101
<b>Total</b>	<b>2,182</b>

## TREASURY MANAGEMENT

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2023/24 was formally approved at the Authority meeting on 20 March 2023. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year quarterly reports detail the progress against the strategy.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - [www.northwalesfire.gov.wales](http://www.northwalesfire.gov.wales)

This confirmed that the Authority had achieved its prudential indicators, with year end borrowing of £17.78m. The Authority will continue to monitor the impact of increased interest rates when setting future budgets.

## **PENSION COSTS**

### **Firefighters' Pension Scheme**

During 2023/24 employer normal contributions to the Pension Fund amounted to £4.055m (2022/23: £3.893m). The total value of payments to retired members amounted to £9.005m with cash support received from the Welsh Government.

The scheme is unfunded and the liability in terms of future pension commitments has increased to £231.610m (2022/23: £225.390m). This was due to a change in the actuarial assumptions.

The results of the 2020 formal valuation of the pension fund will result in an increase in employer contributions from 27.3% to 31.0%, from 1 April 2024.

### **Local Government Pension Scheme**

Local Government Pension Scheme (LGPS) plans are statutorily prescribed and have a specified routine process for the determination of employer contributions. This process is carried out for the pension fund as a whole, but separate contribution rates are set for each employer. Rates are set for a three-year period, based on actuarial advice having regard to the most recent triennial valuation. The rates for each employer are formally separated into:

- primary rates, which meet the cost of ongoing accrual for current active members, and
- secondary rates, which mainly reduce deficit or reduce surplus over a given period.

The secondary rate increases or reduces the employer contribution based on factors specific to that employer. The secondary rate mainly serves to:

- reduce deficits in the employer's pension provision by providing additional contributions to the fund, or
- reduce surpluses in the employer's pension provision by reducing the level of contributions to the fund.

From 1 April 2023, the employer's primary rate of contributions increased from 17.0% to 18.3%. In 2023/24, employer contributions to the Pension Fund, based on the primary contribution rate amounted to £1.112m. (2022/23: £1.02m).

However, the level of contributions paid to the pension fund were lower due to a secondary rate reduction of £503k.

The actuarially assessed amount as of 31 March 2024 was £0.000m (2022/23: - £1.753m). The decrease was due to a change in actuarial assumptions and accounting standards used to measure the scheme's liabilities and assets.

Note 30, which is based on the actuarial report, and the Firefighter's Pension Fund Account provide further information.

## **FURTHER INFORMATION**

Additional information about these accounts is available from the Treasurer. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority - [www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/](http://www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/) - and a notice is displayed in the Fire and Rescue Service Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.



## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

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

#### **AUTHORITY'S CERTIFICATE**

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2024.

Signed: Dylan Rees Dated: 21/10/24

**Chairman, North Wales Fire and Rescue Authority**

### THE TREASURER'S RESPONSIBILITIES

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

In preparing the Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.
- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### **TREASURER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of North Wales Fire and Rescue Authority as at 31 March 2024 and the Authority's income and expenditure for the year then ended.

Signed: Ad Edwards Dated: 21/10/24

**Treasurer, North Wales Fire and Rescue Authority**

## **The report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority**

### **Opinion on financial statements**

I have audited the financial statements of:

- North Wales Fire and Rescue Authority;
  - North Wales Fire and Rescue Authority Firefighters Pension Fund
- for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

North Wales Fire & Rescue Authority's financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the material accounting policies.

The Firefighters Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of North Wales Fire & Rescue Authority and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

## **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the North Wales Fire & Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the North Wales Fire & Rescue Authority and North Wales Fire & Rescue Authority Firefighter's Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## **Other Information**

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of North Wales Fire & Rescue Authority and North Wales Fire & Rescue Authority Firefighter's Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns.

## **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund's will not continue to be provided in the future.



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

My responsibility is to audit the financial statements in accordance with section 13(2) of the Public Audit (Wales) Act 2004.

My 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 my 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- Obtaining an understanding of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund's framework of authority as well as other legal and regulatory frameworks that North Wales Fire & Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Fire & Rescue Authority and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias;

and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighter's Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of North Wales Fire & Rescue Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton

Auditor General for Wales

Date: 24 October 2024

1 Capital Quarter

Tyndall Street

Cardiff CF10 4BZ

**EXPENDITURE AND FUNDING ANALYSIS**

This statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred. Income and Expenditure accounted for under generally accepted accounting practices (GAAP) is presented more fully in the CIES.

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
38,797	(3,081)	35,716	Provision of Fire Services	43,123	(7,682)	35,441
(39,412)	8,805	(30,607)	Other Income & Expenditure	(44,394)	10,557	(33,837)
<b>(615)</b>	<b>5,724</b>	<b>5,109</b>	<b>Deficit or (Surplus) on Provision of Services</b>	<b>(1,271)</b>	<b>2,875</b>	<b>1,604</b>

2022/23				2023/24		
General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000
(1,520)	(5,805)	(7,325)	Brought Forward	(1,480)	(6,341)	(7,821)
(615)		(615)	(Surplus)/Deficit on Provision of Services	(1,271)		(1,271)
	153	153	Transfer between General Fund Balance and Capital Grants Unapplied		37	37
655	(689)	(34)	Transfer between General Fund Balance and Earmarked General Fund Reserves	1,176	(1,215)	(39)
<b>(1,480)</b>	<b>(6,341)</b>	<b>(7,821)</b>	<b>Closing General Fund Balance</b>	<b>(1,575)</b>	<b>(7,519)</b>	<b>(9,094)</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement.

2022/23				2023/24			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
38,640	(2,925)	35,715	Provision of Fire Services		36,878	(1,437)	35,441
<b>38,640</b>	<b>(2,925)</b>	<b>35,715</b>	<b>Cost of Services</b>		<b>36,878</b>	<b>(1,437)</b>	<b>35,441</b>
(11)	0	(11)	Other Operating Expenditure		(14)	0	(14)
9,130	(61)	9,069	Financing & Investment Income & Expenditure	<b>9</b>	11,071	(429)	10,642
0	(39,664)	(39,664)	Taxation and Non Specific Grant Income	<b>10</b>	0	(44,465)	(44,465)
		<b>5,109</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>1,604</b>
0	(9,832)	(9,832)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	<b>18</b>	557	0	557
		(109,388)	Remeasurement of the Net Defined Benefit Liability	<b>18</b>			1,096
		<b>(119,220)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>				<b>1,653</b>
		<b>(114,111)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>				<b>3,257</b>



## MOVEMENT IN RESERVES STATEMENT

This statement 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 contributions from the Constituent Authorities) 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 and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

2023/24	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2023</b>		(1,480)	(6,222)	(85)	(34)	(7,821)	199,227	191,406
<b>Movement in Reserves during 2023/24</b>								
Surplus or (Deficit) on the Provision of Services		1,604	0	0	0	1,604	0	1,604
Other Comprehensive Income & Expenditure		0	0	0	0	0	1,653	1,653
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>1,604</b>	<b>0</b>	<b>0</b>		<b>1,604</b>	<b>1,653</b>	<b>3,257</b>
Adjustments between accounting basis & funding basis under regulations	7	(2,877)	0		0	(2,877)	2,877	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		<b>(1,273)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,273)</b>	<b>4,530</b>	<b>3,257</b>
Other Transfers to/(from) Earmarked Reserves	8	1,178	(1,176)	37	(39)	0	0	0
<b>Increase/(Decrease) in 2023/24</b>	6	<b>(95)</b>	<b>(1,176)</b>	<b>37</b>	<b>(39)</b>	<b>(1,273)</b>	<b>4,530</b>	<b>3,257</b>
<b>Balance as at 31 March 2024</b>		<b>(1,575)</b>	<b>(7,398)</b>	<b>(48)</b>	<b>(73)</b>	<b>(9,094)</b>	<b>203,757</b>	<b>194,663</b>

**MOVEMENT IN RESERVES STATEMENT**

2022-23	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2022</b>		(1,520)	(5,567)	(238)	0	(7,325)	312,842	305,517
<b>Movement in Reserves during 2022/2023</b>								
Surplus or (Deficit) on the Provision of Services		5,109	0	0	0	5,109	0	5,109
Other Comprehensive Income & Expenditure		0	0	0	0	0	(119,220)	(119,220)
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>5,109</b>	<b>0</b>	<b>0</b>		<b>5,109</b>	<b>(119,220)</b>	<b>(114,111)</b>
Adjustments between accounting basis & funding basis under regulations	7	(5,605)	0		0	(5,605)	5,605	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		(496)	0	0	0	(496)	(113,615)	(114,111)
Other Transfers to/(from) Earmarked Reserves	8	536	(655)	153	(34)	0	0	0
<b>Increase/(Decrease) in 2022/23</b>	6	<b>40</b>	<b>(655)</b>	<b>153</b>	<b>(34)</b>	<b>(496)</b>	<b>(113,615)</b>	<b>(114,111)</b>
<b>Balance as at 31 March 2023</b>		<b>(1,480)</b>	<b>(6,222)</b>	<b>(85)</b>	<b>(34)</b>	<b>(7,821)</b>	<b>199,227</b>	<b>191,406</b>

**BALANCE SHEET**

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

31 March 2023 £'000		Note	31 March 2024 £'000
56,841	Property, Plant & Equipment	11	56,044
222	Intangible Assets	11	141
33	Long Term Debtors	14	62
<b>57,096</b>	<b>Long Term Assets</b>		<b>56,247</b>
638	Inventories	13	614
5,041	Short Term Debtors	14	1,275
0	Short Term Investments	15	0
4,177	Cash & Cash Equivalents	15	2,973
<b>9,856</b>	<b>Current Assets</b>		<b>4,862</b>
(8,868)	Short Term Borrowing	12	(3,830)
(273)	Short Term Provisions	17	(217)
(4,287)	Short Term Creditors	16	(6,042)
<b>(13,428)</b>	<b>Current Liabilities</b>		<b>(10,089)</b>
(227,143)	Pension Liability	18	(231,610)
0	Long Term Provisions	17	0
(17,787)	Long Term Borrowing	12	(14,073)
<b>(244,930)</b>	<b>Long Term Liabilities</b>		<b>(245,683)</b>
<b>(191,406)</b>	<b>Net Assets</b>		<b>(194,663)</b>
(7,821)	Usable Reserves	8	(9,094)
199,227	Unusable Reserves	18	203,757
<b>191,406</b>	<b>Total Reserves</b>		<b>194,663</b>

**CASH FLOW STATEMENT**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of contributions and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

<b>2022/2023 £'000</b>		<b>Note</b>	<b>2023/24 £'000</b>
<b>5,109</b>	<b>Net (Surplus)/Deficit on the Provision of Services</b>		<b>1,604</b>
(7,889)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	<b>19</b>	(11,409)
(404)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	<b>19</b>	(263)
(3,184)	Net Cash Flows From Operating Activities	<b>19</b>	(10,068)
3,356	Investing Activities	<b>20</b>	2,240
(1,816)	Financing Activities	<b>21</b>	9,032
(1,644)	Net (Increase) or Decrease in Cash and Cash Equivalents		1,204
<b>(2,533)</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>		<b>(4,177)</b>
<b>(4,177)</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>15</b>	<b>(2,973)</b>

## NOTES TO THE FINANCIAL STATEMENTS

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

### 1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2024/25 Code are:

- a) **IFRS 16 Leases** issued in January 2016, to be implemented by the Authority in 2024/25. See Note 29 for further information.
- b) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) **Lease liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- e) **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- f) **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.



It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

## 2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

In applying the accounting policies set out in Appendix 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government.

However the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

## 3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

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

The main items in the Authority's Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Property, Plant and Equipment** - The Authority revalues its assets every 5 years. It is possible that property values could continue to fluctuate especially during times of economic uncertainty. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and made by qualified valuers.

The last full revaluation was completed on 31 March 2023. Due to the availability of further data in relation to the valuation of fire stations, a review has been completed, of all station buildings, as at 31 March 2024.

**Pension Liability** - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.

Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Further information is provided within the pension fund account.

#### 4 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Treasurer on 21 October 2024. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing as at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the Balance Sheet date.

#### 5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24	Adjustments for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(1,217)	(7,008)	543	(7,682)
<b>Net Cost of Service</b>	<b>(1,217)</b>	<b>(7,008)</b>	<b>543</b>	<b>(7,682)</b>
<b>Other Income &amp; Expenditure</b>				
Other Income & Expenditure from the expenditure and funding analysis	(85)	10,379	263	10,557
<b>Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services</b>	<b>(1,302)</b>	<b>3,371</b>	<b>806</b>	<b>2,875</b>

2022/23	Adjustments for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(3,444)	367	(4)	(3,081)
<b>Net Cost of Service</b>	<b>(3,444)</b>	<b>367</b>	<b>(4)</b>	<b>(3,081)</b>
<b>Other Income &amp; Expenditure</b>				
Other Income & Expenditure from the expenditure and funding analysis	(264)	8,666	403	8,805
<b>Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services</b>	<b>(3,708)</b>	<b>9,033</b>	<b>399</b>	<b>5,724</b>

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

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted

from other income and expenditure as these are not chargeable under generally accepted accounting practices.

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

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

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the General Fund.

## 6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2022/23 £000		2023/24 £000
	<b>Expenditure</b>	
30,194	Employees	24,003
8,522	Other Operating Costs	10,079
419	Support Services	318
(11)	Gain on the disposal of assets	(14)
9,131	Financing and Investment Expenditure	11,071
(495)	Capital Financing Costs	2,478
<b>47,760</b>	<b>Total Expenditure</b>	<b>47,935</b>
	<b>Income</b>	
(540)	Fees, Charges & Other Service Income	(546)
(61)	Interest and Investment Income	(429)
(39,412)	Levies from Constituent Authorities	(44,394)
(2,638)	Government Grants and Contributions	(962)
<b>(42,651)</b>	<b>Total Income</b>	<b>(46,331)</b>
<b>5,109</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>1,604</b>

## **7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund balance**

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

### **Capital receipts reserve**

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

### **Capital grants unapplied**

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

2022/23					Adjustments between Accounting Basis and Funding Basis under Regulations	2023/24				
General Fund Balance £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000		General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000
(2,089)	0	0	(2,089)	2,089	Depreciation and impairment	(2,446)	0	0	(2,446)	2,446
0	0	0	0	0	Prior year adjustment - buildings	0	0	0	0	0
2,584	0	0	2,584	(2,584)	Revaluation losses/Gains on Property	(32)	0	0	(32)	32
11	0	(34)	(23)	23	Disposal of non-current assets	14	0	(39)	(25)	25
525	0	0	525	(525)	Capital expenditure financed from earmarked reserve/CERA	1,101	0	0	1,101	(1,101)
253	(36)	0	217	(217)	Capital expenditure funded from grants	71	0	0	71	(71)
1,959	0	0	1,959	(1,959)	Financing Capital (MRP)	1,902	0	0	1,902	(1,902)
<b>3,243</b>	<b>(36)</b>	<b>(34)</b>	<b>3,173</b>	<b>(3,173)</b>		<b>610</b>	<b>0</b>	<b>(39)</b>	<b>571</b>	<b>(571)</b>
9,386	0	0	9,386	(9,386)	Employers Pension contributions and payments to pensioners	10,532	0	0	10,532	(10,532)
(18,419)	0	0	(18,419)	18,419	Reversal of retirement benefits in the CIES	(13,903)	0	0	(13,903)	13,903
<b>(9,033)</b>	<b>0</b>	<b>0</b>	<b>(9,033)</b>	<b>9,033</b>		<b>(3,371)</b>	<b>0</b>	<b>0</b>	<b>(3,371)</b>	<b>3,371</b>
0	189	0	189	(189)	Adjustment to Grants Reserve	0	37	0	37	(37)
66			66	(66)	Movement in Accumulated Absence accrual	(114)			(114)	114
<b>(5,724)</b>	<b>153</b>	<b>(34)</b>	<b>(5,605)</b>	<b>5,605</b>	<b>Adjustments between accounting basis and funding basis under regulation</b>	<b>(2,875)</b>	<b>37</b>	<b>(39)</b>	<b>(2,877)</b>	<b>2,877</b>

## 8 USABLE RESERVES

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

Reserve	Purpose of the Reserve	Balance 1 April 2022 £'000	Transfers (in) / out 2022/23 £'000	Balance 31 March 2023 £'000	Transfers (in) / out 2023/24 £'000	Balance 31 March 2024 £'000
<b>Service Reserves</b>						
Pension Reserve	Additional pension costs relating to changes to pension rules	(85)	(460)	(545)	0	(545)
Interest Reserve	Offset increases in interest rates that would impact on the revenue budget	(300)	0	(300)	0	(300)
Fire Hydrant Repairs	Funding of the backlog of hydrant repairs	(90)	0	(90)	0	(90)
PPE Uniform / Stock	Increased uniform costs due to changes in legislation	(250)	0	(250)	(447)	(697)
Transformational Change	Funding for the delivery of transformational change projects	(851)	0	(851)	0	(851)
Facilities Improvements	Ensure buildings meet required standard and improve energy efficiency	(1,323)	672	(651)	0	(651)
Legal Liability	Funding of future legal liabilities for known/expected claims	(225)	39	(186)	(124)	(310)
Training	Implement changes to training provision as required by legislation	(250)	0	(250)	0	(250)
Major Incidents	Offset costs of major incidents in excess of budget	(150)	0	(150)	0	(150)
System Improvements	A fund set aside to meet the cost of system improvements	(848)	137	(711)	0	(711)
Inflation	Offset costs of inflation in excess of budget	(250)	0	(250)	0	(250)
Firefighters Pay Structure review	Funding allocated for on-going discussions regarding the pay structure for pay progression for staff	0	0	0	(473)	(473)
<b>Capital &amp; Grants Reserves</b>						
Capital Projects	A fund set aside for delayed schemes and retention costs	0	(1,043)	(1,043)	129	(914)
Radio Scheme	Emergency Service Network upgrade - offset some of the additional costs	(750)	0	(750)	(261)	(1,011)
Grant Reduction	Offset reduction in Fire Safety funding from Welsh Government	(195)	0	(195)	0	(195)
<b>Total Earmarked Reserves</b>		<b>(5,567)</b>	<b>(655)</b>	<b>(6,222)</b>	<b>(1,176)</b>	<b>(7,398)</b>
General Fund	Available for general purposes and to provide operational resilience	(1,520)	40	(1,480)	(95)	(1,575)
Capital Receipts Reserve	Holds receipts from the sale of assets, available to finance future capital expenditure	0	(34)	(34)	(39)	(73)
Capital Grants Unapplied	Holds grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure	(238)	153	(85)	37	(48)
<b>Total Usable Reserves</b>		<b>(7,325)</b>	<b>(496)</b>	<b>(7,821)</b>	<b>(1,273)</b>	<b>(9,094)</b>



**9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
464	Interest payable and similar charges	692
(61)	Interest receivable and similar income	(429)
8,666	Net Interest on the net defined benefit liability	10,379
<b>9,069</b>	<b>Total</b>	<b>10,642</b>

**10 TAXATION AND NON SPECIFIC GRANT INCOME**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
6,631	Conwy County Borough Council	7,478
3,916	Anglesey County Council	4,403
7,018	Gwynedd Council	7,914
5,381	Denbighshire County Council	6,064
8,814	Flintshire County Council	9,936
7,652	Wrexham County Borough Council	8,599
<b>39,412</b>	<b>Levies from Constituent Authorities</b>	<b>44,394</b>
252	Capital Grants and Contributions	71
<b>39,664</b>	<b>Total Taxation and Non Specific Grant Income</b>	<b>44,465</b>

In 2023/24, the contributions received from the constituent Local Authorities includes £1.081m previously received as grant from Welsh Government in relation to Firefighter Pension Scheme Employer Contribution Costs.

**11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS****Movements on Balances**

<b>2023-2024</b>	<b>Land and Buildings</b>	<b>Vehicles and Equipment</b>	<b>Assets Under Construction</b>	<b>Property Plant &amp; Equipment Total</b>	<b>Intangible Assets Total</b>	<b>Assets Held for Sale Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Gross Book Value at 1 April 2023</b>	<b>47,289</b>	<b>24,721</b>	<b>85</b>	<b>72,095</b>	<b>431</b>	<b>0</b>
Re-categorisation of assets	0	36	(36)	0	0	0
Additions	414	758	1,011	2,183	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	(1,352)	0	0	(1,352)	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(95)	0	0	(95)	0	0
Derecognition - Disposals	(3)	(1,303)	0	(1,306)	0	0
Derecognition - Other	0	(83)	0	(83)	(198)	0
<b>Gross Book Value at 31 March 2024</b>	<b>46,253</b>	<b>24,129</b>	<b>1,060</b>	<b>71,442</b>	<b>233</b>	<b>0</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
At 1 April 2023	(4)	(15,250)	0	(15,254)	(209)	0
Depreciation/Amortisation charge	(897)	(1,468)	0	(2,365)	(81)	0
Depreciation written out of the Revaluation Reserve	795	0	0	795	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	63			63		
Derecognition - Disposals	0	1,280	0	1,280	0	0
Derecognition - Other	0	83	0	83	198	0
<b>Accumulated Depreciation at 31 March 2024</b>	<b>(43)</b>	<b>(15,355)</b>	<b>0</b>	<b>(15,398)</b>	<b>(92)</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2024</b>	<b>46,210</b>	<b>8,774</b>	<b>1,060</b>	<b>56,044</b>	<b>141</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>47,285</b>	<b>9,471</b>	<b>85</b>	<b>56,841</b>	<b>222</b>	<b>0</b>

2022/2023	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
<b>Gross Book Value at 1 April 2022</b>	<b>34,836</b>	<b>22,250</b>	<b>1,027</b>	<b>58,113</b>	<b>672</b>	<b>0</b>
Re-categorisation of assets	0	1,027	(1,027)	0	0	0
Additions	696	2,461	85	3,242	125	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	9,173	0	0	9,173	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	2,584	0	0	2,584	0	0
Derecognition - Disposals	0	(1,004)	0	(1,004)	0	0
Derecognition - Other	0	(13)	0	(13)	(366)	0
<b>Gross Book Value at 31 March 2023</b>	<b>47,289</b>	<b>24,721</b>	<b>85</b>	<b>72,095</b>	<b>431</b>	<b>0</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
At 1 April 2022	0	(14,948)	0	(14,948)	(446)	0
Depreciation/Amortisation charge	(663)	(1,297)	0	(1,960)	(129)	0
Depreciation written out of the Revaluation Reserve	659	0	0	659		0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	982	0	982	0	0
Derecognition - Other	0	13	0	13	366	0
<b>Accumulated Depreciation at 31 March 2023</b>	<b>(4)</b>	<b>(15,250)</b>	<b>0</b>	<b>(15,254)</b>	<b>(209)</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2023</b>	<b>47,285</b>	<b>9,471</b>	<b>85</b>	<b>56,841</b>	<b>222</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>34,836</b>	<b>7,302</b>	<b>1,027</b>	<b>43,165</b>	<b>226</b>	<b>0</b>

## Depreciation

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge.

Other assets are recognised at historic cost, which is a proxy for current cost on short life assets, and depreciated over their useful lives.

## Revaluations and Impairments

The authority ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

A review of all fire station buildings was undertaken, as at 31 March 2024, following advice from the valuers that the replacement cost had reduced. Fire stations are valued at depreciated replacement cost. Office accommodation and workshops were revalued in 2022/23 and are valued at existing use value.

Valuations of vehicles, plant and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

## CAPITAL COMMITMENTS

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at the 31 March 2024 for future periods equates to £3,804k (2022/23: £942k). The commitments relate to the following:

Description	£'000
Building Works	214
Land purchase	2,629
Fire Appliances	961
<b>Total</b>	<b>3,804</b>

## SURPLUS ASSETS (Non operational property, plant and equipment)

The Authority does not have any material surplus assets.

## 12 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

	Non Current		Current	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
<b>Financial Assets at Amortised Cost:</b>				
Cash and Cash Equivalents	0	0	4,177	2,973
Debtors	33	62	5,041	1,275
<b>Financial Liabilities at Amortised Cost:</b>				
Interest Accrued	0	0	(194)	(116)
Borrowings	(17,787)	(14,073)	(8,674)	(3,714)
Total Borrowing	(17,787)	(14,073)	(8,868)	(3,830)
Creditors	0	0	(4,287)	(6,042)

### Financial Instruments Gains/Losses

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

	2022/23		2023/24	
	Financial Liabilities  Measured at amortised cost  £'000	Financial Assets  Loans and receivables  £'000	Financial Liabilities  Measured at amortised cost  £'000	Financial Assets  Loans and receivables  £'000
Interest expense	464		692	
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>464</b>		<b>692</b>	
Interest income		(61)		(429)
<b>Total income in Surplus or Deficit on the Provision of Services</b>		<b>(61)</b>		<b>(429)</b>
<b>Net gain/(loss) for the year</b>	<b>464</b>	<b>(61)</b>	<b>692</b>	<b>(429)</b>

## Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31-Mar-23		31-Mar-24	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	(20,460)	(18,630)	(17,787)	(17,118)
Non-PWLB debt	(6,000)	(6,000)	0	0
<b>Total Debt</b>	<b>(26,460)</b>	<b>(24,630)</b>	<b>(17,787)</b>	<b>(17,118)</b>

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

## 13 INVENTORIES

	Main Stores		Fleet Stock		Totals	
	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000	2022/23 £'000	2023/24 £'000
Balance at start of year	420	451	181	187	601	638
Purchases	101	314	203	229	304	543
Write offs/adjustments	(15)	(50)	(1)	(1)	(16)	(51)
Recognised as an Expense in year	(55)	(302)	(196)	(214)	(251)	(516)
<b>Balance outstanding at year end</b>	<b>451</b>	<b>413</b>	<b>187</b>	<b>201</b>	<b>638</b>	<b>614</b>



**14 DEBTORS**

2022/23 £'000		2023/24 £'000
	<b>Long Term</b>	
33	Prepayments	62
<b>33</b>	<b>Total Long Term</b>	<b>62</b>
	<b>Short Term</b>	
372	Other Receivable Amounts	286
3,692	Trade Receivables	488
977	Prepayments	501
<b>5,041</b>	<b>Total Short Term</b>	<b>1,275</b>
<b>5,074</b>	<b>Total Long and Short Term Debtors</b>	<b>1,337</b>

**15 CASH AND CASH EQUIVALENTS**

31-Mar-23 £'000		31-Mar-24 £'000
4,167	Cash and Bank Balances	1,483
0	Short Term Deposits	1,480
10	Petty Cash Imprests	10
<b>4,177</b>	<b>Total</b>	<b>2,973</b>

**16 CREDITORS**

2022/23 £'000		2023/24 £'000
(811)	Other Payables	(3,364)
(3,476)	Trade Payables	(2,678)
<b>(4,287)</b>	<b>Total</b>	<b>(6,042)</b>

**17 PROVISIONS**

At 31 March 2024 the Authority held a provision with a value of £217k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing Balance £'000
Short Term Provisions	(273)	(25)	81	(217)
Long Term Provisions	0	0	0	0
<b>Total</b>	<b>(273)</b>	<b>(25)</b>	<b>81</b>	<b>(217)</b>

**18 UNUSABLE RESERVES**

<b>31-Mar-23 £'000</b>		<b>31-Mar-24 £'000</b>
(18,175)	Revaluation Reserve	(17,304)
(10,013)	Capital Adjustment Account	(10,935)
227,143	Pensions Reserve	231,610
272	Accumulated Absences Account	386
<b>199,227</b>	<b>Total</b>	<b>203,757</b>

**18a Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

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

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>(8,550)</b>	<b>Balance at 1 April</b>	<b>(18,175)</b>
(9,832)	Upward revaluation of assets	0
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.	557
0	Prior Year Adjustment	0
57	Adjustment from Capital Adjustment Account	0
150	Difference between fair value depreciation and historical cost depreciation	314
<b>(18,175)</b>	<b>Balance at 31 March</b>	<b>(17,304)</b>

## 18b Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

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

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

2022/23 £'000		2023/24 £'000
<b>(6,444)</b>	<b>Balance at 1 April</b>	<b>(10,013)</b>
2,089	Charges for depreciation & impairment of non-current assets	2,445
23	Amount of non current asset written off on disposal or sale	25
(57)	Prior Year Adjustment - transfer between CAA and RR	0
(2,584)	Adjustment relating to the revaluation of assets	32
(150)	Adjusting amounts written out of the Revaluation Reserve	(314)
<b>(679)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>2,188</b>
(216)	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(71)
(525)	Capital expenditure charged against the General Fund/ Earmarked reserves	(1,101)
(189)	Application of grants to capital financing from the capital grants unapplied account	(36)
(1,960)	Statutory provision for the financing of capital investment charged against the General Fund	(1,902)
<b>(2,890)</b>	<b>Capital Financing Applied in year</b>	<b>(3,110)</b>
<b>(10,013)</b>	<b>Balance at 31 March</b>	<b>(10,935)</b>

**18c Pensions Reserve**

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

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>327,498</b>	<b>Opening Balance 1 April</b>	<b>227,143</b>
(109,388)	Re-measurement of the net defined benefit liability	1,096
18,419	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	13,903
(9,386)	Employer's pensions contributions and direct payments to pensioners payable in the year	(10,532)
<b>(100,355)</b>	<b>Movement on Pension Reserve</b>	<b>4,467</b>
<b>227,143</b>	<b>Balance at 31 March</b>	<b>231,610</b>

**18d Accumulated Absences Account**

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

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>338</b>	<b>Balance at 1 April</b>	<b>272</b>
(338)	Settlement or cancellation of accrual made at the end of the preceding year	(272)
272	Amounts accrued at the end of the current year	386
<b>272</b>	<b>Balance at 31 March</b>	<b>386</b>

**19 CASH FLOW STATEMENT - OPERATING ACTIVITIES**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
<b>5,109</b>	<b>Net (Surplus)/Deficit on the Provision of Services</b>	<b>1,604</b>
	<b>Adjustment to net (surplus)/deficit for non-cash movements</b>	
38	Increase/(Decrease) in Inventories	(26)
1,310	Increase/(Decrease) in Debtors	(3,736)
(1,240)	(Increase)/Decrease in Creditors	(1,754)
(2,089)	Depreciation Charge	(2,446)
34	Contributions Received/Capital Receipts	39
(9,033)	IAS 19 Pension Adjustments	(3,371)
2,584	Impairment Charge/Revaluation of Assets	(32)
(23)	Carrying amount of Non Current Assets sold or derecognised	(25)
464	Contribution (to)/from Various Provisions	56
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
66	Accumulated Absences Reserve	(114)
<b>(7,889)</b>	<b>Less Total</b>	<b>(11,409)</b>
	<b>Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities</b>	
(465)	Interest paid	(692)
61	Interest Received	429
<b>(404)</b>		<b>(263)</b>
<b>(3,184)</b>	<b>Net Cash Flow From Operating Activity</b>	<b>(10,068)</b>

**20 CASH FLOW STATEMENT – INVESTING ACTIVITIES**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
3,367	Purchase of property, plant and equipment, investment property and intangible assets	2,183
(11)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14)
0	Other receipts from investing activities	71
<b>3,356</b>	<b>Net cash flow from investing activities</b>	<b>2,240</b>

**21 CASH FLOW STATEMENT – FINANCING ACTIVITIES**

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
(13,000)	Cash receipts of short-term and long-term borrowing	0
10,780	Repayments of short-term and long-term borrowing	8,769
404	Other payments for financing activities	263
<b>(1,816)</b>	<b>Net cash flow from financing activities</b>	<b>9,032</b>

**22 MEMBERS' ALLOWANCES**

The Authority paid the following amounts to members of the Authority during the year:

<b>2022/23</b> <b>£</b>		<b>2023/24</b> <b>£</b>
74,215	Elected Members' Allowances	84,804
1,226	Elected Members' Expenses	2,209
12	Co-opted Members' costs	2,390
<b>75,453</b>	<b>Total</b>	<b>89,403</b>

Note the 2022-23 Co-opted members' figures have been restated to disclose the expenses paid to the Independent Members.



## 23 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Post Title	Year	Salary (Inc Fees & Allowances) £	Expenses Reimbursed £	Benefit in Kind £	Total (Excluding Pension Contributions) £	Pension Contributions £	Total Remuneration £
Chief Fire Officer	2022/23	138,685	57	0	138,742	23,576	162,318
	<b>2023/24</b>	<b>160,231</b>	<b>0</b>	<b>0</b>	<b>160,231</b>	<b>29,216</b>	<b>175,579</b>
Deputy Chief Fire Officer	2022/23	110,948	5,565	1,380	117,893	30,289	148,182
	<b>2023/24</b>	<b>127,594</b>	<b>0</b>	<b>0</b>	<b>127,594</b>	<b>34,833</b>	<b>162,427</b>
Assistant Chief Fire Officer (retired June 2023)	2022/23	105,795	126	1,896	107,817	28,882	136,699
	<b>2023/24</b>	<b>31,348</b>	<b>21</b>	<b>0</b>	<b>31,369</b>	<b>6,888</b>	<b>38,257</b>
Assistant Chief Fire Officer (seconded March 2024)*	2022/23	104,014	0	1,595	105,609	17,682	123,291
	<b>2023/24</b>	<b>104,335</b>	<b>0</b>	<b>0</b>	<b>104,335</b>	<b>28,483</b>	<b>132,818</b>
Assistant Chief Fire Officer	2022/23	104,014	0	0	104,014	28,396	132,410
	<b>2023/24</b>	<b>120,176</b>	<b>0</b>	<b>0</b>	<b>120,176</b>	<b>21,912</b>	<b>131,687</b>
Temporary Assistant Chief Fire Officer (appointed March 2024)	2022/23	0	0	0	0	0	0
	<b>2023/24</b>	<b>6,523</b>	<b>7</b>	<b>0</b>	<b>6,530</b>	<b>1,421</b>	<b>7,951</b>
Treasurer - Section 151 Officer (15 days per Year)	2022/23	8,020	251	0	8,271	0	8,271
	<b>2023/24</b>	<b>8,180</b>	<b>0</b>	<b>0</b>	<b>8,180</b>	<b>2,860</b>	<b>11,040</b>

The above figures include backpay of £38k, from January 2022, due to the settlement of the Brigade Managers pay award agreed in May 2023.

\*Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, with effect from 12 February 2024. Salary costs from this date, totalling £23,589, and pension costs totalling £4,324, have been met by South Wales Fire and Rescue Service.

The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 27 – Related Parties.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer pension contributions) were paid the following amounts:

REMUNERATION BAND	2022/23 NUMBER OF EMPLOYEES	2023/24 NUMBER OF EMPLOYEES
£60,000 - £64,999	9	19
£65,000 - £69,999	7	6
£70,000 - £74,999	0	6
£75,000 - £79,999	4	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	2
£90,000 - £94,999	0	1

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

2022/23 £		2023/24 £
138,685	Chief Fire Officer	160,231
34,501	Median	36,226
4.02	Ratio	4.42

The staff that are employed under retained Duty System contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings. The above data includes total salary paid and also includes backpay for the CFO relating to 2022-23 which has reflected on the ratio(excludes pension contributions).

There were no redundancies and hence no exit packages in 2022/23 and 2023/24.

## 24 EXTERNAL AUDIT COSTS

2022/23 £'000		2023/24 £'000
	Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor	
56	Financial Audit work	60
16	Performance Audit work	16
<b>72</b>	<b>Total</b>	<b>76</b>

**25 GRANTS**

<b>2022/23 £'000</b>	<b>Credited to Services</b>	<b>2023/24 £'000</b>
416	Firelink Service Fees	0
179	Arson Reduction	169
226	Home Safety Equipment	240
10	Ask and Act	0
314	All Wales National Resilience	322
147	Youth & Young People Engagement	141
1,081	Firefighter Pension Scheme Employer Contribution Costs	0
2	Heating Survey	0
10	Security Information Event Management	0
0	Operation Ugain	14
0	Cyber Essentials	5
<b>2,385</b>	<b>TOTAL</b>	<b>891</b>
	<b>Credited to taxation and non-specific income &amp; expenditure</b>	
133	All Wales National Resilience	71
120	Electric Vehicle Charging Points	0
<b>253</b>	<b>TOTAL</b>	<b>71</b>

**26 AGENCY SERVICES**

The Authority acts as an agent on behalf of Welsh Government in administering two grant schemes for all the Fire and Rescue Services in Wales. The approved grants are paid to North Wales Fire and Rescue Service who are then responsible for distributing the grants to the Mid and West Wales Fire and Rescue Service and South Wales Fire and Rescue Service.

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum. As at 31 March 2024, the Authority held funds of £36k relating to the Forum.

<b>2022/23 £'000</b>		<b>2023/24 £'000</b>
2,545	All Wales National Resilience	3,144
247	Youth and Young People Engagement	266
129	Local Resilience Forum	135
<b>2,921</b>	<b>Total</b>	<b>3,545</b>

## 27 RELATED PARTIES

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

### Welsh Government

The Welsh Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 25 and constituent authority contributions are shown in Note 10.

### Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 22.

26 Members completed a declaration of interest with related parties return for the year 2023/24. 2 Members failed to return their forms, despite repeated requests. For the 2 Members that failed to return their form, a review of information held by their constituent authority was completed. Apart from allowances and expenses no other transactions were identified. Nothing was paid by the Authority during 2023/24 under such arrangements (2022/23: nil), and no income was received by the Authority during 2023/24 (2022/23: nil).

A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - <https://www.northwalesfire.gov.wales/fire-and-rescue-authority/members/>

### Senior Officers

The Senior Officers completed a declaration of interest with related parties return for the year 2023/24. Senior Officers' remuneration is shown in Note 23.

An Assistant Chief Fire Officer declared an interest as a trustee with DangerPoint. The independent charity runs an education activity centre based in North Wales. Payments of £12,844 have been made to DangerPoint in 2023/24, as part of Welsh Government grant funding (2022/23: £5,450). In addition funding is provided for the cost of an administrator, which amounted to £32,258 (2022/23: £29,287).

For the period April to June 2023, the Treasurer was also employed by Gwynedd Council as Director of Gwynedd Pension Fund, and by Eryri (Snowdonia) National Park Authority as S.151 Officer.

No income was received by the Authority during 2022/23 and 2023/24.

## Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. This post is held by the Chief Officer (Governance)/Monitoring Officer and payments amounted to £19k (2022/23: £18k).

Conwy County Borough Council provided legal services for which payments amounted to £12k (2022/23: £12k). As at 31 March 2024, £12k remained outstanding.

From 1 April 2023 Mersey Internal Audit have provided internal audit services for which payments amounted to £24k. As at 31 March 2024 there was no outstanding balance.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme. Transactions in the year amounted to £91k (2022/23: £98k). As at 31 March 2024 nothing remained outstanding.

With effect from February 2024, a secondment agreement commenced with South Wales Fire & Rescue Service, to provide a Firefighter's Pension Lead, for which payments amounted to £2k. This balance was outstanding at year end.

There are joint arrangements with North Wales Police and Crime Commissioner as well as a shared control room. The Authority's contribution towards facilities management amounted to £220k (2022/23: £219k) and for procurement advice which amounted to £7k (2022/23: £7k). As at 31 March 2024 £117k remained outstanding.

## 28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2022/23 £'000		2023/24 £'000
28,401	Opening Capital Financing Requirement	28,877
	<b>Capital Investment</b>	
3,366	Property, Plant & Equipment	2,183
	<b>Sources of Finance</b>	
(406)	Government Grants & Contributions	(107)
(1,959)	Sums set aside from revenue	(1,902)
(525)	Direct Revenue Contributions	(1,101)
<b>28,877</b>	<b>Closing Capital Financing Requirement</b>	<b>27,950</b>
476	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(927)
<b>476</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(927)</b>

**29 LEASES****Finance Leases**

The Authority acquired Wrexham Fire Station under a finance lease in 2016/17. The asset acquired under the lease is carried on the Balance Sheet under Property, Plant and Equipment with a net value of £6,663k. The lease payment for Wrexham Fire Station is a peppercorn rent, therefore there is no reconciliation between the total of future minimum lease payments and the present value.

**Operating Leases**

The Authority has acquired vehicles and equipment by entering into operating leases with typical lives of four years.

In addition the Authority leases three buildings with typical lease periods of five years.

The future minimum lease periods due under non cancellable leases in future years are:

2022/23 £'000		2023/24 £'000
362	Not later than 1 year	444
644	Later than 1 year and not later than 5 years	1,182
59	Later than 5 years	72
<b>1,065</b>	<b>Total</b>	<b>1,698</b>

**Implementation of IFRS16 Leases**

IFRS 16 will lead to a change in the treatment of leases in the financial statements of the Authority.

IFRS 16 will require leases previously held as operating leases to be recognised on the balance sheet through a 'right to use' asset, meeting the definition of capital expenditure.

The anticipated impact of the implementation of IFRS16 is detailed in the table below, where the costs of the current operating leases have been split to show the element of the lease that will be treated as a capital asset.

2023/24 Current Operating Leases £000		2023/24 Transfer to Right of Use assets £000	2023/24 Service Costs charged to revenue £000	2023/24 Low value leases excluded from IFRS16 £000
444	Not later than 1 year	273	169	2
1,182	Later than 1 year and not later than 5 years	607	575	0
72	Later than 5 years	70	2	0
<b>1,698</b>		<b>950</b>	<b>746</b>	<b>2</b>

## **30 DEFINED BENEFIT PENSION SCHEMES**

### **Participation in Pension Schemes**

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

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Clwyd Pension Fund, Flintshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the pensions committee of Flintshire County Council. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge we are required to make against levy is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

The Firefighters' Pension Scheme is an unfunded defined benefits scheme, meaning that no investments are held to fund the liabilities. Contributions, at a rate set by the Welsh Government, made by the employer and employees are held in a pension fund account, benefits paid are charged to the account with any balance on the account being received from, or paid to the Welsh Government.

### **O'Brien**

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007



(Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order (i.e. to be completed by 31 July 2025).

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

### **Guaranteed Minimum Pension equalisation and indexation**

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021.

A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees. There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

### **McCloud and 2016 valuation cost control**

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme. The cap mechanism for the 2016 valuation has since been un-paused and the calculations completed, with the outcome being no changes to benefits or contributions.

It also announced that the outstanding issues arising from the 2016 actuarial valuation will be addressed and that the McCloud costs would fall into the 'member cost' category of the cost control element of the valuations process. By taking into account the increased value as a result of the McCloud remedy the scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included within the Pension Fund since 2018/19. These estimates have been updated to reflect the remedy outlined by the UK Government and the requisite changes to the Firefighters' Pension Scheme Regulations laid down by Welsh Ministers which came into force on 1st October 2023.

### **Virgin Media Pension Ruling**

In June 2023, the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgement was appealed in June 2024 but the appeal was dismissed.

For both the Local Government and Firefighters Pension Scheme, the actuaries do not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes to arise following this judgement.

LGPS	FFPS	General Fund Transfers	LGPS	FFPS
2022/23 £'000	2022/23 £'000		2023/24 £'000	2023/24 £'000
		<b>Comprehensive Income &amp; Expenditure Statement</b>		
		<b>Cost of Services</b>		
		<b>Service Cost comprising:</b>		
2,295	7,170	Current Service Cost	1,055	1,620
0	0	Past Service Costs	0	0
46	0	Administration Expenses	49	0
		<b>Financing &amp; Investment Income &amp; Expenditure</b>		
396	8,270	Net Interest Expense	69	10,310
0	0	Transfers out of scheme	0	0
0	220	Transfers in to scheme	0	800
22	0	Curtailments	0	0
<b>2,759</b>	<b>15,660</b>	<b>Total Post Employment Benefits Charged to Provision of Services</b>	<b>1,173</b>	<b>12,730</b>
		<b>Other Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>		
		<b>Remeasurement of the net defined benefit/liability comprising:</b>		
4,634	0	Return on Plan Assets (excluding Interest)	(1,852)	0
4,966	(10,560)	Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions	(331)	0
(24,238)	(101,710)	Actuarial (Gains)/Losses arising on Changes in Financial Assumptions	(1,359)	(4,410)
0	17,520	Actuarial (Gains)/Losses - experience	0	7,810
<b>(14,638)</b>	<b>(94,750)</b>	<b>Total Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(3,542)</b>	<b>3,400</b>
		<b>Movement in Reserves Statement</b>		
(2,759)	(15,660)	Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code	(1,173)	(12,730)
		<b>Actual amounts charged to the General Fund for pensions in the year</b>		
0	8,470	Retirement Benefits payable to Pensioners	0	9,910
916	0	Employer Contributions Payable to the scheme	622	0

The amount included on the Balance Sheet arising from the Authority's obligation, in respect of its defined benefit plans are as follows:

LGPS 2022/23 £'000	FFPF 2022/23 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	LGPS 2023/24 £'000	FFPF 2023/24 £'000
(40,312)	(225,390)	Present value of the defined benefit obligation	(40,392)	(231,610)
38,559		Fair Value of plan assets	41,630	
<b>(1,753)</b>	<b>(225,390)</b>	<b>Sub Total</b>	<b>1,238</b>	<b>(231,610)</b>
0		Effect of IAS19 / IFRIC 14	(1,238)	
<b>(1,753)</b>	<b>(225,390)</b>	<b>Net surplus / (liability) arising from defined benefit obligation</b>	<b>0</b>	<b>(231,610)</b>

LGPS 2022/23 £'000	FFPF 2022/23 £'000	Movement in the Value of Scheme Assets	LGPS 2023/24 £'000	FFPF 2023/24 £'000
41,971	0	Opening Fair Value of Scheme Assets	38,559	0
1,176	0	Interest Income	1,837	0
		<b>Remeasurement Gain/Loss</b>		
(4,634)	0	The return on plan assets, excluding the amount included in the net interest expense	1,852	0
916	10,270	Contributions from employer	622	11,520
369	0	Contributions from employees into the scheme	419	0
(1,193)	(10,270)	Benefits/transfer Paid	(1,610)	(11,520)
(46)	0	Administration Expenses	(49)	0
<b>38,559</b>	<b>0</b>	<b>Closing value of scheme assets</b>	<b>41,630</b>	<b>0</b>

LGPS 2022/23 £'000	FFPF 2022/23 £'000	Movement in the Fair Value of Scheme Liabilities	LGPS 2023/24 £'000	FFPF 2023/24 £'000
(56,519)	(312,950)	Opening Balance as at 1 April	(40,312)	(225,390)
(2,295)	(7,170)	<b>Current Service Cost</b>	(1,055)	(1,620)
0	(220)	Transfers In	0	(800)
(1,572)	(8,270)	Interest Costs	(1,906)	(10,310)
(369)	(1,800)	Contributions from scheme participants	(419)	(1,610)
		<b>Remeasurement Gains and losses</b>		
0	(17,520)	Actuarial Gains/losses- experience	331	(7,810)
(4,966)	10,560	Actuarial Gains/losses arising from changes in demographic assumptions	1,359	4,410
24,238	101,710	Actuarial Gains/losses arising from changes in financial assumptions	1,610	11,520
1,193	10,270	Benefits/ transfers paid	0	0
(22)	0	Curtailments	0	0
0	0	Past Service Cost	0	0
<b>(40,312)</b>	<b>(225,390)</b>	<b>Balance at 31 March</b>	<b>(40,392)</b>	<b>(231,610)</b>

**Local Government Pension Scheme: Assets Comprised Of:**

<b>Quoted 2022/23 £'000</b>	<b>Fair Value of Scheme Assets</b>	<b>Quoted 2023/24 £'000</b>
	<b>Cash &amp; Cash Equivalents</b>	
1,697	Cash Accounts	2,122
0	Temporary Investments	0
<b>1,697</b>	<b>Subtotal Cash and Cash Equivalents</b>	<b>2,122</b>
	<b>Equity Securities</b>	
2,236	Global Quoted	5,787
1,967	Emerging Markets	0
<b>4,203</b>	<b>Subtotal Equities</b>	<b>5,787</b>
	<b>Bonds</b>	
3,933	Overseas Other	4,205
10,604	LDI	10,990
<b>14,537</b>	<b>Subtotal Bonds</b>	<b>15,195</b>
	<b>Property</b>	
2,044	UK	1,748
308	Overseas	167
<b>2,352</b>	<b>Subtotal Property</b>	<b>1,915</b>
	<b>Alternatives</b>	
2,776	Hedge Funds	2,040
5,013	Private Equity	6,119
2,236	Infrastructure	2,498
193	Timber and Agriculture	167
4,511	DGF	4,746
1,041	Private Credit	1,041
<b>15,770</b>	<b>Subtotal Alternatives</b>	<b>16,611</b>
<b>38,559</b>	<b>Totals Assets</b>	<b>41,630</b>

All scheme assets have quoted prices in active markets

## Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value.

The Firefighters' Scheme has been valued by the Government Actuary's Department.

The LGPS liabilities have been valued by Mercer, an independent firm of actuaries and are based on the latest full valuation of the scheme as at 1 April 2023.

2022/23	LGPS	2023/24
	<b>Mortality Assumptions</b>	
	Longevity at retirement for current pensioners:	
21.4	Men	21.0
23.8	Women	23.5
	Longevity at retirement for future pensioners	
22.9	Men	22.4
25.6	Women	25.3
	<b>Other Assumptions</b>	
2.7%	Rate of Inflation	2.6%
4.0%	Rate of Increase in Salaries	3.9%
2.8%	Rate of Increase in Pensions	2.7%
4.8%	Rate of Discounting Scheme Liabilities	4.9%
2.7%	CARE Revaluation Rate	2.6%

2022/23	Firefighters Pension Scheme	2023/24
	<b>Mortality Assumptions</b>	
	Longevity at retirement for current pensioners:	
21.2	Men	21.3
21.2	Women	21.3
	Longevity at retirement for future pensioners	
22.9	Men	22.9
22.9	Women	22.9
	<b>Other Assumptions</b>	
2.6%	Rate of Inflation	2.6%
3.9%	Rate of Increase in Salaries	3.9%
2.6%	Rate of Increase in Pensions	2.6%
4.7%	Rate of Discounting Scheme Liabilities	4.8%
3.9%	CARE revaluation rate	3.9%

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

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

### Impact of Assumptions on the obligation - LGPS

	As Reported	+0.5% p.a. discount	+0.25% p.a. inflation	+0.25% p.a. pay growth	1 year increase in life expectancy	+/-1% change in 2023/24 investment returns	
	£000	£000	£000	£000	£000	+1% £000	-1% £000
Liabilities	40,392	37,228	42,073	40,711	41,380	40,392	40,392
Assets	(41,630)	(41,630)	(41,630)	(41,630)	(41,630)	(42,043)	(41,217)
Deficit (surplus)	(1,238)	(4,402)	443	(919)	(250)	(1,651)	(825)
Projected Service Cost for next year	982	851	1,053	982	1,008	982	982
Projected Net Interest Cost for next year	(75)	(254)	7	(59)	(27)	(96)	(55)

	As Reported	Discount rate on liabilities 0.5% increase	Increase in salaries 0.5% increase	Life expectancy 1 year increase	Increase in pensions 0.5% increase
	£000	£000	£000	£000	£000
FFPS	Impact (231,610)	-6.50% (216,555)	1% (233,926)	6.50% (246,665)	2% (236,242)

### Impact on the Authority's Cashflow

The cost of retirement benefits in the reported cost of services is recognised 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 the levy is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.



## **31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2023/24 was formally approved at the Authority meeting on 20 March 2023. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year quarterly reports detail the progress against the strategy and if necessary a revision of the PI's.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - [www.northwalesfire.gov.wales](http://www.northwalesfire.gov.wales)

The authority's activities expose it to a variety of financial risks, including:

### **Credit Risk**

This is the possibility that other parties might fail to pay amounts due to the Authority.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy, which sets out the parameters for the management of risks associated with Financial Instruments and emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's policy on treasury investments is to place short term cash surpluses into bank call accounts until required. The Authority does not have long term investments. Cash that is likely to be spent in the near term is invested securely, with selected high-quality banks, to minimise the risk of loss.

### **Liquidity Risk**

This is the possibility that the Authority might not have funds available to meet its commitments, to make payments.

The Authority monitors its cash balance to ensure that cash is available as needed. The Authority has ready access to borrowings from the Public Works Loan Board and so there is no perceived risk that the Authority will be unable to raise finance to meet its commitments, under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

### **Market Risk**

This is 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.

As at 31 March 2024, the Authority did not hold any market loans.

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

## **32 CONTINGENT LIABILITY**

### **Legal Claims**

There are legal claims currently being dealt with by the Authority where there is less than 50% likelihood of settlement. The Authority has a sum of £0.310m reserved for insurance in relation to current emerging claims not currently recognised. The value of known legal cases are £0.063m.

### **Pension Claims**

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order (i.e. to be completed by 31 July 2025).

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

### **Airwave Emergency Service Contract**

In October 2021, the Competition and Markets Authority (CMA) opened an investigation into mobile radio network services amid concerns that the market might not be working well. The investigation found that UK emergency services currently have no choice but to continue using Motorola's Airwave Network, due to a lack of alternative providers. As such, Motorola charged the Home Office – which negotiates contracts on behalf of emergency services – prices well above competitive levels, resulting in higher costs to the emergency services.

To reduce these costs, the CMA imposed a price cap in July 2023, which brought the price down to a level that would be expected in a well-functioning and competitive market.

This decision was appealed by Motorola Solutions Limited and in December 2023, the Competition Appeal Tribunal, in a unanimous decision, has upheld the CMA's finding that Motorola was excessively pricing due to its virtually unconstrained monopoly on providing communications network services to the UK emergency services.

Motorola Solutions has appealed the matter to the UK Court of Appeals. As at 31 March 2024 there has been no decision.

In 2023/24, as a result of the price cap, there was a reduction in costs of £261,518.93, however as the Court of Appeals decision is not known, this amount has been set aside in earmarked reserves, in the event that this has to be refunded.

## **33 CONTINGENT ASSET**

### **Truck Cartel Litigation**

In July 2016 the European Commission fined European truck manufacturers 2.926 billion Euro for price fixing and other cartel activities between 1991 and 2001. DAF, Daimler, Iveco, MAN, and Volvo/Renault acknowledged their guilt (Scania is still being investigated) and confirmed they did the following:

- At Senior HQ management level, fixed gross and sometimes net list prices.
- Aligned gross list prices in Europe including the UK at the start of the cartel.
- Reduced rebates when the Euro was introduced.
- Delayed introduction of more fuel efficient Euro 3, 4, 5 and 6 technologies.
- Agreed the cost that operators should pay for Euro technologies.

This involves any trucks of 6 tonnes and over, purchased outright, financed or leased between 1997 and 2011. A legal action is now ongoing to recoup some of the money lost due to this cartel price fixing. No specific value or percentage has been discussed as yet and the legal action may take several years to complete.

Under the Litigation Funding Agreement, only the VAT is payable by the Authority for the legal costs.

Current payments under the Litigation Funding Agreement (VAT payable only) for 2023/24 totalled £67 (2022/23: £52).

**FIREFIGHTERS' PENSION FUND ACCOUNT**

Firefighters Pension Fund Account for the year ended 31 March 2024

<b>2022/23</b> <b>£'000</b>		<b>2023/24</b> <b>£'000</b>
	<b>Contributions Receivable:</b>	
(3,893)	Employer normal contributions	(4,055)
(135)	Employer ill health charge	0
0	Employer backdated contributions	0
(1,822)	Members normal contributions	(1,928)
(100)	Members backdated contributions	(122)
(221)	Transfers In	(798)
<b>(6,171)</b>	<b>Total Contributions</b>	<b>(6,903)</b>
	<b>Benefits Payable:</b>	
8,246	Pension Payments	9,005
2,381	Commutation of Pensions and Lump Sum retirement benefits	1,596
67	Backdated Commutation Payments	0
	<b>Payments to and on account of leavers:</b>	
413	Transfers out	195
<b>11,107</b>	<b>Total Benefits</b>	<b>10,796</b>
4,936	Deficit for the year before grants receivables from the Welsh Government	3,893
(4,936)	Top Up grant payable to/(from) Welsh Government	(3,893)
<b>0</b>	<b>Net Amount (Payable)/Receivable for Year</b>	<b>0</b>

**Net Assets Statement as at 31 March 2024**

<b>2022/23</b> <b>£'000</b>		<b>2023/24</b> <b>£'000</b>
	<b>Current assets</b>	
2,616	Amount owed (from)/to the General Fund	(2,320)
<b>2,616</b>	<b>Total Current Assets</b>	<b>(2,320)</b>
	<b>Current Liabilities</b>	
0	Prepayment to Pensioners	0
(2,616)	Top Up grant payable to/(from) Welsh Government	2,320
<b>(2,616)</b>	<b>Total Current Liabilities</b>	<b>2,320</b>

## Notes to the Firefighters' Pension Fund Account

The Fund was established on 1 April 2007, under the Firefighters' Pension Scheme (Wales) Order 2007, and covers the 1992, 2007 and 2015 Firefighters' Pension Schemes and is administered by the Authority. The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by Top Up Grant from the Welsh Government.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to revaluation by the Government Actuary's Department (GAD) on a four yearly basis or as otherwise directed by HM Treasury.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made as to the amount of Top Up grant required from the Welsh Government. The estimate includes an assessment of the number of firefighters due to retire within the year, based on age and years' service.

### Contribution Rates

On 1 April 2022, all scheme participants were transferred into the 2015 scheme. Under the Firefighters' Pension Regulations the employer's contribution rate for the 2015 scheme was 27.3% (2022/23: 27.3%) of pensionable pay with employee's rate as per the pensionable pay banding detailed below:

Pensionable Pay Band	2023/24 Contribution Rate %
Up to £27,818	11.0
£27,819 to £51,515	12.5
£51,516 to £142,500	13.5
More than £142,501	14.5

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 30 to the core financial statements.

## **ACCOUNTING POLICIES**

### **1. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

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

### **2. ACCRUALS OF INCOME AND EXPENDITURE**

In the revenue accounts, income and expenditure are accounted for net of VAT (unless the VAT is irrecoverable) in the year in which they arise, not simply when cash payments are made or received.

- 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. Amounts due from customers are accounted for as income at the date the Authority provides the relevant goods or services.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for 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 in financing and investment income and expenditure for the income that might not be collected.

### **3. CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments

that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

#### **4. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **5. CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Authority is not required to raise a levy to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance - MRP, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

## **6. EMPLOYEE BENEFITS**

### **Benefits payable during employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Post-Employment Benefits**

Employees of the Authority are members of two separate pension schemes:

- the Firefighters' Pension Scheme, administered by Dyfed Pension Fund, Carmarthenshire County Council
- the Local Government Pensions Scheme, administered by Flintshire County Council.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

### **Firefighters' Pension Scheme (FFPS)**

The Firefighters' Pension Scheme is accounted for as an unfunded defined benefits scheme, the scheme has no assets and no investment income:

- The liabilities of the Fund are included in the Balance Sheet on an actuarial basis using the projected unit method — i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75%, based on Government bond yields of appropriate duration plus an additional margin. The change in the net pension liability is analysed into the following components:

Service cost comprising:



- Current service cost — the increase in liabilities as a result of years of service earned this year — allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost — the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years — debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability, i.e. net interest expense for the Authority — the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement — this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period — taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- Actuarial gains and losses — changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions — charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Fund — cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Local Government Pension Scheme (LGPS)**

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

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

- The assets of Clwyd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement [note that the treatment of past service costs will depend on the decisions of the Authority about how they are allocated to service segments]
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the pensions reserve as other comprehensive income and expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure.
- contributions paid to the Clwyd pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits:**

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

## **7. EVENTS AFTER THE REPORTING PERIOD**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the statement of accounts are 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 such 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.

## **8. FINANCIAL INSTRUMENTS**

A Financial Instrument is defined as ‘any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another’. Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

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

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

### **Financial assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

### **Financial assets measured at amortised cost**

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

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

## **9. FOREIGN CURRENCY TRANSACTIONS**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

## **10. ACCOUNTING FOR GOVERNMENT GRANTS**

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

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

Amounts recognised as due are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

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

## **11. INTANGIBLE ASSETS**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at cost less accumulated depreciation and any accumulated impairment loss. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

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

## **12. INVENTORIES**

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

## **13. LEASES**

### **Finance Leases**

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

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

### **Operating Leases**

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

**IFRS16 - draft accounting policy that will be applicable for the 2024/25 accounts set out below to provide context as to what that estimate for 2023/24 will be based on**

The Authority's IFRS16 policy will apply to those leases where the Authority is the lessee and the following approach will be adopted.

**Low-cost exemption**

The Authority has assessed what it believes a low value asset should be classed as. The low-cost exemption is set initially at £10,000, in line with the de-minimus expenditure level for Property, Plant & Equipment. This will be reviewed each year and where required rebase using the March CPI rate each year (rounded to the nearest £1,000). Leases below this value will be excluded and IFRS16 will not be applied.

**Use of portfolio of leases with reasonably similar characteristics**

Following a review of existing lease type arrangements within the Authority it has been determined that it should apply the portfolio expedient for photocopiers and similar machines (MFDs, franking machines etc). The Authority does not expect that this will differ materially from applying IFRS16 to individual leases within that portfolio. They all also have similar characteristics in function, cost and leases agreements. On this basis they will all fall within the low cost exemption.

**Existing contracts at date of implementation**

The Authority will not reassess any existing contracts as at the date of implementation to determine whether it contains a lease. Going forward from the initial implementation date (1 April 2024) all new contracts will need to be assessed to determine whether they contain a lease type arrangement.

**Leases for intangible assets**

The Authority will not apply IFRS16 to lease type arrangement for intangible assets (software licences etc).

**Leases with less than 1-year remaining life as at implementation date**

The Authority will apply the short life exemption to all existing leases with a remaining life of less than 1 year at the implementation date. In this case the existing accounting treatment will continue for the remaining life of the lease, unless there is a modification following the implementation date, where upon the lease will be considered a new lease.

**14. PROPERTY PLANT AND EQUIPMENT**

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

## Recognition

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

A de-minimis expenditure level of £10,000 has been set for Property, Plant & Equipment, below which expenditure will not be subject to capital accounting requirements. Where an asset is revalued below £10,000, any associated expenditure and depreciation will normally be written out and the asset removed from the Fixed Asset Register.

## Measurement

Assets are initially measured at cost, comprising:

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

The Authority does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value.

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

- Land & Buildings: Offices/Workshops – current value (Existing Use Value)
- Land & Buildings: Fire Stations – current value (Depreciated Replacement Cost)
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.]

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

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)



- where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

## Impairments

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

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

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

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

## Depreciation

Depreciation is provided for all property, plant and equipment assets, by systematic allocation of their depreciable amounts over their useful lives.

### Useful Economic Life of Assets

Land	Infinite (no depreciation)
Buildings	Useful life of the property (as estimated by the valuer)
Buildings (leased)	Term of lease
Vehicles, Plant and Equipment	5 - 20 years
Intangible Assets	5 years

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal.

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge. The percentages used are:

Buildings – fire stations	2.05% - 2.22%
Buildings – offices/workshops	1.98% - 2.15%

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities.

The Authority is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution from General Fund Balances (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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.

## **Disposals**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment [or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

## **15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions**

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **16. RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against the levy for the expenditure.

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

## **17. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.



Gwasanaeth Tân ac Achub  
Fire and Rescue Service

