



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

**2020/21 ACCOUNTS**

Unaudited 30 June 2021

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# **NARRATIVE REPORT**

## **BY THE CHIEF FINANCE OFFICER**

### **1 Introduction**

The Authority's financial performance for the year ended 31 March 2021 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement. These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting United Kingdom 2020/21. It is the purpose of this report to explain, in an easily understandable way, the financial facts in relation to the Authority.

### **2 The governance role of the Fire Authority**

On 8<sup>th</sup> May 2021 Roger Hirst was re-elected as Essex's Police, Fire and Crime Commissioner. He was appointed as the country's first Police, Fire and Crime Commissioner on 1st October 2017.

During the year the Service has continued to work towards the improvement priorities detailed in the Fire and Rescue plan. This is available at:

<http://www.essex.pfcc.police.uk/wp-content/uploads/2019/02/ECFRS-Fire-and-rescue-plan-190228-WEB.pdf>

Full details of governance arrangements are set out in the governance statement below.

### **3 Police, Fire and Crime Commissioner – Roger Hirst**

Since becoming the Police, Fire and Crime Commissioner for Essex in 2017 it has been a pleasure to see how Essex County Fire and Rescue Service (ECFRS) has continued to develop its prevention and protection offer, look after its people and improve the value it delivers for communities across Essex.

This report is important because it records the Service's Statement of Accounts 2020/21 and details how the Service manages and spends its budget. This budget ensures that the priorities that are set out in the Fire and Rescue Plan 2019-2024 and the Integrated Risk Management Plan can be delivered. The Fire and Rescue Plan marks an important shift in the priorities for the Service with increased focus on working together with partners to reduce harm in Essex. Wherever possible we need to reduce the risk to the public and prevent incidents happening in the first place and this report shows clear, early signs of this shift taking effect.

The last year has been an incredibly challenging year with the global pandemic affecting us all in some way. Throughout this difficult time, ECFRS has continued to be there when the public needs it and have gone above and beyond for their communities. Even while dealing with these new challenges the Service has continued to deliver against its priorities such as prevention and protection, kept its people safe, and has played a key leadership role in the Essex Resilience Forum, and supporting other organisations to keep Essex residents safe.

Collaboration continues to be a priority for me, and the work ECFRS has done to support the East England Ambulance Service Trust and other NHS trusts across the county in response to COVID-19 demonstrates the impact that working together can have. In fact, ECFRS on-call firefighters gave 7,770 hours and crewed more 700 ambulances this year.

This hugely successful collaboration also shows what we are capable of when we work together and how we could deliver more together in the future.

It is reassuring and encouraging, that despite having to do things differently, the Service fitted 43% more smoke alarms than it did the previous year, and still carried out 4,346 home fire safety visits. This is good work and I know there is more that we all want to achieve.

In 2019, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspected the Service, with the feedback that EECFRS needs to do more with regards to its fire safety inspection programme. This supported our understanding of where the service was and work was already underway to develop a plan focusing specifically on its protection activities. This programme of works is ambitious, and ensures that buildings are safe, protecting both residents and workers. Despite the pandemic, the Service has continued to deliver against this programme of works and in 2020/21 completed 319 full audits and 2,293 desktop audits against premises.

HMICRS inspected the Service again in October 2020, with a focus on how Fire and Rescue Services across the UK were responding to Covid-19. I am delighted that ECFRS was praised for the support it has given to partner organisations, for being well prepared and for continuing to put the welfare of its people first.

I would like to thank all staff across Essex County Fire and Rescue Service for playing your part and keeping Essex communities safe throughout the last year. It's been a year like no other, where we have all had to consider how we can contribute to the national effort and ECFRS have really stepped up and made a difference. I am looking forward to what the next year looks like for the Service.

#### **4 Review of the year - Chief Fire Officer/Chief Executive - Jo Turton**

I am delighted to share with you Essex County Fire and Rescue Service's Statement of Accounts 2020/21. This report has been developed to help our public understand our Service, and how we manage our budgets and spend our money. It also provides insight into our activities throughout the global pandemic and how we have adapted to ensure that we continue to support our communities.

I think it's fair to say that we've all had a year like no other. But throughout the uncertainty of last year, one thing has remained constant, and that's the professionalism and passion that all our staff and volunteers display. I often talk about how proud I am to be Chief Fire Officer of Essex County Fire and Rescue Service, and I am truly bursting with pride with everything that we have done during this very difficult year.

Our vision is that safe and secure communities are the bedrock on which we build well-being and prosperity for all. To do this, our Service needs to be efficient and effective across all the services we provide, preventing incidents wherever possible and making sure we're embedded in our communities across Essex.

To be able to do this, we need the right financial support and for our budgets to be managed in the correct way. Our statement of accounts outlines some of the key financial issues in areas such as revenue and capital spending, ensuring that we are investing in the key areas that help drive change reduce risk and ensure that we can continue to provide a first-class emergency response service. Our priorities for improvement and investment are prevention, protection, response and technology, and our budget is planned to enable us to develop and deliver against these.

### **COVID-19: Stepping up and stepping in**

Throughout a global pandemic, we maintained and sustained the fire and rescue service that Essex can be proud of. And we have continued to do what we do best, and that's keep the people of Essex safe.

The pandemic has shown us that risks can present themselves in different ways, and our work with the Essex Resilience Forum, alongside our robust business continuity plans and our approach to budgeting has meant that we were prepared, maintained our core services and put the welfare of our staff at the heart of our decisions and activities.

Not only have we maintained a strong and resilient Service to our communities and looked after our own staff, but we've also used our resources, capabilities and willingness to do more to support the wider combined response.

But more than that, we've been there for one another, we've stood shoulder to shoulder, often socially distanced and more often than not virtually, but we've been together as one team, and the resilience we've shown for one another and as a Service is something that we're both immensely proud of.

From driving ambulances for the East of England Ambulance Service Trust (EEAST), to training EEAST staff to become ambulance drivers. From volunteering and delivering food parcels to those who are isolating, to delivering and collecting COVID-19 tests to those areas of the county where a different strain has been detected. From setting up community hospital's and moving beds to delivering much needed PPE across the county. And from setting up new vaccination centres, to going through training to be able to administer vaccinations. Our Service has stepped up, stepped in and been there for our communities and partners when they needed us the most.

We innovated. We rolled out IT so we could work remotely and more productively. We've used new communication channels that we hadn't used before, and we moved our education online as schools closed. We've continued to deliver safe and well visits for the most vulnerable. And despite the pandemic we've continued with the ability to service our fleet, repair property defects and ensure our water hydrants remain serviced and useable.

We continued carrying on with our fire safety audits and taking enforcement action where it was necessary. We rolled out a new wellbeing support package, including mental, physical and financial help. And we made sure the Service was sustainable financially, even with the additional resources we suddenly needed. And of course if all that wasn't enough we've continued to mobilise and respond to around the same number of incidents we would do normally.

As I said, it's been a year like no other. But despite the pressures and the roles we've stepped up and into, we've continued to provide prevention, protection and response services to the communities across Essex. We'll always be there when you need us.

### **Maintaining our Services: protecting our communities**

Despite county-wide and national lockdowns, and Covid restrictions, we've continued to deliver protection and prevention activities, and attend a number of incidents across the county.

We attended 14,339 incidents from April 2020 to March 2021; that's down from 15,243 the previous year, with the total number of incidents attended by the Service decreasing consistently over the last four years.

Although over the last decade the number of fires has significantly reduced across Essex, we need to continue to understand the ever-changing risk picture. As the risks, demands and needs of our diverse communities change, our Service needs to develop and evolve, responding to these new challenges by being innovative and adaptable in keeping the people of Essex – including our own staff – safe from harm.

Prevention and protection continued to be a priority, and over the last year our teams have found different ways to provide these vital services. During the pandemic, the team adapted to government guidelines to ensure it can still visit the homes of the most vulnerable people in Essex while wearing the appropriate personal protective equipment (PPE).

In 2020/21, our Prevention team carried out 4,346 home fire safety visits to vulnerable people in Essex where they fitted 5,865 smoke alarms including 753 sensory alarms. The team also supplied 1,349 smoke alarms during doorstep deliveries for people without working smoke alarms in their home during the pandemic.

And although these numbers are slightly less compared to that of 2020, the drop in activity is marginal considering the year and the amount of time our county spent in lockdown. In fact, we fitted 43% more smoke alarms than we had in the previous year.

The Community Development and Safeguarding team received 597 safeguarding referrals, the majority received from operational crews (211 referrals) and the team assess all against the Essex Effective Support Windscreen to ensure appropriate support and signposting is provided.

Reaching school-aged children has also been a priority, and ECFRS's education team moved their education hub online, all schools were contacted to make them aware of the education offer available and resulting in 20,576 pupils still receiving education advice.

As more people were staying at home, we saw an increase in accidental dwelling fires, as well as garden fires. In fact, April 2020 saw an increase of garden fires by almost 100% compared to the same month in 2019 and 2018. Alongside this increase, there was a decrease in road traffic collisions in the first wave of the pandemic and national lockdown.

We created bespoke safety campaigns and messages for our social media and digital channels, and worked with our partners and our local media, to share our messages and reach the public. Our digital channels continue to be a key tool when informing the public about safety and incident information, with 1.65 million website views in a year, alongside reaching 10.4 million across our social media channels.

The Protection team completed 7,202 jobs in 2020/21, this includes 319 full audits and 2,293 desktop audits against premises. 99.6% of statutory consultations received were responded to within 15 working days by the team.

### **HMICFRS Inspection**

In October 2020, the Service was inspected by HMICFRS as part of an inspection into how fire and rescue services were responding to Covid-19, as they continued to face challenges during a difficult period.

ECFRS was praised for being well prepared, the support we offered to partners, maintenance of our core services and putting the welfare of our staff at the heart of decisions and activities. We have continually worked to reassure our public that regardless of what is happening we will always be there for them in an emergency, and this report echoed this message. The overwhelming feeling I got when reading this publication was that the inspectors spoke of a Service that I recognise, and a Service that I am incredibly proud to be a part of.

And our public felt that we'd still be there for them too. Using our social media channels, we asked our public: "were you ever concerned we'd reduce our emergency response during the pandemic or related lockdowns?" 92 per cent of our Facebook respondents, and 89 per cent of our Twitter respondents said "no, I wasn't concerned".

### **Responding to large incidents**

The last year has seen us respond to a number of large incidents that have tested our organisation resilience. This has including a large and complex incident at Tilbury Grain Terminal. Over the course of 20 days last July, firefighters managed an incredibly complex incident involving several grain silos in the port of Tilbury – the only incident of its kind to ever happen in the northern hemisphere.

The rarity and scale of the incident meant that our response was truly ground-breaking – and, after realising there was an almost identical site at Liverpool docks, we reached out to Merseyside to share what we'd learned.

In January 2021 – in the height of the second wave, and with Essex declaring a major health incident – we showed we were ready to respond to a major issue involving water shortages in Epping and Harlow. As well as putting extra resources in place to make sure we could respond to fires, including having Water Bowsers and USAR's High Volume Pump on standby, we were part of a Tactical Co-ordination Group with our partners, helping to reach the local communities and those who were vulnerable.

### **Medium Term Financial Plan**

The medium term financial plan (MTFP) ensures that we work as a value for money organisation, and that we demonstrate our efficiency and effectiveness. Our approach to budgeting is sustainable and ensures that we meet the needs of our communities across Essex.

Our 2020-24 MTFP was published in the financial year of 2019/20, and seeks to deliver against our financial challenges and save £4.3m over this term, while ensuring we have sufficient financial resources that can be invested into areas we have identified as our priorities.

You can read more, and read our MTFP here: [https://www.essex-fire.gov.uk/documents/Medium\\_Term\\_Financial\\_Plan\\_2020-24](https://www.essex-fire.gov.uk/documents/Medium_Term_Financial_Plan_2020-24)

We took early action in the year to identify savings, which were also then reflected in our 2021-22 budget. A Medium Term Financial Strategy (MTFS) update is being published in 2021-22, which will provide an update on the progress against the published MTFP, along with providing an update on the medium term outlook.



## **Recognising our people**

Our people are the heart of our organisation, they're our greatest asset and they've continued to shine in this last year. And we've continued to recognise them – albeit slightly differently. We held our first ever virtual ceremony that paid tribute to those colleagues who have achieved their Long Service and Good Conduct medals. These awards are one of the highlights of my year and I am so pleased that we could still celebrate the hard work and dedication of our colleagues with our first ever virtual ceremony.

Over the year we've continued to recruit, and have welcomed and trained wholetime firefighters and on-call firefighters. Our pass-out parades have been different too, but through the use of technology we've been able to live stream them, so families and loved ones can still watch on with pride.

I am delighted that between April 2020 to March 2021 we welcomed 25 wholetime firefighters, 34 on-call firefighters, 2 control officers and 33 support staff to the Service.

## **Recognising you**

Finally, I have one last thing to share with you. And that's thank you. I want to thank our communities for the continued support they give to all of us at Essex County Fire and Rescue Service. For many, your support has shifted from attending our station events and open days, and instead you may be supporting us through engaging with us on our social media channels, following our safety advice, or passing on details of a vulnerable neighbour or person for us to visit. However you have supported us this year, thank you.

## **5 The Statement of Accounts**

This Statement of Accounts explains the Authority's finances during the financial year 2020/21 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Authority's Statement of Accounts for the year 2020/21 comprise:

### **5.1 Comprehensive Income and Expenditure Statement**

This statement, as set out on page 45, shows the accounting cost in the year of providing services in accordance with proper accounting practices, rather than the amount to be funded from taxation. Authorities receive government grants and raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the two positions is shown in the Movement in Reserves Statement.

### **5.2 Movement in Reserves Statement**

This Statement, as set out on page 46, shows the movement in the year on the different reserves held by the Authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The statement also shows the change in the general fund balance and the discretionary transfers that are undertaken to or from earmarked reserves.

### **5.3 Balance Sheet**

The Balance Sheet, as set out on page 47, shows the value at the end of the year of the assets and liabilities recognised by the Authority. The net liabilities of the Authority 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'.

At the year end the Authority had **£137.4m** of long term assets, mainly comprising fire stations, offices, workshops and fire appliances. These are funded by **£24.5m** of long term loans. The Authority's general reserve stood at **£4.4m** and the earmarked reserves at **£10.5m**.

## **5.4 Cash Flow Statement**

The Cash Flow Statement, as set out on page 48, shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

## **6 Firefighters' Pension Fund**

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

### **6.1 Firefighters' Pension Fund Account**

The statement as set out on page 89 summarises the Firefighters' Pension Fund financial transactions for the year.

During the year 26 wholtime firefighters retired from the Service. As a result the payment of lump sums was **£3.6m** in 2020/21 compared to **£5.1m** in 2019/20. The amount due from the Department for Communities and Local Government was **£2.2m** at 31 March 2021.

### **6.2 Firefighters' Pension Fund Net Assets Statement**

This statement as set out on page 89 summarises the net assets relating to the provision of pensions and other benefits payable. Further information is provided in the Notes to the Pension Fund Account.

## **7 Assets and Liabilities in Relation to retirement Benefits**

The balance sheet shows the liabilities in respect of the two defined benefit pension schemes that the Authority participates in. The total liability recognised in respect of these pension schemes for 2020/ 21 is £924.7m compared to £740.8m in 2019/20.

The pension liability for the Firefighters Pension Schemes has increased by £171.9m to £886.9m in the year. The Actuary for the Firefighters Pension Schemes has carried out a full valuation in 2020/21.

The pension liability for the Local Government Pension Scheme (LGPS) has increased by £30.4m to £111.4m in the year. The LGPS has performed a roll-forward valuation based on the last funding valuation as at 31 March 2019.

For both schemes, there has been changes to the financial assumptions which include a reduction in the discount rate and an increase in the rate of future inflationary pressures.

The reassessment of the net defined benefit liability has had a significant impact on the Comprehensive Income and Expenditure Statement resulting in a revised remeasurement of £169.5m in 2020/21 compared to £(71.3)m in 2019/20

Full details of the pension fund assets and liabilities can be seen in Note 29.

## 8 Revenue Budget and Expenditure

In 2020/21 the Authority's total planned net expenditure was **£74.9m**. This was an increase of £1.1m from the Authority's budget of £73.8m in 2019/20. This increase primarily related to a 2% pay provision that was included within the 2020/21 budget.

The end of year position is set out within the following table which compares actual net expenditure with the approved budget.

2019/20		2020/21		
		Latest Approved Budget £000	Actual £000	Variance (overspend)/ underspend £000
Actual £000	Net Revenue Expenditure			
33,308	Firefighters	34,633	35,130	(497)
6,782	On call firefighters	6,893	7,064	(171)
1,365	Control staff	1,368	1,616	(248)
14,176	Support staff	14,715	15,243	(528)
<b>55,631</b>	<b>Total Employment Costs</b>	<b>57,609</b>	<b>59,053</b>	<b>(1,444)</b>
2,336	Support costs	2,174	2,137	37
10,163	Premises & Equipment	10,678	10,437	241
3,248	Other costs & services	3,298	2,869	429
2,261	Ill health pension costs	2,276	2,252	24
1,301	Lease and interest charges	1,265	1,264	1
4,781	Revenue provision for Capital Financing	5,100	4,318	782
<b>24,090</b>	<b>Total Other Costs</b>	<b>24,791</b>	<b>23,277</b>	<b>1,514</b>
<b>79,721</b>	<b>Total Gross Expenditure</b>	<b>82,400</b>	<b>82,330</b>	<b>70</b>
(8,378)	Operational Income	(7,539)	(9,274)	1,735
<b>71,343</b>	<b>Total net expenditure outturn</b>	<b>74,861</b>	<b>73,056</b>	<b>1,805</b>
<b>Funding</b>				
8,337	Revenue Support Grant	8,473	8,473	-
16,569	Non Domestic Rates	16,519	16,919	(400)
643	Council Tax Collection Account	400	543	(143)
45,695	Council Tax Precepts	47,851	47,765	86
731	Collection Fund Adjustment Account	-	(37)	37
-	Capital Grant	-	211	(211)
(632)	Contribution (to)/from Reserves	1,618	(818)	2,436
<b>71,343</b>	<b>Total Funding</b>	<b>74,861</b>	<b>73,056</b>	<b>1,805</b>

65% of the net expenditure of the Authority is funded by Council Tax, payable by householders in Essex, Southend-on-Sea and Thurrock. The Authority increased the Council Tax precept by 1.99% in the year, from £72.45 to £73.98 for a band D council tax property.

The balance of funding is provided by central government, through a share of non-domestic rates and revenue support grant. Specific grants provided by the government, for example to support the Authority's Urban Search and Rescue unit are included in operational income.

There was a funding gain of £0.36m on non-domestic rates, as the Authority's share of additional business rates collection from a pooling agreement with Essex County Council and local district councils in Essex.

During the year, the Authority have received £1.6m of government support for the Authority to respond the Covid 19 pandemic. £0.5m of this was not spent by the year end, and has been transferred into Earmarked Reserves where spend is expected in 2021/22.

Employment costs for 2019/20 were £55.6m, which included a budget underspend of £0.7m. This was driven by wholetime firefighter numbers being under established in the first half of the year.

Overall employment costs for the year 2020/21 totalled £59m, which was an overspend of £1.4m as compared to the budget of £57.6m. Actual results include the following key unbudgeted costs.

- £0.5m one off additional cost resulting from Covid 19
- £0.3m of unbudgeted costs relating to the LGPS Pension Deficit, which were funded from Earmarked Reserves
- £0.3m additional training resources
- £0.2m unbudgeted pay protection costs.

Total Other Costs (Non Pay) were £1.5m under budget for the year which included:

- £0.3m permanent savings inline with the Medium Term Financial Plan (MTFP)
- £0.4m of underspend by Community and Home Safety, mainly due to Covid restrictions
- £0.8m underspend in Revenue provision for capital financing (MRP). Of this £0.5m relates to the relifing of fire appliances to bring them in line with depreciation rates and £0.3m as a direct result of the underspend on capital expenditure shown in table 7 below.

Net expenditure charged to the revenue account was £73.0m in the year, due to statutory accounting adjustments this figure is different from the cost of the provision of fire services, £69.3m, shown in the Comprehensive Income and Expenditure Account (page 45).

A reconciliation between the two figures is given below;

Reconciliation to the Provision of Fire Services per 2019/20 the Comprehensive Income & Expenditure £000 Statement		2020/21 £000
Total Net Expenditure per Service Revenue Account		
<b>71,343</b>	as above	<b>73,056</b>
4,882	Depreciation	5,046
-	Local tax income guarantee funding	(3,019)
224	Impairment	(352)
(6,214)	IAS19 Pension adjustment	(2,932)
<b>(1,108)</b>	<b>Add Amounts not reported to management</b>	<b>(1,257)</b>
(1,210)	Interest payments	(1,173)
100	Interest and investment income	16
(4,781)	Capital Financing Provision	(4,318)
<b>(5,891)</b>	<b>Remove amounts not included in the Provision of Fire Services in the Comprehensive Income and Expenditure Statement</b>	<b>(5,475)</b>
<b>64,344</b>	<b>Provision of Fire Services per Comprehensive Income &amp; Expenditure Statement</b>	<b>66,324</b>

## 9 Capital expenditure

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

2020/21	Approved Capital Expenditure	Actual Capital Expenditure	Variance overspent / (underspent)
	£000	£000	£000
Property	3,798	1,518	(2,280)
Vehicles	2,120	767	(1,353)
Information Systems & Equipment	2,264	474	(1,790)
<b>Total capital payments</b>	<b>8,182</b>	<b>2,759</b>	<b>(5,423)</b>
Internal Resources	8,182	2,548	(5,634)
Grants	-	211	211
<b>Total capital funding</b>	<b>8,182</b>	<b>2,759</b>	<b>(5,423)</b>

We invested **£1.5m** in our property portfolio mainly on fire stations and training facilities. £2.3m of property spend was rephased into 2021/22.

There was spend of **£0.5m** on ICT and operational equipment. Investment in the new Control system was delayed as the procurement process was not completed until 2021/22 and this spend will occur in future years. There was expenditure of **£0.8m** on vehicles, which included **£0.5m** invested on light vehicles and light vans. The procurement of new fire appliances was rephased to 2021/22.

At 31 March 2021 the Authority had capital expenditure commitments of **£0.9m**.

## 10 Events after the Balance Sheet date

There are no events to report.

## 11 Borrowing

The Authority undertakes long term borrowing, for periods in excess of one year, in order to finance its capital spending. The Authority has total loans at year end of **£24.5m** (£24.5m long term). These are all provided by the Public Works Loans Board. There was no new borrowing in the year.

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

## 12 EFA (Trading) Limited

The trading activities of the Authority were undertaken by a wholly owned subsidiary company EFA (Trading) Limited. The business of the company is to sell training and engineering services.

The company employs no staff directly; it operates using staff recharged by the Authority. Group accounts for the combined entities have not been prepared because the net income, expenditure, assets and liabilities of the company would not have a material impact on the results reported. The Trading Company ceased to trade on 30 December 2020, as a result of wanting to focus on activities that add value to the Authority. The Authority will be able to still provide services to its public sector partner's, where any charges being made are only to recover the costs of providing the service. The liquidation of EFA (Trading) Limited will be completed in 2021/22.

## 13 Risk Protection

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

The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority made an annual contribution of **£630k** to the company for the year to 31 October 2021 of which **£263k** of this treated as an expense in 2020/21.

## 14 Accounting policies

Accounting policies are the principles, bases, conventions, rules and practices applied which specify how the financial effects of transactions are reflected in the financial statements.

The accounting policies adopted by the Authority comply with the Code of Practice on Local Authority Accounting United Kingdom 2020/21.

## 15 Financial Climate and impact on Services

The Authority previously accepted the Governments offer of guaranteed financial settlements to 2019/20. The provisional finance settlement for 2020/21 issued on 17th December 2020 was therefore in line with expectations. The final settlement was published on 10th February 2021.

A Section 31 government grant was confirmed on 4th June 2021 by the Ministry of Housing, Communities & Local Government to compensate local authorities for their share of the shortfall in council tax and non-domestic rates collections arising from the COVID-19

pandemic. The Authority has recognised a debtor of £3.0m in respect of this grant, and the income has been included within The Provision of Fire Services in the Comprehensive Income and Expenditure Statement. This grant has not been reported in the Authority's outturn in the Revenue Budget and Expenditure Statement on page 11, as this is an exceptional item.

## **16 Budget 2021-22**

The Authority adopts a prudent approach to budgeting and seeks to set a budget that is both affordable and sustainable over the medium term. The 2021/22 budget was approved on 4<sup>th</sup> February 2021 by the Police, Fire and Crime Panel.

In recognition of the impact of the current economic climate resulting from the Covid pandemic and not to place further financial burden on the residents of Essex, a 0% precept was agreed in the 2021/22 budget.

The total budget for 2020/21 was for **£74.6m**. The total budget set for 2021/22 has increased by £1.2m to **£75.8m**. This increase includes one off costs of £1.8m, which will be funded from Earmarked Reserves. The underlying baseline budget has been reduced by £600k within the year, largely driven by savings in Non Pay Costs.

The budget for 2021/22 is available at:

<https://cmis.essex.gov.uk/essexcmis5/CalendarofMeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/4513/Committee/127/SelectedTab/Documents/Default.aspx>

## **17 Risks and uncertainties**

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

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

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

## **18 Environmental matters**

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

The Authority's carbon management plan is available to view at: <http://www.essex-fire.gov.uk/Media/Sustainability/>



## 19 Employees

As at 31 March 2021 the Authority employs 1,391 people comprising 651 wholetime and 400 on call firefighters, 35 control staff and 305 support staff. We aim to ensure that our employment policies reflect best practice.

## 20 Key performance indicators

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

## 21 Reporting cycle

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

<http://www.essex.pfcc.police.uk/performance-resources-board-essex-fire-rescue-authority/>

## 22 Significant interests held by members and senior officers

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

## 23 Glossary

A glossary of accounting terms is provided on pages 91 to 97 to assist the reader.

## 24 Further information

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

Neil Cross

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

30 June 2021

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Police, Fire and Crime Commissioner's responsibilities

The Police, Fire and Crime Commissioner is required to:

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

The Chief Finance Officer's responsibilities

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

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

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that are reasonable and prudent.
- Complied with the local authority Code.

The Chief Finance Officer has also:

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

## The Chief Finance Officer's certificate

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

Neil Cross  
Chief Finance Officer to Essex Police, Fire and Crime Commissioner Fire and Rescue  
Authority  
30 June 2021

# GOVERNANCE STATEMENT

## Introduction

The Policing and Crime Act 2017 enabled Police and Crime Commissioners to become responsible for the governance of fire and rescue authorities, subject to the approval of a business case by the Home Secretary. Following the successful submission of a business case to the Home Secretary, the Police and Crime Commissioner for Essex, Roger Hirst, became the first Police, Fire and Crime Commissioner (PFCC) on 1 October 2017. Roger Hirst was re-elected in May 2021. Under these governance arrangements, a new corporation sole, the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCC FRA) replaced the Essex Fire Authority.

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

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

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

## The Purpose of the Governance Framework

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

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

## The Governance Framework

The Scheme of Governance that operated during the year included the following:

- The Constitution.
- The Scheme of Delegation.
- The Elected Local Policing Bodies (Specified Information) Order 2011; the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2012, and the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2013. Quarterly audits are undertaken by the PFCC's office to ensure the Service's continued compliance with these Orders.
- Information Management Protocol between the PFCC FRA and the PFCC.
- Information Sharing Protocol relating to information shared between the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority and the Essex Police, Fire and Crime Panel.
- Revised Financial Management Code of Practice For the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2004.
- Codes of Conduct applying respectively to the PFCC and their Deputy and to the PFCC FRA's staff.
- The Police, Fire and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012.
- Government Security Classifications.
- Financial and Procurement Regulations.

Copies of these documents are available on the Commissioner's website at [www.essex.pfcc.police.uk](http://www.essex.pfcc.police.uk) or can be obtained from the Commissioner's office at Kelvedon Park, London Road, Rivenhall, Witham, CM8 3HB.

## The Fire and Rescue Plan

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

'For me, safe and secure communities are the bedrock on which we build well-being and prosperity for all. This requires all emergency services to work well together, to be efficient and effective in the services they provide, to prevent incidents wherever possible and to be closely embedded in the communities they serve. The Fire and Rescue Service has a special mission in this, to make Essex a safe place to live, work and travel. We need a plan for a Fire and Rescue Service in Essex which ensures we can help people to stay safe, reduces the number who are killed or seriously injured and minimises the damage to property and businesses. I have developed this plan with input from all of those groups and individuals who work in, alongside and with Essex County Fire and Rescue Service. The priorities in the plan reflect what the people of Essex expect from their fire and rescue service.'

Delivery of the Fire and Rescue Plan is monitored through the Commissioner's governance boards and reported to the Essex Police, Fire and Crime Panel. An ongoing series of "deep dive" reviews also enables the Commissioner and their staff to take a more detailed look at the delivery of each of the priorities and any impediments to delivering these. During the 2020/21 financial year, the Service continued the process of realigning its performance measures and reporting with the Fire and Rescue Plan. This work has been completed for the highest levels of reporting and will continue into 2021/22 to ensure that this principal is embedded

throughout all of the Service's strategic and operational performance management arrangements.

## **External Oversight**

### *Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)*

The Service was inspected by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services in October 2020 as part of an inspection into how fire and rescue services were responding to the COVID-19 pandemic, as they continued to face challenges during a difficult period.

In an official letter received on 22 January 2021, the inspectors praised the Service for being well prepared, the support it offered to partners, maintenance of its core services and putting the welfare of its staff at the heart of decisions and activities. The Service received notable feedback in the following areas:

#### *Preparation*

The inspectors said business continuity plans were well developed and enabled the Service to respond quickly.

#### *Statutory duties*

The work of frontline firefighters, community safety officers, fire protection staff, water services, training staff and fleet and central stores, all underpinned by support services, meant the Service was able to maintain the delivery of statutory duties. There was particular reference to the targeted and risk assessed approach to prevention and protection work.

#### *Wellbeing*

Inspectors said wellbeing and safety were clear Service priorities and firefighters' core competence was maintained. Additionally, 93% of colleagues who completed an all-staff survey said they felt supported and appreciated.

#### *Partnership working*

Partnership working has been vital throughout the pandemic and the Service was praised for the work put into this. Inspectors noted the additional activities the Service carried out, including driving ambulances, delivering PPE and medical supplies, providing driving instructor training to the ambulance service and packing food supplies. This was alongside its role in the Essex Resilience Forum and Strategic Coordination Group, including through the staffing of the Multi Agency Information Cell.

#### *New ways of working*

Inspectors praised how quickly new ICT solutions were put into practice and how well the Service adapted to remote working to ensure that essential support services could be maintained.

#### *Inspectors recommended the following actions:*

- The Service should work with staff to address any long-term impacts of COVID-19 on wellbeing. This will be achieved through return to work plans and engagement with staff.

- The Service should ensure wholtime firefighters are fully productive while minimising the risk of spreading the virus. This will be achieved through the development of a Response Strategy and ensuring all workplaces are COVID-secure.

Both HMICFRS's national report into the response of fire and rescue services to the Covid-19 pandemic, published in January 2021, and its *State of Fire and Rescue 2020* report, published in March 2021, highlighted the need for urgent clarification of the role of fire and rescue services and of the firefighter. The government is expected to bring forward proposals later in 2021 to increase local flexibility to determine roles and enable firefighters to do more to support their local communities as well as other emergency services and local partners, as demonstrated in response to Covid-19. This aligns with the priority set out in the Commissioner's Fire and Rescue Plan to develop and broaden the roles and range of activities undertaken by the Service.

At the time of writing, the next HMICFRS inspection of the Essex County Fire and Rescue Service is due to commence in September 2021. Round 2 inspections will place greater focus on:

- Race and diversity, and how services are overcoming undue inequalities;
- The productivity of services, and
- How services are identifying and planning against their risks

### **The Police, Fire and Crime Panel**

The Police Reform and Social Responsibility Act 2011 introduced the responsibility for local authorities to create a Police and Crime Panel. The Policing and Crime Act 2017 amended section 28 (Powers of Police and Crime Panels) to include the responsibilities of the new Police, Fire and Crime Commissioner Fire and Rescue Authority.

The Essex Police, Fire and Crime Panel is made up of local elected councillors from each district and unitary authority in Essex and two independent members with the responsibility to scrutinise and support the work of the Police, Fire and Crime Commissioner. The functions of the Panel with regard to the fire and rescue service are:

- a) Scrutiny of the Fire and Rescue Plan.
- b) Scrutiny of the Fire and Rescue Statement.
- c) Scrutiny of the appointment of a Deputy PFCC, the PFCC's Chief Executive and the PFCC's Section 151 Officer.
- d) Scrutiny of the appointment of the PFCC FRA's Chief Financial Officer.
- e) Scrutiny of the appointment and dismissal of the Chief Fire Officer, with the power to veto the appointment.
- f) To review the precept which the PFCC is proposing to issue for each financial year, with the power to veto the precept.
- g) To deal with certain complaints against the PFCC or Deputy PFCC.

The Panel must also review or scrutinise decisions made or other actions taken by the PFCC in connection with the discharge of their functions in relation to Policing and Fire and Rescue.

Panel meetings are open to the public and records of its meetings (including audio recordings) are available via Essex County Council's website. Possibly on account of the May PFCC election, the Panel has experienced a greater level of public engagement during 2020/21, and has received and responded to a larger volume of questions from the public than has historically been the case.

## **The Commissioner's Governance Arrangements**

To ensure the effective administration of the Authority, a number of Boards have been created to provide advice and recommendations to the Commissioner. They have no decision-making powers. A decision made by the Commissioner is only considered to be taken, and as such may only be acted on by officers, once the relevant decision report has been signed by the Commissioner or their Deputy. All decisions taken (unless subject to security restrictions) will be reported to the Police, Fire and Crime Panel and published on the Commissioner's website.

### **Fire and Rescue Strategic Board**

The Board has been established to enable the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority ("the Commissioner") to:

- Provide governance and oversight of delivery of the Fire and Rescue Plan and Integrated Risk Management Plan (IRMP).
- Support alignment of the activities of the Service with the Essex Vision, Essex Emergency Services Collaboration Vision and other public sector transformation and collaboration programmes across greater Essex.
- Recommend to the Commissioner any collaboration agreements considered to be in the interests of the efficiency or effectiveness of one or more fire and rescue services, taking into account the existing collaboration agreements and other arrangements for co-operation to which the parties under consideration are committed; the desirability of the parties under consideration taking a consistent approach in making such agreements and other arrangements, and the opportunities available to the parties under consideration to make such agreements and other arrangements.
- Be the primary advisor to the Commissioner on the Integrated Risk Management Plan.
- Provide strategic oversight of the Medium Term Financial Plan and recommend to the Commissioner the use of the Service's reserves.
- Recommend to the Commissioner the annual budget for the Service and the annual Council Tax precept relating to the fire and rescue service to be recommended to the Essex Police, Fire and Crime Panel.
- Approve in principle and provide strategic oversight of the other key policies and strategies governing the work of the Fire and Rescue Service, including agreeing the Fire and Rescue Plan to be recommended to the Essex Police, Fire and Crime Panel and agreeing in principle the Integrated Risk Management Plan (IRMP) prior to formal approval by the Commissioner.
- Provide strategic oversight of the capital programme, receiving reports from the Assets Board as required.
- Approve as appropriate the progression of project bid proposals recommended to the Commissioner.
- Agree in principle the annual Strategic Assessment of Risk (subject to formal approval by the Commissioner) and advise on the management of strategic risks facing the Essex County Fire and Rescue Service.
- Agree the annual Statement of Assurance to be recommended to the Essex Police, Fire and Crime Panel.
- Provide strategic oversight of operation of and benefits delivered by, and receive an annual report from, EFA (Trading) Ltd.



- Receive additional reports from the Essex County Fire and Rescue Service's Senior Leadership Team (SLT) and its sub-boards as appropriate.
- Commission additional reports via the Chief Fire Officer / Chief Executive as appropriate.

The papers and minutes of these meetings (with the exception of those that are restricted under paragraphs 1 and 4 of Part I of Schedule 12A of the Local Government Act 1972) are publicised on the Commissioner's website.

### **Audit Committee**

The Audit Committee has been established to maintain an overview of the contract procedure rules, financial regulations, Code of Conduct and behaviour and to provide independent assurance to the Commissioner in accordance with the Financial Management Code of Practice. The role of the Committee is to advise the Commissioner according to good governance principles and to adopt appropriate risk management arrangements in accordance with proper practices and the associated control environment, as well as to oversee the financial reporting process. Over the course of the year, the Committee has sought assurance over the adequacy of the following:

- a) The risk management and the internal control framework operated by the Chief Fire Officer / Chief Executive.
- b) The effectiveness of the governance arrangements.
- c) The appointment, support and quality of the work of internal and external auditors as they provide assurance on risk management, internal controls and the annual accounts through their work.
- d) Financial and non-financial performance to the extent that it affects exposure to risk, weakens the control environment and undermines their ability to provide good value for money.
- e) The financial reporting process.

At the end of 2019/20, the Committee began considering a series of "Background Briefings" as part of its work plan, which have provided opportunities for the Committee to get to know the Service and its staff better. Topics considered during 2020/21 have included delivery of the Fire and Rescue Plan priority to help the vulnerable stay safe, Service Control and training.

Although having separate Terms of Reference and meetings for fire and rescue, the independent members appointed by the Commissioner sit on the Audit Committees for both the Police, Fire and Crime Commissioner Fire and Rescue Authority and the policing body / Chief Constable.

The Audit Committee meets formally at least four times a year to support the Commissioner in ensuring public trust and confidence in the governance of the fire and rescue service. Between meetings, the Commissioner's s151 Officers, Monitoring Officer and Internal Auditors, along with a representative from External Audit, have free and confidential access to the Chair of the Committee.

The papers and minutes of these meetings (with the exception of those that are restricted under paragraphs 1 and 4 of Part I of Schedule 12A of the Local Government Act 1972) are publicised on the Commissioner's website.

In June 2020, the Committee considered the outcomes of the review of its effectiveness that had been carried out earlier in the year through a survey of the Chair and independent members,

the Commissioner and the chief officers who support the Committee. In July 2020, members of the Committee also held a further workshop with the Service's Monitoring Officer on the findings of the review and how to take them forward.

The review concluded that:

- All respondents felt the Committee had been chaired effectively, and had met sufficiently and with good attendance, most or all of the time.
- 92% of respondents felt that the Committee had the right number of appropriately knowledgeable and experienced members, who had been able to contribute effectively. However inconsistencies were noted across the membership requirements for the PFCCFRA's Audit Committee compared with the PFCC's / Chief Constable's, which the Committee felt should be addressed.
- 92% of respondents felt that the Committee had received timely, accurate and helpful information all or most of the time, although suggestions were also made that it would be helpful to align the work plan of the Committee more closely with that of the Service's Continuous Improvement Board.

As a result of the review, the Committee agreed to:

- Update its Terms of Reference, including to reflect best practice for audit committees identified by the external auditor and to increase its membership from three to four independent members along with the Chair.
- Ensure that annual appraisals are undertaken and evidenced going forward. As part of this, a self-assessment and review will be undertaken of each member's contribution to the work of the committee, in order to identify any knowledge gaps, training needs or additional support required.
- Have private meetings with the Commissioner prior to each meeting and at least annually with the Head of Internal Audit.
- Produce an annual report of its activity.

New Terms of Reference were subsequently approved by the Audit Committee in September 2020. This, along with the retirement of an existing independent member during the summer of 2020, has led to work being undertaken this year to recruit two new independent members of the Committee. The Commissioner's internal auditor, RSM, was engaged to review the role profile and person specification to ensure that it remained fit for purpose, run the advertising campaign and manage the shortlisting process, and to support the interview process. Following a positive response to the recruitment campaign, two new independent members have been appointed who will join the Committee at its meeting in June 2021.

### **Fire and Rescue Performance and Resources Board**

The purpose of the Board is to enable the Commissioner to review Essex County Fire and Rescue Service's performance, ensure that budgeted resources (both human and financial) are closely aligned with fire and rescue priorities and to ensure that resources are effectively and efficiently being utilised. The Board meets monthly to:

- a) Scrutinise, support and challenge the overall performance of the Service including against the priorities agreed within the Fire and Rescue Plan and Integrated Risk Management Plan.
- b) Support the Commissioner in holding the Chief Fire Officer / Chief Executive to account for the exercise of functions which are delegated to them as well as the exercise of functions of persons under the direction and control of the Chief Fire Officer / Chief Executive.

- c) Advise the Commissioner on actions to be taken to maintain an efficient, effective and economic fire and rescue service for Essex.
- d) Identify and consider different themes / “deep dives” for scrutiny, challenge and support.
- e) Provide governance and oversight of the delivery of the Medium Term Financial Plan. Monitor actual revenue spend against budget, and the forecast outturn advising corrective action where appropriate in order to further advance the priorities of the Service.
- f) Agree and oversee implementation of the service’s Treasury Management Strategy.
- g) Monitor actual and forecast capital expenditure and resourcing of against the approved capital programme, advising the Strategic Board on progress achieved.
- h) Monitor the use of the Service’s reserves.
- i) Monitor the progress made in delivering planned transformation and efficiency savings.
- j) Provide governance and oversight of key workforce transformation initiatives, including recruitment and retention initiatives, on-call development and mixed crewing.
- k) Monitor workforce composition and demographics and champion initiatives to increase workforce diversity.
- l) Monitor customer and employee satisfaction survey results and the actions to be taken in response.
- m) Monitor and take steps to improve compliance with key people management processes, such as operational training and annual performance appraisals.
- n) Oversee the development and implementation of the Service Improvement Plan, taking account of recommendations arising from HMICFRS inspections, peer reviews and other external reviews and reports (both local and national).
- o) Monitor complaints and compliments made to the Essex County Fire and Rescue Service, and the learning arising from these, on a quarterly basis.
- p) Review papers to be submitted to the Essex Police, Fire and Crime Panel and the Joint Audit Committee, other than those approved by the Strategic Board.
- q) Identify areas of commissioning that would assist in delivering the Fire and Rescue Plan.
- r) Receive additional reports from the Essex County Fire and Rescue Service’s Senior Leadership Team (SLT) and its sub-boards as appropriate.
- s) Commission additional reports via the Chief Fire Officer / Chief Executive as appropriate.

The papers and minutes of these meetings (with the exception of those that are restricted under paragraphs 1 and 4 of Part I of Schedule 12A of the Local Government Act 1972) are publicised on the Commissioner’s website.

### **Essex Emergency Services Collaboration Strategic Governance Board**

The Local Business Case developed by the Commissioner and approved by the Home Secretary describes the collaboration vision and agenda in Essex and informs the development and delivery of various strategic and tactical projects in support of the same. The Essex Emergency Services Collaboration Strategic Governance Board has been established to consider collaborative opportunities between Essex Police, Essex County Fire

and Rescue Service and other blue light partners such as the East of England Ambulance Service Trust (EEAST). It enables the Police, Fire and Crime Commissioner and other agency leads to:

- Provide collective ownership, strategic governance and oversight of the Emergency Services Collaboration Programme, including in relation to finance and resourcing decisions.
- Maximise the effectiveness and efficiency of police, fire and rescue and ambulance services within Essex through a programme of strategic and operational collaboration.
- Review business cases relating to potential emergency services collaboration projects and provide recommendations to the Commissions as to whether these should be progressed, taking into account existing collaboration agreements and other arrangements for co-operation as well as the desirability of the respective parties taking a consistent approach.
- Provide oversight and management of strategic risks relating to the Essex Emergency Services Collaboration Programme.

### **Service-Level Governance**

The Governance structure within the Service includes the Continuous Improvement Board, Change Board and the People Strategy Board. The Service set up a new board in 2020/21, the Asset Board, which provides oversight and management of capital spend against budget. Each of these boards is chaired by a member of the Senior Leadership Team (SLT) and attended by representatives of the Police, Fire and Crime Commissioner.

### **Ethics and Integrity Framework**

The Commissioner and Deputy Commissioner have signed up to a Code of Conduct incorporating the seven Nolan Principles set out by the Nolan Committee on Standards in Public Life as well as the Police Code of Ethics.

The Service also has clear behaviour standards set out in its Code of Conduct to assist colleagues in maintaining and understanding the standards expected. This likewise makes reference to the Nolan Principles. Any complaint relating to alleged actions that are inconsistent with the Code of Conduct is taken seriously and subject to a thorough investigation, with action taken as appropriate.

As part of its cultural change programme, the Service also worked with its staff to develop the following Service values setting out the behaviours expected of all staff and volunteers:

*We are open honest and trustworthy* – We respect and honour all we do for the Service and our colleagues, being transparent and consistent in our communications and throughout our work.

*We are courageous in everything we do* – Having the confidence to always own our part and not be a bystander in order to progress and learn from our experiences.

*We work as one team* – All in it together to deliver a safer Service and a safer Essex.

*We are always professional* – We proudly stay ahead of the game by embracing training and development, continually learning, while delivering professional standards to efficiently serve our community.

*We value the contribution of all* – We create an inclusive and non-judgemental environment that respects people as individuals and embraces diversity. We value everyone equally, create opportunities and celebrate our successes.

The Service has policies for dealing with compliments and complaints, grievances and whistleblowing.

Adherence to the ethics and integrity framework is scrutinised by the Ethics and Integrity Sub-Committee of the Essex Police, Fire and Crime Panel.

In 2018/19, the then Minister for Policing and the Fire Service, Nick Hurd, announced a new approach to improving professional standards for fire and rescue services across England, along with the creation of a Fire Standards Board to ensure that standards are nationally coordinated to a high level across the sector. The new suite of Fire Standards will establish “what good looks like” and will become part of HMICFRS’s inspection framework. In February 2021, the first Fire Standards for England, covering Emergency Response Driving and Operational Response (including Operational Preparedness, Operational Competence and Operational Learning) were published, so the Service will now need to begin implementing these. Consultation closed on 9 April 2021 in respect of Fire Standards on Fire Protection and Prevention. Fire Standards relating to Community Risk Management Planning, Well-Led Organisation and Data requirements and Management are also in production. Once finalised, local service leaders will also need to ensure that these are followed. As recommended by HMICFRS in its State of Fire and Rescue 2019 report, work has also been undertaken to produce a national code of ethics to improve the culture in fire and rescue services, which was published on 18 May 2021. At the time of writing, a paper is due to come forward to the June 2021 meeting of the PFCC’s Fire and Rescue Strategic Board formalising local adoption of the new national code and setting out the steps for gap analysis and the development of a local implementation plan.

### **Making Informed and Transparent Decisions**

The Police, Fire and Crime Commissioner Fire and Rescue Authority’s Constitution sets out how the Commissioner will work, how decisions are made and the procedures that will be followed to ensure that decision making is efficient and transparent and that the Commissioner is accountable to local people. Some of these procedures are required by law, whilst others are a matter of choice for the Commissioner. The Constitution also sets out how the Commissioner will hold the Chief Fire Officer / Chief Executive to account and is available for public reference and scrutiny on the Commissioner’s website. Changes to the Constitution will only be approved by the Commissioner after consideration of a proposal by the Monitoring Officer. Before issuing or varying the Constitution, the Commissioner will also provide the draft or variation to the Police, Fire and Crime Panel; consider any report or recommendations made by the Panel in regard to it, and give the Panel a response to any such report or recommendations, which will be published.

Within the Constitution, the Commissioner has adopted the following principles of decision making:

- The presumption in favour of openness and transparency
- The need for consultation with interested parties
- The need to take account of relevant professional advice from appropriate officers
- The need for clarity of aims and desired outcomes
- The need to identify the range of options considered
- The need to give reasons and explanation for a decision

- The need to have due regard to the Government Security Classifications when considering disclosure of reports and documents supplied to the Authority by the Essex County Fire and Rescue Service

During the year, the Commissioner complied with the decision making process set out in the Constitution, which requires the oversight of all the Commissioner's statutory officers, namely the Head of Paid Service, Monitoring Officer and Chief Financial Officer. All significant decisions are taken by the Commissioner following consideration of a written report on the matter which includes consideration of risk as well as the financial and legal implications. The Decision Report template also sets out the range of alternative options considered in arriving at the decision and any governance boards that have considered and / or approved in principle the decision prior to the Decision Report being submitted to the Commissioner for sign-off.

All decisions made by the Commissioner (unless subject to security restrictions) are formally recorded and made available on the Commissioner's website for public information and scrutiny. A summary of all decisions made by the Commissioner is also provided to each meeting of the Essex Police, Fire and Crime Panel for its scrutiny.

In addition, the Constitution specifies that the exercise of any delegated authority to take a decision on behalf of the Commissioner is subject to:

- The person making the decision having first considered a written report prepared by the appropriate officer
- Any decision taken being in accordance with the Commissioner's budget and policy framework, financial regulations and contract standing orders and any condition imposed by the law, the Constitution and any relevant statutory guidance
- Any person with delegated authority being able to refer any matter falling within the authority delegated to him / her to the Commissioner, and
- The fact that a function has been delegated not preventing the discharge of that function by the Commissioner

The Commissioner ensures that all information identified in the relevant Specified Information Orders is published either on the Commissioner's website and / or the Essex County Fire and Rescue Service's website. As part of this, any disclosable interests of the Commissioner and the Deputy Commissioner are visible to the public on the Commissioner's website, as are the register of gifts and hospitality (both accepted and declined) and details of the remuneration of the Commissioner, Deputy Commissioner and chief officers. Details of all expenditure over £500 is also published on the Commissioner's and / or Essex County Fire and Rescue Service's website.

### **Public Accountability and Stakeholder Engagement**

The Commissioner is elected by and accountable to the public. The Commissioner and Deputy Commissioner work to an annual engagement plan including regular public meetings and other engagement activities with local communities and under-represented cohorts through various forums. Such engagements give the residents of Essex and other stakeholders an opportunity to challenge the Commissioner as to how they are holding the Chief Fire Officer / Chief Executive to account for the delivery of the fire and rescue service. Often, the Commissioner and / or Deputy Commissioner are accompanied to such events by a senior officer of the Essex County Fire and Rescue Service. The notes of public meetings are published on the Commissioner's website. The Commissioner also commits to meeting at least annually with elected Members of each of the upper tier, unitary and district / borough / city councils in Essex, to update them on the Commissioner's activities and respond to any



queries or concerns they may have. The Covid-19 pandemic has meant that this engagement activity has been hosted online during 2020/21, with the result that it has reached a much larger and more diverse audience than traditional methods. The 15 online engagement events hosted by the Commissioner between May and December 2020 each reached between 931 and 14,500 people. Post-pandemic, the Commissioner's approach to public engagement is therefore likely to include a combination of face-to-face and online events.

The Commissioner, the Deputy Commissioner and / or the Commissioner's Chief Executive attends each Fire Service Managers Briefing to update staff on the Commissioner's activities and priorities and to respond to any questions or concerns. The Commissioner also meets at least quarterly with each of the fire and rescue service's representative bodies in order to understand and respond as appropriate to any issues they may wish to raise.

During 2020/21, the Integrated Risk Management Plan (IRMP) was updated with input from residents and key stakeholders. The working group set up in 2019/20 to inform the development of the IRMP continues to deliver the plan, consisting of the Police, Fire and Crime Panel, supported by the Commissioner's office, the Deputy Chief Fire Officer and other staff from the Service.

## **Risk Management**

Embedding strategic risk management into business planning continues to be a high priority.

The Service assesses its risks via the Strategic Assessment of Risk (SAOR) which, together with the Fire and Rescue Plan, informs the Service's Integrated Risk Management Plan (IRMP). An updated SAOR was approved for 2020-24 in June 2020. National, regional, local and service-specific data is gathered from various sources to assess current and predicted gaps in the Service's core functions and respond accordingly. The Service delivers a command, control and response framework based on national best practice in line with Joint Emergency Services Interoperability Principles (JESIP), including training, exercising, identification and assessment of foreseeable risk. It ensures resilience planning and cross border arrangements with partners and surrounding fire and rescue services. The Service also supports the use of nationally developed tools, such as Resilience Direct, to share site specific risk information with surrounding fire and rescue services and Essex Resilience Forum (ERF) members. As an active partner in the ERF, the Service is kept informed of and able to disseminate information from the National Risk Assessment and the Community Risk Register, the outputs of which are used to inform the Service's Strategic Risk Register.

The Strategic Risk Register sets out the more immediate challenges to the delivery of the Service's core functions. The impact of COVID-19 on the Service has been monitored in line with its risk management processes. This has ensured that remedial and preventative actions have been allocated, evaluated and reported to the Service Leadership Team as well as the Commissioner and Audit Committee. A separate risk register exists and is similarly reported on in respect of the collaboration programme, in order to ensure that relevant stakeholders, including the Commissioner, are adequately sighted on shared risks as well as those facing each partner when working collaboratively.

The Commissioner and the Service continue to use risk management policies and frameworks that comply with CIPFA guidance. The Service had a new Risk Management Strategy approved during 2020/21, which includes a new Risk Appetite Statement. This makes clear that the Service has no appetite for tolerating critical risks and will only tolerate major risks in order to meet public need (e.g. in response to a major operational incident) or where business continuity arrangements will ensure that the Service's core functions will continue to be met.



In pursuit of delivering the objectives set out in the Fire and Rescue Plan, the Service is willing to accept some closely monitored minor or significant risks.

Operational risk information is managed using the national Provision of Operational Risk Information System (PORIS) and is provided to crews via Mobile Data Terminals (MDTs) and tablets on all appliances. This helps crews to complete Dynamic and Analytical Risk Assessments (DRAs / ARAs) when responding to operational incidents. As part of the 2020 – 2024 IRMP, the Service has completed Prevention, Protection Strategies, with the Response Strategy soon to be presented to the Commissioner.

### **Developing Capacity and Capability**

Jo Turton, formerly Chief Executive of Lancashire County Council, was appointed as Chief Fire Officer / Chief Executive and joined the Authority in April 2018. Following this appointment a review of the senior management structure took place and, following an extensive and robust selection process, appointments have been made to the new positions of Deputy Chief Fire Officer, Director of Innovation and Change and Director of Corporate Services. These changes took effect from 1st April 2019 and are delivering additional expertise, capacity, resilience and flexibility at a senior level in the organisation.

The implementation of the new Service Leadership Team (SLT) structure continued in 2020 with recruitment to the posts of Director Of Operations and Assistant Chief Executive (People, Values and Culture). Both posts were advertised externally and, after a competitive recruitment processes, were filled internally.

Following the restructure of the SLT, middle layers of management have been reviewed during 2020/21. The Group Manager recruitment process concluded during Quarter 3, with two internal candidates and one external candidate being successful. An additional post was also added within the Finance function to focus on Financial Accounting and Compliance, which adds resilience to the team. A fast track process for identifying and developing internal talent will be introduced in the Summer of 2021 in line with the Service's workforce and succession plans.

Senior leaders have access to the Executive Leadership Programme and a local leadership development programme has also been commissioned and is now being delivered, which enables Service leaders to understand how psychology and beliefs affect behaviour alongside the managerial impacts of unconscious thought processes and attitudes. In order to develop middle managers, the Service holds regular Watch Manager / supervisory level development evenings and invests in externally accredited development through the Institute of Leadership and Management (ILM).

The Service welcomed a new squad in January 2021 of 12 recruits. Further squads are planned in 2021/22. The Service launched a positive action recruitment campaign in 2020/21 which took a new ongoing approach to recruitment, with no cut off date or deadline, but an ongoing approach to build candidate pools. The people led campaign told stories from real people to break stereotypes and showcase what a modern day firefighter does. Over 3,000 applications had been received since going live in August 2020 until the end of the financial year – 22% of which are aged under 30, 12% of which are female and 7% BAME applicants to date.

During the year, the Authority's commitment to supporting vulnerable individuals and communities has seen it increase its participation in local strategic and community safety partnerships and hubs in order to enhance information and resource sharing and improve wider collaboration. The production and publication of a Prevention Strategy has led the way to the restructuring of the Prevention function, transferring responsibilities and resources from

centralised functions to stations, thus supporting local delivery of prevention activity. Longer term collaborative opportunities, particularly linked to joint fleet workshops with Essex Police, are also being progressed.

During 2020/21, the Chief Executive and Monitoring Officer also implemented changes to the establishment of the Commissioner's office that were consulted on in 2019/20, in order to ensure that the office is adequately resourced to support the Commissioner in the discharge of all their statutory functions and duties. The changes implemented during 2020/21 have included:

- Appointment to the new post of Strategic Head of Performance and Resources, who (amongst other responsibilities) provides strategic oversight of financial management across both the Commissioner's legal entities and oversees at a senior level the Commissioner's performance and scrutiny function.
- Deletion of the former Board Secretary role and the creation of two part-time Scrutiny Officer posts to increase resilience in the support arrangements for the Commissioner's oversight and scrutiny programme.
- Designation of the new role of Strategic Head of Policy and Public Engagement as the Deputy Monitoring Officer to both the Commissioner's legal entities, in order to increase resilience in this area, improve the speed of decision-making, and assist the Monitoring Officer in keeping the Commissioner's governance framework up to date.

During the year, regular Statutory Officers Meetings have also been instigated within the Service in order to ensure that the statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer) are well briefed and able to advise at an early stage on developments within the Service, thus smoothing the progression of key decisions through the governance framework.

### **Review of Effectiveness**

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

In addition, the Internal Auditor has responsibility to review and report to the independent Audit Committee annually, to provide assurance on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control. An overall positive opinion was given for 2020/21. The provision of Internal Audit Services is through a contract with RSM UK Group LLP, which has been re-tendered during the 2020/21 financial year in collaboration with Cambridgeshire and Bedfordshire Fire and Rescue Authorities.

External Audit is another essential element in ensuring public accountability and stewardship of public resources and the effectiveness of the Commissioner's governance arrangements, with the External Auditor's annual letter particularly providing comment on financial aspects of corporate governance, performance management and other elements of the system of internal control. Following a competitive procurement process, the Commissioner has appointed Grant Thornton as the External Auditor for a five year period commencing from the 2018/19 financial year. This contract was extended to cover the 2021/22 financial year.

## Other Significant Governance Issues

### The global COVID-19 pandemic

23 March 2021 marked one full year since the nation went into full COVID-19 lockdown. This period has had a significant impact across the world and changed the lives of so many people, impacting on both their personal and work life for a prolonged period. During this time, right from the start, the Service quickly stood up key working relationships with partners across Essex. This involved the Deputy Chief Fire Officer co-chairing the Strategic Co-ordination Group (SCG) and other key personnel providing leadership within several Tactical Co-ordination Groups (TCG), including the Essex Resilience Forum (ERF) to coordinate the multi-agency response. The Service has been actively involved in setting up many of the services required to support the communities of Essex, being at the forefront of assisting our Health colleagues. One year on, the Service continues to not only support the ongoing activities of providing frontline firefighters to work with clinicians from the East of England Ambulance Service but has also been heavily involved in a number of key recovery activities. As we have seen the nation start to embark on the roll out of vaccination centres, the Service has been providing volunteers to not only set up the vaccinations centres across Essex but also providing critical support in delivering the vaccines to those most at risk. More recently, we have also provided direct support to the surge testing programme to help identify new variants of the virus within communities.

Whilst we continue to work to support these essential activities to help support the fight against COVID-19, we have also more recently turned our focus to recovery. This has involved the setting up of Lateral Flow Testing across all of our workplaces as part of our health surveillance measures in protecting our workforce. Setting our principles for a phased return to the workplace for those who have been remote working for some time and ensuring that all colleagues are supported to continue in delivering within their roles and function. This is now about turning our attention to the recovery phase so that we can continue to deliver against our strategic transformational priorities. All such activity has been risk assessed, with additional training and personal protective equipment provided as necessary.

The Commissioner continues to receive regular updates from the Chief Fire Officer / Chief Executive on the impact of COVID-19 on the Service and how we now return to a new way of working. The COVID Operational Facility (COF) which has been in place to co-ordinate the multiple activities and oversee our response is now being formerly transitioned over to recovery. Our journey to recovery has been mapped out against the new Government four stages of return and we are looking at how we can continue to ensure that the wellbeing of our people is maintained and supported.

The Service has been able to continue throughout the pandemic in the way in which we respond to incidents. It has also continued to deliver its Prevention and Protection work keeping people who live, work and travel in Essex safe and this has remained a service priority. There has been a lot of learning throughout the pandemic about how we can work differently and more effectively, ensuring that our business continuity plans are robust and regularly tested, so that in events such as this, the Service is prepared and confident in meeting these challenges. A significant focus has been placed on the increased and improved use of technology to facilitate more effective agile working practices. This has greatly improved our resilience and ability to stay connected with our people across all areas of the Service. All our workplaces are now equipped with video conferencing facilities as well as a wide scale roll out of laptops to enable people to work differently. Examples of this include how we have delivered training to on-call firefighters, how we have conducted home safety checks and how we have enabled recruitment and onboarding of new staff.

The depth and strength of collaboration across the emergency services and with other partners continues to be phenomenal. The interaction has enabled us to form new and improved relationships that will help forge the way in which we are able to deliver our services, working closer together.

Throughout the pandemic, both the Commissioner and the Service have maintained communication and engagement with the public. The Commissioner has produced a regular video message in order to provide information and reassurance to the people and businesses of Essex and is continuing to engage with the public using social media, including by hosting public meetings on Facebook Live. The Chief Fire Officer / Chief Executive has continued to provide bi-weekly livestream updates, providing an opportunity for our workforce to be engaged and ask questions. Through COVID Safe workplaces and Lateral Flow Testing we are able to start re-commencing events such as station visits. We are also reviewing how we can reinstate COVID safety, through in person Home Safety Checks and Safe and Well visits, prioritising them for people who are particularly vulnerable to the risk of fire. We will continue to post home safety advice through social media channels, home safety advice by telephone and ensure that more staff than ever are available to reassure, educate and advise our communities of Essex. The Service has also continued to deliver smoke alarms to less vulnerable people to fit themselves, as well as supplying literature.

The Commissioner, the Deputy Chief Fire Officer and other key leaders across Essex have been interviewed regularly by BBC Essex as part of a twice-weekly series entitled Essex Unites to highlight how the public and partners across the county have come together during the pandemic. A weekly written briefing has been prepared by the ERF Communications Group for distribution to all elected leaders and other key stakeholders in the county, and the Commissioner’s office has also arranged regular, remote briefings of MPs.

All the associated costs of COVID related activity have been monitored and placed against the Government COVID Grant funding.

**Progress made in addressing significant governance issues identified in last year’s AGS**

Progress made in addressing the significant governance issues identified in last year’s Annual Governance Statement is summarised in the table below:

<b>Title</b>	<b>Action</b>	<b>Expected Delivery</b>	<b>Position as at 31 March 2021</b>
Culture change	Continue to deliver the ongoing cultural change programme.  Recruit permanently to the role of Assistant Chief Executive (People, Values and Culture).  Develop a four-year Learning and Development (L&D) Plan.  Deliver a programme of	Improved diversity of the workforce, with a particular focus on attracting female and BAME candidates.	We have continued to deliver our cultural change programme. Feedback from our 2020 Staff Survey demonstrates real progress in this field.  L&D - We have developed a 4 year L&D Plan. This is now in place and is being delivered. One of the outputs of this is 125 places per year for the next 4 years on our Leadership Development programme.

Title	Action	Expected Delivery	Position as at 31 March 2021
	positive action in recruitment.		We have been delivering a programme of Positive Action. Outputs of this include increased diversity of applicants.
On-call availability	<p>Continue to deliver the on-call development programme.</p> <p>Appoint on-call liaison officers.</p>	Improved recruitment and retention of on-call fire fighters.	<p>We've continued to deliver the on-call development programme through the On-call Development Programme Board.</p> <p>On-call liaison officers are in post.</p> <p>Regular On-call Steering Group meetings are held to monitor progress and receive feedback.</p>
Operational training	<p>Continue to invest in Watch Managers as trainers. A cohort of 61 trainers will be available through this route once training is complete.</p> <p>Complete Phase 2 of the Core Skills Assurance Programme.</p> <p>Continue to deliver the Operational Training Plan.</p> <p>Across the 2020/21 and 2021/22 financial years, the Commissioner will invest an additional £1.4 million in this area.</p>	Training is delivered and recorded efficiently and effectively.	<p>Our Operational Training Plan continues to be delivered and is on track.</p> <p>Watch Managers are being trained as trainers.</p> <p>Phase 2 of the Core Skills Assurance Programme is on track, and delivery of Phase 3 commenced in February 2021, following the completion of successful pilots during January.</p> <p>The additional investment is in place.</p>
IT infrastructure	Continue to deliver the ICT transformation and optimisation programme.	A more robust, comprehensive and efficient IT infrastructure.	We have published a Digital and Data Strategy which leads on from the ICT Transformation Programme. This invests a total of £4.8m in this area over the next

Title	Action	Expected Delivery	Position as at 31 March 2021
			<p>three years, up to the end of 2023/24.</p> <p>Monitoring of progress will be achieved through SLT and Performance and Resources Board.</p>
<p>Recovery from the COVID-19 pandemic</p>	<p>Ensure the safe return of employees to the workplace in line with Government advice.</p> <p>Restore services suspended during the pandemic.</p> <p>Conduct a post-incident review of the response to share what went well, what could have been improved and lessons learned.</p> <p>Consider how the operational collaboration delivered during the pandemic can be built upon going forward.</p> <p>Assess and respond appropriately to any subsequent loss of income due to reductions in Council Tax receipts (due to increases in non-payment and / or changes to the anticipated Council Tax base increase).</p>	<p>Employees are able to return to the workplace in a flexible, safe and healthy way which supports both their wellbeing and their productivity.</p> <p>The Service has planned and is prepared for a potential resurgence of CoVID-19.</p> <p>Financial impacts on the Service are mitigated as far as possible.</p>	<p>23 March marked the one year anniversary of the first national lockdown associated with the pandemic.</p> <p>ECFRS is entering into a recovery phase which is in line with the four stage government roadmap.</p>
<p>Long term financial sustainability</p>	<p>Identify efficiencies to fund service improvements.</p>	<p>The Service's budget is balanced by 2021/22 and addresses the</p>	<p>We are making good progress against our Medium-Term Financial Plan 2020-2024. Savings have</p>

Title	Action	Expected Delivery	Position as at 31 March 2021
and affordability	<p>Engage and involve staff in developing a savings programme.</p> <p>Develop a Medium Term Financial Plan for 2020-2024 to accompany the next IRMP.</p>	forecast budget gap in 2023 /24.	<p>been identified and realised in 2020/21 with further savings built into the 2021/22 budget.</p> <p>There are further savings required to achieve our objectives to address the budget gap by 2023/24. Management will be developing proposals to agree these measures during 2021/22.</p> <p>The budget for 2021/22 was approved by the Police, Fire and Crime Panel in February 2021. Whilst good progress has been made on cost savings a balanced budget for 2021/22 has not been achieved in line with the Medium-Term Financial Plan. This is primarily due to the impacts of COVID 19, most notably resulting from pressures on Council Tax Collections.</p> <p>In March 2021, the Service also published its Reserves Strategy.</p>

### Significant governance issues for 2021/22

The significant governance issues facing the Service identified in last year's Annual Governance Statement remain the most pressing for the Service, along with some new areas for attention. Planned next steps can be summarised as follows:

Title	Action	Expected Delivery
Fire Protection	<p>Deliver the post Grenfell action plan and associated improvements through collaboration in High Rise and Escape Hood cross border exercises.</p> <p>Develop a Response Strategy to ensure we have the right resources</p>	Deliver protection and prevention initiatives in high risk areas.

Title	Action	Expected Delivery
	available at the right time to meet our response standards.	
Further developments in the Sargeant (firefighter pensions) litigation	<p>In light of the further developments that have occurred in this matter during 2019/20 (including publication of Home Office guidance in August 2020 and the Government's response to its consultation in February 2021, along with the handing down of the Employment Appeal Tribunal judgement in February 2021, which ruled that s61 of the Equality Act 2010 automatically incorporates a non-discrimination rule into the pension scheme), the Commissioner has decided that current members of staff who qualify and wish to retire be permitted to do so on their legacy scheme (if this is their choice) with effect from March 2021 for the duration of "the remedy period".</p> <p>The position in respect of each of these retirees (as well as those who retired earlier in "the remedy period") will need to be reviewed on the publication of further guidance / legislation (anticipated in 2023).</p>	The Commissioner's decision brings to an end, at the earliest opportunity, the discrimination found by the Court of Appeal
Government's PCC Review	<p>Respond to the Home Office's consultative White Paper on fire reform (expected later in 2021).</p> <p>Engage as appropriate in Part 2 of the Review, including through the PFCC continuing to form part of the Home Office's Advisory Group.</p>	The PFCC and the Service will influence Government thinking, and therefore future national policy, relating to the professionalism, people and governance of fire and rescue services (including proposed mandation of the PFCC / Mayoral model; operational independence of Chief Fire Officers, and clarification of the legal entities within the PFCC model).
On-call availability	<p>Continue to work towards the On-Call Development programme.</p> <p>Streamline on-boarding procedures and reduce the number of temporary positions to improve recruitment and retention of new firefighters.</p>	On-call availability is improved through conversion of existing stations and retention of staff.



Title	Action	Expected Delivery
Recovery from the COVID-19 pandemic	<p>Continue to implement the actions identified for 2020/21.</p> <p>Support the rollout of the vaccination programme into 2021/22.</p>	Allow employees to return to the workplace safely.
IT Infrastructure	Monitor the progress and delivery of the Digital and Data Strategy to ensure benefits are realised.	A more robust, comprehensive and efficient IT infrastructure.
Culture change	<p>We will deliver the continued development of our culture. The detail of this is set out in our Continued Cultural Development Plan. In 2021/22, we will deliver year 1-2 of the plan.</p>	We will promote a fair, kind and inclusive workplace.
Leadership training	<p>We will develop our leaders so that we have strong and effective leaders now and in the future. The detail of this is in our People Strategy Action Plan and includes the commissioning of a 4 year leadership development programme, training and succession planning.</p>	We will strengthen our leadership to ensure the Service is managed efficiently.
Operational training	<p>We will deliver Operational Training that ensures we can offer assurance of competence for all firefighters. The detail of this is in our People Strategy Action Plan.</p> <p>Go live with the new Competency Management System procured during 2020/21 with effect from April 2021</p>	Operational training is delivered and recorded efficiently and effectively.
Long term financial sustainability and affordability	<p>Ensure the Service's long term sustainability and affordability in light of funding pressures.</p> <p>Encourage and monitor value for money by through updating the Medium Term Financial Plan.</p>	The Service's budget is balanced by 2022/23 and addresses the forecast budget gap in 2023/24.

## Internal Control

The effectiveness of the internal audit arrangements and the system of internal control were included in the annual governance review. Elements of this review were also informed by the work of the Internal Auditors which, along with financial and performance issues arising, has been reported regularly to the Police, Fire and Crime Commissioner through the Boards described above. As part of these reports, action plans were agreed and reported on. Internal Audit reports covering key areas consistently report reasonable or substantial assurance around all areas of controls for expenditure and the use of resources. There were no materially significant internal control issues identified during the year. An independent review of the procurement process is currently ongoing.

Signed:

R Hirst, Police Fire and Crime Commissioner Fire and Rescue Authority

Date: 30 June 2021

Signed:

J Turton, Chief Executive/Chief Fire Officer

Date: 30 June 2021

**INDEPENDENT AUDITOR'S REPORT TO ESSEX POLICE, FIRE AND  
CRIME COMMISSIONER FIRE AND RESCUE AUTHORITY**

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## ACCOUNTING STATEMENTS

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED 31 March 2021

2019/20 Net £000		Notes	2020/21 Net £000
	<b>Expenditure</b>		
27,062	Firefighters		31,542
6,782	On call firefighters		7,064
1,365	Control staff		1,616
16,465	Support staff		18,151
<b>51,674</b>	<b>Total Employment Costs</b>		<b>58,373</b>
2,336	Support costs		2,137
10,163	Premises & Equipment		10,435
3,248	Other costs & services		2,869
5,110	Depreciation, impairment & other costs		4,694
91	Financing items		91
<b>20,948</b>	<b>Total Other Costs</b>		<b>20,226</b>
<b>72,622</b>	<b>Gross Expenditure</b>		<b>78,599</b>
	<b>Income</b>		
(6,723)	Grants	24	(7,833)
-	- Local tax income guarantee funding	24	(3,019)
(1,555)	Other income	24	(1,423)
<b>64,344</b>	<b>Provision of Fire Services</b>		<b>66,324</b>
(121)	(Gain) or loss on Disposal of Fixed Assets		(103)
18	Pension administration costs	29.2	41
	<b>Financing and Investment Income and Expenditure</b>		
1,210	Interest payable on debt		1,173
18,891	Net interest on the net defined benefit liability (asset)	29.2	17,269
(100)	Investment interest income		(16)
	<b>Taxation and Non-Specific Grant Income</b>		
(8,337)	Revenue Support Grant		(8,473)
(16,569)	Non Domestic Rates		(16,919)
(46,338)	Council Tax		(47,852)
-	Collection Fund deficit		3,218
-	Capital Grant		(211)
<b>12,998</b>	<b>(Surplus) or Deficit on Provision of Services</b>		<b>14,451</b>
(3,890)	(Surplus) or deficit on revaluation of non current assets	19.1	(3,052)
(71,338)	Remeasurements of the net defined benefit liability (asset)	19.5	169,517
<b>(75,228)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>166,465</b>
<b>(62,230)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>180,916</b>

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2020</b>	<b>3,439</b>	<b>10,526</b>	<b>-</b>	<b>8,477</b>	<b>22,442</b>	<b>(637,127)</b>	<b>(614,685)</b>
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on the provision of services	(14,451)	-	-	-	(14,451)	-	(14,451)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(166,465)	(166,465)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(14,451)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,451)</b>	<b>(166,465)</b>	<b>(180,916)</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 8)	18,318	-	-	1,192	19,510	(19,510)	-
Transfers to or (from) earmarked reserves	(2,955)	2,955	-	-	-	-	-
<b>Increase (Decrease) in Year</b>	<b>912</b>	<b>2,955</b>	<b>-</b>	<b>1,192</b>	<b>5,059</b>	<b>(185,975)</b>	<b>(180,916)</b>
<b>Balance at 31 March 2021</b>	<b>4,351</b>	<b>13,481</b>	<b>-</b>	<b>9,669</b>	<b>27,501</b>	<b>(823,102)</b>	<b>(795,601)</b>

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>	<b>7,935</b>	<b>5,653</b>	<b>-</b>	<b>8,335</b>	<b>21,923</b>	<b>(698,838)</b>	<b>(676,915)</b>
<b>Movement in reserves during the year</b>							
Surplus or (deficit) on the provision of services	(12,998)	-	-	-	(12,998)	-	(12,998)
Other Comprehensive Income and Expenditure	-	-	-	-	-	75,228	75,228
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(12,998)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,998)</b>	<b>75,228</b>	<b>62,230</b>
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 8)	13,375	-	-	142	13,517	(13,517)	-
Transfers to or (from) earmarked reserves	(4,873)	4,873	-	-	-	-	-
<b>Increase (Decrease) in Year</b>	<b>(4,496)</b>	<b>4,873</b>	<b>-</b>	<b>142</b>	<b>519</b>	<b>61,711</b>	<b>62,230</b>
<b>Balance at 31 March 2020</b>	<b>3,439</b>	<b>10,526</b>	<b>-</b>	<b>8,477</b>	<b>22,442</b>	<b>(637,127)</b>	<b>(614,685)</b>

# BALANCE SHEET

AS AT 31 March 2021

31 March 2020 £000		Notes	31 March 2021 £000
	<b>Property, Plant &amp; Equipment</b>	10	
125,514	Land and Buildings		125,232
12,064	Vehicles, plant and equipment		11,404
694	Fixed assets under construction		751
94	<b>Long Term Investments</b>		-
<b>138,366</b>	<b>Long Term Assets</b>		<b>137,387</b>
413	Inventories		642
9,215	Short Term Debtors	12	6,364
12,719	Cash and Cash Equivalents	13	17,692
-	Assets held for sale	14	912
<b>22,347</b>	<b>Current Assets</b>		<b>25,610</b>
(250)	Short Term Borrowing		(250)
(5,802)	Short Term Creditors	15	(6,952)
(2,875)	Grants Receipts in advance	16	(1,049)
<b>(8,927)</b>	<b>Current Liabilities</b>		<b>(8,251)</b>
(24,500)	Long Term Borrowing	11	(24,500)
(1,181)	Provisions	17	(1,162)
(26,034)	Other Long Term Liabilities		
	- Local Government Pension Scheme	29	(38,242)
(714,756)	- Firefighters' Pension Scheme	29	(886,443)
<b>(766,471)</b>	<b>Long Term Liabilities</b>		<b>(950,347)</b>
<b>(614,685)</b>	<b>Net Liabilities</b>		<b>(795,601)</b>
	<b>Usable Reserves</b>		
3,439	General Fund		4,351
10,526	Earmarked General Fund Reserves		13,481
8,477	Capital Receipts Reserve		9,669
<b>22,442</b>	<b>Usable reserves</b>	18	<b>27,501</b>
	<b>Unusable Reserves</b>		
36,522	Revaluation Reserve		38,180
67,261	Capital Adjustment Account		67,401
(587)	Holiday Pay Account		(828)
467	Collection Fund Adjustment Account		(3,170)
(740,790)	Pension Reserve		(924,685)
<b>(637,127)</b>	<b>Unusable Reserves</b>	19	<b>(823,102)</b>
<b>(614,685)</b>	<b>Total Reserves</b>		<b>(795,601)</b>

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 March 2021

2019/20 £000	Note	2020/21 £000
12,998	<b>Net (surplus) or deficit on the provision of services</b>	14,451
(19,025)	<b>20 Adjustment to surplus or deficit on the provision of services for non-cash movements</b>	(20,753)
(142)	<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	(1,192)
<b>(6,169)</b>	<b>Proceeds from the sale of assets</b>	<b>(7,494)</b>
	<b>Net cash flows from operating activities</b>	
2,632	<b>Net cash outflows from investing activities</b>	2,615
	Purchase of assets	
2,500	<b>Net cash outflows from financing activities</b>	-
<b>(1,037)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>(4,973)</b>
<b>(11,682)</b>	Cash and cash equivalents at the beginning of the reporting period	<b>(12,719)</b>
<b>(12,719)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(17,692)</b>

## NOTES TO THE ACCOUNTS

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 45 to 48 and provide further information upon the financial performance of the Authority during 2020/21.

### 1 Expenditure and Funding Analysis

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

2019/20			2020/21		
Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
59,489	4,855	64,344	61,389	4,935	66,324
(59,866)	8,520	(51,346)	(65,256)	13,383	(51,873)
<b>(377)</b>	<b>13,375</b>	<b>12,998</b>	<b>(3,867)</b>	<b>18,318</b>	<b>14,451</b>
(13,588)			(13,965)		
(377)			(3,867)		
<b>(13,965)</b>			<b>(17,832)</b>		

#### 1.1 Note to the Expenditure and Funding Analysis

The tables below provides analysis of the Adjustments between Funding and Accounting Basis for 2020/21 and 2019/20 respectively.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other differences	Total Adjustments
2020/21	£000	£000	£000	£000
Provision of Fire Services	4,694	-	241	4,935
Other Income and Expenditure from the Funding Analysis	(4,632)	14,378	3,637	13,383
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit</b>	<b>62</b>	<b>14,378</b>	<b>3,878</b>	<b>18,318</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for Pensions adjustments	Other differences	Total Adjustments
2019/20	£000	£000	£000	£000
Provision of Fire Services	5,106	-	(251)	4,855
Other Income and Expenditure from the Funding Analysis	(4,902)	12,691	731	8,520
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit</b>	<b>204</b>	<b>12,691</b>	<b>480</b>	<b>13,375</b>

## 2 Accounting policies

### 2.1 General

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards.

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

### 2.2 Charges to revenue for non-current assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. The Authority will, however, use capital receipts and/or make a contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution to capital financing in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### 2.3 Events after the balance sheet date

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

Two types of events can be identified:

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

## **2.4 Accruals of income and expenditure**

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## **2.5 Provisions and contingent liabilities**

### **2.5.1 Provisions**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the



obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

## **2.5.2 Contingent liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **2.6 Reserves**

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

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

## **2.7 Cash and Cash equivalents**

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

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

## 2.8 Property Plant and Equipment

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

### 2.8.1 Recognition

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

The Authority operates a de-minimis limit below which items are charged to revenue rather than capital on the grounds of materiality. The limit for individual assets is **£10,000** with the exception of motor vehicles where the limit is **£7,500**. There is no de-minimis limit for land purchases.

### 2.8.2 Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

### **2.8.3 Impairment**

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

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

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

### **2.8.4 Depreciation**

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property;

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

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

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

### **2.8.5 Statutory charge for capital financing**

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

### **2.8.6 Disposals and Non-Current Assets Held for Sale**

When an asset is being actively marketed, and it is probable that a sale will occur within twelve months of the year end date, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the (Gain) or loss on Disposal of Fixed Assets line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Amounts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

## **2.9 Operating Leases**

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

## **2.10 Inventories**

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

## **2.11 Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **2.12 Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year,

being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that for taxation purposes holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## Termination benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

## Post-employment benefits

The Authority participates in three different pension schemes:

### Local Government Pension Scheme

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

The LGPS is accounted for as a defined benefits scheme

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

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

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

The movement on the pensions asset/liability is analysed into the following constituents:

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



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

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

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

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

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

**Benefits paid** – payments to discharge liabilities directly to pensioners.

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

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

## **Firefighters' pension schemes**

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

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

## **Retained firefighters' pension scheme**

A stakeholder pension scheme for retained firefighters was established in January 1999. This is a defined contribution scheme arranged between the retained firefighters and the pension



company (Scottish Widows Fund and Life Assurance Society) and is administered by Woodgate and Associates.

The Fire Authority's involvement is limited to informing all eligible personnel of the availability of the scheme and paying the agreed employer's subsidy. The Authority has no responsibility for the level of payment of pensions.

During 2015/16 a new modified pension scheme was introduced for retained firefighters.

## **2.13 Financial Instruments**

### **2.13.1 Financial Assets**

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

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

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

Loans and receivables are measured at amortised cost.

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

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

### **2.13.2 Financial Liabilities**

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

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

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

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

Valuation techniques used to measure fair value are categorised into Levels 1, 2 and 3 where Level 1 has an active market with quoted prices for similar instruments, Level 2 has some directly observable market information other than Level 1 inputs, and Level 3 has no market information and valuation requires significant judgement by management.

## **2.14 Value added tax (VAT)**

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

## **3 Accounting standards that have been issued but not adopted**

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

- Definition of a Business: Amendments to IFRS 3 Business Combinations.
- Interest Rate Benchmark Reform - Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 4.

A revised standard with regard to leases IFRS16 has been issued by the International Accounting Standards Board that became effective as of the 1 January 2019. The interpretation for this has not been adopted for the 2020/21 accounts and has been deferred within the 2021/22 CIPFA Code of practice and will be adopted from 1 April 2021.

## **4 Critical judgements in applying accounting policies**

At the current time there are no critical judgements that have been made that will affect these Statements, but there is a certain amount of uncertainty about future levels of Government funding. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

## **5 Changes in accounting estimates**

During the year, the Authority performed a review of asset useful lives. As a result, the lives of 64 fire appliances were extended from twelve to fifteen years in line with the Fleet Strategy. This reduced the minimum revenue provision by £486k, as the change in accounting estimate was applied prospectively in line with IAS 8.

## **6 Events after the Balance Sheet date**

There are no events to report.

## 7 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Balance Sheet at 31 March 2021 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<p><b>Property, Plant and Equipment – Asset Lives</b></p>	<p>Asset are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>The carrying value of depreciating assets at 31 March 2021 is £93.2m. If the useful economic life (UEL) of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant and equipment assets would increase by £686k for every year that useful lives had to be reduced.</p>
<p><b>Property, Plant and Equipment – Property revaluations</b></p>	<p>The properties have been valued as at 31 March 2021 by our property advisors (Lambert Smith Hampton), but the valuation report has been prepared on 10 June 2021. In our view it is unlikely that retrospectively one will be able to determine with any certainty that subsequent trends/movements in property values resulting from the pandemic had occurred by 31 March 2021.</p> <p>Last year, due to the uncertainty caused by the Covid-19 pandemic, the valuer reported a ‘material valuation uncertainty’ in respect of the property valuation, meaning less certainty could be attached to the report. This year, the ‘material valuation uncertainty’ has been removed as the country begins to recover from the pandemic.</p>	<p>The current carrying value of Land and Building in the Balance Sheet is £126.1m, each 1% change in the valuation would amount to £1.26m.</p>

<p><b>Pensions Liability</b></p>	<p>Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>The Local Government Pension Scheme (LGPS) includes investment in property assets, these are valued by professional valuers who have applied the Valuation Practice Alert – Coronavirus issued by the Royal Institution of Chartered Surveyors (RICS) in March 2020, and further updated in November 2020. On this basis the valuer has reported the valuation as an area of “material valuation uncertainty” per VPGA 10 of the RICS. Consequently, the valuer has commented that less certainty and a higher degree of caution should be attached to the valuations than would normally be the case.</p>	<p>The carrying value of the pension liability as at 31 March 2021 is £998,279k.</p> <p>The effect on the net pensions’ liability as a result of changes in individual assumptions is detailed within note 29.5.</p>
<p><b>Provisions</b></p>	<p>The Authority has made provision for potential claims for past events that may result in a transfer of economic benefits. The provisions provide for cover against possible employee, NDR (based on estimates provided by the individual authorities) and outstanding motor insurance payments.</p>	<p>The current carrying value of provisions as at 31 March 2021 is £1,052k. If provisions were overstated by 10% the provision would reduce by £105k.</p>
<p><b>Local tax income guarantee funding for 20/21</b></p>	<p>In January 2021 the government confirmed that it will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21. A debtor has been recognised for a S31 grant due to be paid to the Authority by January 2022. The actual amount paid to the Authority will vary if actual council tax and business rates collections differ from estimates at year end.</p>	<p>The carrying value of the grant debtor as at 31 March 2021 is £3,019k.</p> <p>The S31 grant is based on the collection fund deficit. A 1% change in the S31 grant would result in a change in £30k to the amount received.</p>

## 8 Adjustments between accounting basis and funding basis under regulations

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

2020/21	Usable Reserves				Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Emergency Planning Reserve £000	
<b>Adjustments to the Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to (or from) the Pensions Reserve)	14,378	-	-	-	(14,378)
Council tax & NDR (transfers to/(from) Collection Fund)	3,637	-	-	-	(3,637)
Holiday pay (transferred to the Accumulated Absences Reserve)	241	-	-	-	(241)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,483	-	-	-	(4,483)
<b>Total Adjustment to Revenue Resources</b>	<b>22,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,739)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(103)	1,192	-	-	(1,089)
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,318)	-	-	-	4,318
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(4,421)</b>	<b>1,192</b>	<b>-</b>	<b>-</b>	<b>3,229</b>
<b>Total Adjustments</b>	<b>18,318</b>	<b>1,192</b>	<b>-</b>	<b>-</b>	<b>(19,510)</b>

## Adjustments between accounting basis and funding basis under regulations

<b>2019/20</b>	<b>Usable Reserves</b>				<b>Movement in Unusable Reserves</b>
	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Emergency Planning Reserve</b>	
<b>Comparative figures</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments to the Revenue Resources</b>					
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>					
Pension costs (transferred to (or from) the Pensions Reserve)	12,691	-	-	-	(12,691)
Council tax & NDR (transfers to/(from) Collection Fund)	731	-	-	-	(731)
Holiday pay (transferred to the Accumulated Absences Reserve)	(251)	-	-	-	251
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	5,106	-	-	-	(5,106)
<b>Total Adjustment to Revenue Resources</b>	<b>18,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,277)</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(121)	142	-	-	(21)
Revenue provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,781)	-	-	-	4,781
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(4,902)</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>4,760</b>
<b>Total Adjustments</b>	<b>13,375</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>(13,517)</b>

## 9 Transfers to/from earmarked reserves

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

### Earmarked Contingency Reserves

This relates to specific risk-based contingencies.

### Earmarked Reserve – Productivity

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

### Earmarked Reserve – Specific Purpose

This relates to Earmarked Reserves set aside for other specific purposes

<b>2020/21</b>	<b>Balance at 1 April</b>	<b>Additions made in year</b>	<b>Transfer to General Fund</b>	<b>Balance at 31 March</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Earmarked Contingency Reserves</b>				
Demand Pressures	600	-	-	600
Taxbase and Collection Account Reserve	200	-	-	200
National Non-Domestic Rates Collection Reserve	200	3,019	-	3,219
Rolling Budgets Reserve	85	-	(85)	-
Risk Protection	250	235	(200)	285
Business Continuity	150	-	(150)	-
	<b>1,485</b>	<b>3,254</b>	<b>(435)</b>	<b>4,304</b>
<b>Earmarked Reserve - Productivity</b>				
On Call - Support	400	-	-	400
Invest to Save	495	-	-	495
Innovation and Transformation	4,000	-	-	4,000
	<b>4,895</b>	<b>-</b>	<b>-</b>	<b>4,895</b>
<b>Earmarked Reserve - Specific Purpose</b>				
Unspent Government Grant - Covid 19	262	541	-	803
Operational Training Reserve	1,000	-	-	1,000
Learning & Development Programme	1,400	-	-	1,400
Community Safety Programme - Sprinkler Support	600	-	(120)	480
LGPS Deficit	884	-	(285)	599
	<b>4,146</b>	<b>541</b>	<b>(405)</b>	<b>4,282</b>
<b>Total Earmarked Reserves</b>	<b>10,526</b>	<b>3,795</b>	<b>(840)</b>	<b>13,481</b>



<b>2019/20</b>	<b>Balance at 1 April</b>	<b>Additions made in year</b>	<b>Transfer to General Fund</b>	<b>Balance at 31 March</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Earmarked Contingency Reserves</b>				
Demand Pressures	600	-	-	600
Taxbase and Collection Account Reserve	200	-	-	200
National Non-Domestic Rates Collection Reserve	200	-	-	200
Rolling Budgets Reserve	85	-	-	85
Risk Protection	250	-	-	250
Business Continuity	150	-	-	150
	<b>1,485</b>	<b>-</b>	<b>-</b>	<b>1,485</b>
<b>Earmarked Reserve - Productivity</b>				
On Call - Support	400	-	-	400
Invest to Save	495	-	-	495
Innovation and Transformation	1,960	2,040	-	4,000
	<b>2,855</b>	<b>2,040</b>	<b>-</b>	<b>4,895</b>
<b>Earmarked Reserve - Specific Purpose</b>				
Unspent Government Grant - Covid 19	-	262	-	262
Operational Training Reserve	1,000	-	-	1,000
Learning & Development Programme	-	1,400	-	1,400
Community Safety Programme - Sprinkler Support	313	339	(52)	600
LGPS Deficit	-	884	-	884
	<b>1,313</b>	<b>2,885</b>	<b>(52)</b>	<b>4,146</b>
<b>Total Earmarked Reserves</b>	<b>5,653</b>	<b>4,925</b>	<b>(52)</b>	<b>10,526</b>

## 10 Property, plant and equipment

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

<b>2020/21</b>	<b>Land and buildings</b>	<b>Vehicles, plant &amp; equipment</b>	<b>Assets under construction</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	125,524	39,094	694	-	165,312
Transfer from FAUC	952	1,749	(2,701)	-	-
Additions	-	-	2,759	-	2,759
Impairments	-	-	-	-	-
Reclassifications and transfers	(3,115)	-	-	2,203	(912)
Revaluation increases/(decreases) to Revaluation Reserve	547	-	-	-	547
Revaluation increases/(decreases) to surplus or deficit on the provision of services	199	-	-	-	199
Disposals	(1,078)	(5,169)	-	-	(6,247)
<b>At 31 March</b>	<b>123,029</b>	<b>35,674</b>	<b>752</b>	<b>2,203</b>	<b>161,657</b>
<b>Depreciation and impairment</b>					
At 1 April	10	27,030	-	-	27,040
Depreciation charge	2,596	2,398	-	52	5,046
Other movements in depreciation to the Revaluation Reserve	(2,453)	-	-	(52)	(2,505)
Other movements in depreciation to the surplus or deficit on the provision of services	(153)	-	-	-	(153)
Disposals	-	(5,158)	-	-	(5,158)
<b>At 31 March</b>	<b>-</b>	<b>24,270</b>	<b>-</b>	<b>-</b>	<b>24,270</b>
<b>Net Book value</b>					
At 31 March 2021	123,029	11,404	752	2,203	137,387
At 31 March 2020	125,514	12,064	694	-	138,272

<b>2019/20</b>	<b>Land and buildings</b>	<b>Vehicles, plant &amp; equipment</b>	<b>Assets under construction</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>
<b>Cost or valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	123,141	38,256	711	-	162,108
Transfer from FAUC	-	1,620	(1,621)	-	(1)
Additions	1,193	-	1,604	-	2,797
Impairments	(1,193)	-	-	-	(1,193)
Revaluation increases/(decreases) to Revaluation Reserve	1,998	-	-	-	1,998
Revaluation increases/(decreases) to surplus or deficit on the provision of services	385	-	-	-	385
Disposals	-	(782)	-	-	(782)
<b>At 31 March</b>	<b>125,524</b>	<b>39,094</b>	<b>694</b>	<b>-</b>	<b>165,312</b>
<b>Depreciation and impairment</b>					
At 1 April	10	25,384	-	-	25,394
Depreciation charge	2,476	2,407	-	-	4,883
Other movements in depreciation to the Revaluation Reserve	(1,892)	-	-	-	(1,892)
Other movements in depreciation to the surplus of deficit on the provision of services	(584)	-	-	-	(584)
Disposals	-	(761)	-	-	(761)
<b>At 31 March</b>	<b>10</b>	<b>27,030</b>	<b>-</b>	<b>-</b>	<b>27,040</b>
<b>Net Book value</b>					
<b>At 31 March 2020</b>	<b>125,514</b>	<b>12,064</b>	<b>694</b>	<b>-</b>	<b>138,272</b>
<b>At 31 March 2019</b>	<b>123,131</b>	<b>12,872</b>	<b>711</b>	<b>-</b>	<b>136,714</b>

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

<b>Class of asset</b>	<b>Asset life for depreciation purposes</b>
Buildings	8 to 75 years
Fire appliances	15 years
Cars and vans	3 to 6 years
Other operational vehicles	5 to 15 years
Operational equipment	5 to 20 years
IT equipment - Control	5 years
IT equipment	3 years

An analysis of the capital expenditure and the way it was financed is set out on page 13 note 9.

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

At 31 March 2021 a revaluation review of all properties was carried out and an increase has been reflected as appropriate.

## 11 Financial Instruments

### Financial Instrument Balances

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

	Non current		Current	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
<b>Investments</b>				
Investments	94	-	-	-
Cash & cash equivalents	-	-	12,719	17,692
<b>Debtors</b>				
Short-term debtors	-	-	648	561
<b>Creditors</b>				
Short term creditors	-	-	(2,910)	(3,385)
<b>Borrowings</b>				
Long term borrowing	(24,500)	(24,500)	-	-
Short term borrowing	-	-	(250)	(250)

Current debtors and creditors are valued at invoice value or equivalent. The fair value of these balances is estimated to be equivalent to their carrying value. The accounts include interest payable of **£1,173k** and interest income of **£16k**. The fair value of loans borrowed from the Public Works Loans Board (PWLB) is **£30.5m** compared to their book value of **£24.5m** (£29.8m, £24.5m in 2019/20). The fair value of loans is higher than the carrying amount because the Authority's portfolio of loans comprises fixed rate loans where the interest rate is higher than the prevailing rates at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

### Long term liabilities

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

Long term borrowing, as at 31 March, is analysed in the following table, according to repayment periods. The maturity of borrowing has been determined by reference to the earliest date on which the lender can require repayment. At 31 March 2021 the fair value of PWLB debt is **£30.5m** compared to £29.8m as at 31 March 2020.

2019/20	PWLB loans	2020/21
£000		£000
	<b>Repayment period</b>	
-	Between 1 - 2 years	<b>1,000</b>
2,000	Between 2 - 5 years	<b>2,000</b>
11,000	Between 5 - 10 years	<b>15,000</b>
11,500	Over 10 years	<b>6,500</b>
<b>24,500</b>	<b>Balance at 31 March</b>	<b>24,500</b>

The longest dated loan is one of **£4.5m** that runs until December 2034. The weighted average interest rate was 4.79% at 31 March (2019/20 4.79%).

## Fair Value – Methodology and Assumptions

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

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

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

## Nature of Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Authority's treasury management function, under policies approved by the Authority in the annual treasury management strategy. The strategy details the Authority's approach and principles for overall risk

management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of surplus cash.

## **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority ensures that its counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited. Deposits are not made with banks and financial institutions unless they are on an approved list. Lloyds Bank is included on the lending list as it acts as the banker to the Authority. Other money market funds, banks and similar institutions with high grade credit ratings may be used subject to the agreement of the Chief Finance Officer. The Authority requires any new counterparty to have a minimum of an 'A' Fitch rating. Fitch is an independent organisation providing a rating for each individual financial institution. The Authority does not generally hold funds for longer term investment. The maximum exposure to credit risk at 31 March 2021 was **£17.7m** as detailed in note 13 (£12.7m at 31 March 2020).

## **Liquidity Risk**

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

## **Refinancing and Maturity risk**

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

## **Market Risk**

The Authority's exposure to interest rate movements on its borrowings is limited to new arrangements. Advice from treasury management advisors on future interest movements is used to inform decisions concerning the timing of new loans. There is an interest rate risk if the Authority is required to replenish borrowings at a higher interest rate. The maturity of borrowing is spread to minimise this risk. The sensitivity to a 1% increase in interest rates across all borrowings would increase the charge to the income and expenditure account by £247.5k per annum.

## 12 Debtors

The analysis of Debtors is shown below:

2019/20 £000		2020/21 £000
220	Central government bodies	249
337	Other local authorities	-
2,259	Collection Fund	(838)
5,087	Pension Fund	2,157
1,312	Other entities and individuals	4,796
<u>9,215</u>		<u>6,364</u>

The aged debt analysis for trade debtors below shows that **£16k** (10%) of these debtors are past their due date for payment.

Aged analysis of sales ledger	£000	%
0 to 30 days	154	90
31 to 60 days	7	4
61 to 90 days	4	3
91 to 121 days	2	1
121+ days	3	2

Further details of the amounts due from billing authorities in respect of council tax and non domestic rates are shown in note 30.

## 13 Cash and cash equivalents

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

2019/20 £000		2020/21 £000
2,719	Bank current accounts	7,692
10,000	Cash equivalent investments	10,000
<u>12,719</u>		<u>17,692</u>

## 14 Assets held for sale

2019/20 £000		2020/21 £000
-	Balance at 1 April	-
-	Assets newly classified as held for sale	912
<u>-</u>	Balance at 31 March	<u>912</u>

Three day crew houses have been reclassified as assets held for sale.

## 15 Creditors

The analysis of Creditors is shown below:

2019/20 £000		2020/21 £000
(5,054)	Trade payables	(6,090)
(748)	Other payables	(862)
<u>(5,802)</u>		<u>(6,952)</u>

Further details of amounts due to billing authorities in respect of council tax and non domestic rates are shown in note 30.

## 16 Grant receipts in advance

The Authority has **£1,049k** grant receipts in advance (2019/20 £2,875k), of which **£1,027k** is for revenue and **£22k** for capital purposes.

## 17 Provisions

	Risk protection provision £000	Non- domestic rating appeals £000	Provision for payments to leavers £000	Provision for taxation on pension scheme £000	Total provisions £000
<b>Balance at 1 April</b>	<b>(100)</b>	<b>(843)</b>	<b>(182)</b>	<b>(56)</b>	<b>(1,181)</b>
Adjustment to opening balance	-	-	-	-	-
Additional provisions made in year	-	(110)	(28)	(25)	(163)
Amounts used in year	-	-	182	-	182
Unused amounts reversed in year	-	-	-	-	-
<b>Balance at 31 March</b>	<b>(100)</b>	<b>(953)</b>	<b>(28)</b>	<b>(81)</b>	<b>(1,162)</b>

The balance of the Risk Protection provision at 31 March 2021 was **£100k** (2020 £100k) and includes provision for claims for motor, employers' liability and public liability policies. From October 2008 the Authority's insured against third party claims on its motor policy. The provision includes an allowance for incidents in the period where claims have not yet been notified.

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

## 18 Usable reserves

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



## 18.1 General Fund

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

## 18.2 Capital receipts reserve

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

## 19 Unusable reserves

An analysis of the unusable reserves is shown below:

2019/20 £000		2020/21 £000
36,522	Revaluation Reserve	38,180
67,261	Capital Adjustment Account	67,401
(587)	Holiday Pay Account	(828)
467	Collection Fund Adjustment Account	(3,170)
(740,790)	Pensions Reserve	(924,685)
<u>(637,127)</u>		<u>(823,102)</u>

### 19.1 Revaluation reserve

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

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

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

2019/20 £000		2020/21 £000
33,381	<b>Balance at 1 April</b>	36,522
3,890	Upward revaluation of assets	3,052
3,890	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	3,052
(749)	Difference between fair value depreciation and historical cost depreciation	(853)
-	Accumulated gains on assets sold	(541)
(749)	Amount written off to the Capital Adjustment Account	(1,394)
<u>36,522</u>	<b>Balance at 31 March</b>	<u>38,180</u>

## 19.2 Capital adjustment account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000	2020/21 £000
66,858	67,261
<b>Balance at 1 April</b>	
<b>Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:</b>	
(6,075)	(5,046)
969	352
Charges for depreciation & impairment of non current assets	
(21)	(1,089)
Revaluation gains/(losses)	
749	1,394
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive income and Expenditure statement	
(4,378)	(4,389)
<b>Net written out amount of the cost of non current assets consumed in the year</b>	
<b>Capital financing applied in the year:</b>	
4,781	4,318
Statutory provision for the financing of capital investment charged against the General Fund balance	
4,781	4,529
67,261	67,401
<b>Balance at 31 March</b>	

## 19.3 Holiday pay account

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

2019/20 £000	2020/21 £000
(838)	(587)
251	(241)
(587)	(828)
Balance at 1 April	
Change in amounts accrued at the end of the current year	
Balance at 31 March	

## 19.4 Collection fund adjustment account

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

2019/20	2020/21
£000	£000
1,198 Balance at 1 April	467
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	
(731)	<b>(3,637)</b>
<u>467</u> Balance at 31 March	<u><b>(3,170)</b></u>

## 19.5 Pension reserve

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

2019/20	2020/21
£000	£000
(799,437) Balance at 1 April	<b>(740,790)</b>
71,338 Actuarial gains or (losses) on pension assets and liabilities	<b>(169,517)</b>
Reversal of items relating to retirement benefits debited or credited to the Surplus or deficit on the provision of Services	
(12,691)	<b>(14,378)</b>
<u>(740,790)</u> Balance at 31 March	<u><b>(924,685)</b></u>

## 20 Cash flow – Adjustment to surplus or deficit on the provision of services for non cash movements

2019/20		2020/21
£000		£000
(6,077)	Depreciation and impairments	(5,047)
969	Revaluation gains/(losses)	352
(540)	(Increase)/decrease in creditors	820
(331)	(Increase)/decrease in provisions	19
(19)	Increase/(decrease) in inventories	229
(447)	Increase/(decrease) in debtors	(2,856)
(10)	(Increase)/decrease in provision for bad debts	5
(12,691)	Movement in pension liability	(14,378)
121	Carrying amount of non-current assets sold	103
-	Other non cash adjustments	-
<b>(19,025)</b>		<b>(20,753)</b>

Included in the above is **£1,173k** interest paid and **£16k** interest received.

## 21 Governance expenses

Governance expenses paid to the Police, Fire and Crime Commissioner for Essex in 2020/21 totalled **£221k** (£215k for 2019/20).

## 22 Officers' remuneration

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2020/21 is listed below:

Remuneration band	Number of officers	
	2019/20	2020/21
£50,000 - £54,999	44	40
£55,000 - £59,999	29	48
£60,000 - £64,999	17	19
£65,000 - £69,999	10	9
£70,000 - £74,999	4	7
£75,000 - £79,999	7	1
£80,000 - £84,999	3	3
£85,000 - £89,999	3	4
£90,000 - £94,999	2	3
£95,000 - £99,999	2	2
£100,000 - £104,999	-	2
£115,000 - £119,999	-	1
£125,000 - £129,999	-	1
£130,000 - £134,999	3	-
£140,000 - £144,999	-	1
£150,000 - £154,999	1	-
£155,000 - £159,999	-	1

The tables below detail the individual remuneration of senior employee's for 2020/21 and 2019/20 respectively.

## 22.1 2020/21

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution
	Basic salary	Special allowances			
<b>2020/21</b>					
Chief Fire Officer and Chief Executive	£156,763	-	-	£1,724	-
Deputy Chief Fire Officer * **	£134,736	£5,688	-	-	£30,103
Director of Operations **	£114,953	£1,239	-	£1,724	£32,946
Assistant Chief Executive Officer - People Values and Culture **	£96,885	£1,239	-	-	£19,280
Director of Innovation, Risk and Future Development	£123,400	-	£3,172	£2,155	£35,539
Director of Corporate Services	£115,000	-	-	-	£22,885
Chief Finance Officer	£90,198	-	£4,151	-	£17,949

\* Special allowances relate to temporary acting up to CFO role.

\*\* Above roles started as permanent positions during the year, having been temporary in prior year.

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 22 (above).

## 22.2 2019/20

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution
	Basic salary	Special allowances			
<b>2019/20</b>					
Chief Fire Officer and Chief Executive	£152,939	-	-	£1,940	-
Deputy Chief Fire Officer	£125,591	£6,200	-	-	£34,972
Director of Operations	£93,018	£1,239	-	£1,940	£25,645
Assistant Chief Executive Officer - People Values and Culture	£93,339	£1,239	-	-	£15,121
Assistant Chief Fire Officer - Integrated Risk Management Plan and Service Improvement from 1st April to 14th August 2019	£42,367	-	£436	-	£13,755
Director of Innovation, Risk and Future Development	£120,980	-	£8,622	£1,940	£34,842
Director of Corporate Services	£115,000	-	£19,794	-	£18,630
Chief Finance Officer From 1st Jan to 31st March 2020	£22,059	-	£2,072	-	£3,573
Acting Chief Finance Officer from 1st April to 31st December 2019	£61,247	£1,500	£5,443	-	£10,165

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 22 (above).

## 23 External Audit costs

The Authority paid **£45k** (2019/20 £35k) for external audit services carried out by the appointed auditor.

## 24 Grant & Operational Income

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

2019/20 £000		2020/21 £000
	<b>Government Grant Income</b>	
3,516	Additional Pension Grant	3,517
-	Local Tax Income Guarantee Funding	3,019
1,227	Small Business Rate Relief	1,392
857	New Dimension	857
628	FireLink	642
110	ESMCP	-
55	Levy Account Surplus	-
39	New Burdens	-
291	Covid 19 Support	1,400
-	Other	25
<b>6,723</b>	<b>Government Grant Income</b>	<b>10,852</b>
	<b>Other Operational Income</b>	
135	Aerial Site Rental	133
138	Staff Secondments	205
103	Community Safety - Safer Essex Roads Partnership	95
81	Community Safety Youth Work- FireBreak courses	-
322	Shared Services/collaboration Income	424
129	Reimbursements from EFA(T) Trading Company	69
647	Other Operational Income	498
<b>1,555</b>	<b>Other Operational Income</b>	<b>1,423</b>
<b>8,278</b>	<b>Total Operational Income</b>	<b>12,275</b>

## 25 Related parties

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

**Central Government** - Central Government has effective control over the general operations of the Authority and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Central Government is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of general and specific grants (note 24). Funding from central government for the redistribution of national non-domestic rates and revenue support grant is identified in the Comprehensive Income and Expenditure Statement.

**Police Fire and Crime Commissioner** - The Police Fire and Crime Commissioner has direct

control over financial and operating policies and is responsible for setting the Fire and Rescue Plan. The Authority made net purchases from the PFCC in 2020/21 of £435k (£310k in 2019/20). This includes a recharge for a share of the cost for the PFCC. The Monitoring Officer for the Authority is also provided by the PFCC. At year end the Authority owed a balance of £170k to the PFCC (£154k in 2019/20).

**Senior Officers** - The total remuneration paid to senior officers is shown in note 22. Senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions. Two senior officers of the Authority also acted as directors for a wholly owned trading facility, EFA (Trading) Limited, see further details below.

**EFA (Trading) Limited** - The Authority has sole control over a company – EFA (Trading) Limited. The company was formed on 3<sup>rd</sup> February 2005, is limited by shares held by the Authority and on 31 December 2020 ceased to trade. During the year one of the directors, David Bill, also served as a senior officer of the Authority as Director of Innovation, Risk and Future Development. The Authority provided goods and services to EFA (Trading Limited) and received income of £240K (£427K in 2019/20).

**Essex County Council** - The Authority contracts with the County Council for the provision of various services and the amount paid for 2020/21 was £137k (£188k in 2019/20). The services purchased include pension administration and legal services.

## 26 Capital expenditure and capital financing

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

2019/20 £000	2020/21 £000
36,473	34,489
<b>Opening Capital Financing Requirement</b>	
<b>Capital investment</b>	
2,797	2,759
Property, plant and equipment	
<b>Sources of finance</b>	
-	(211)
Government grants and other contributions	
<b>Sums set aside from revenue:</b>	
(4,781)	(4,318)
Revenue provision for capital financing	
34,489	32,719
<b>Closing Capital Financing Requirement</b>	
<b>Explanation of movements in year</b>	
(1,984)	(1,770)
Increase/(Decrease) in underlying need to borrow	
(1,984)	(1,770)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	

## 27 Operating Leases

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

2019/20 £000		2020/21 £000
	Commitments under operating leases	
54	Property - Not later than one year	54
4	Vehicles - Not later than one year	27
10	Property - Later than one year and not later than five years	6
204	Vehicles - Later than one year and not later than five years	93
-	Property - Later than five years	-
272		180

## 28 Redundancy and early retirement costs – Exit packages

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

These costs are recognised only when the Authority is demonstrably committed to terminate the employment on affected employees. The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Packages	---Number of Staff ---		Total £000
	Compulsory	Other Departures	
<b>2020-21</b>			
up to £20K	1	-	21
£20K to £40K	1	1	59
£40K to £60K	2	-	51
<b>Total 2020-21</b>	<b>4</b>	<b>1</b>	<b>131</b>
<b>2019-20</b>			
up to £20K	-	2	36
<b>Total 2019-20</b>	<b>-</b>	<b>2</b>	<b>36</b>

The total cost of **£131k** above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.



## 29 Pensions

### 29.1 Participation in pension schemes

The Authority agreed to set up a stakeholder pension scheme for retained firefighters commencing from 1 January 1999. The employers' contribution was **£10** per retained firefighter per month and in 2020/21 this cost **£1k** (£1k in 2019/20).

On 1 April 2015 a new Firefighters' Pension Scheme was introduced, and the following notes include the data for the three schemes combined, 2015, 2006 and 1992. Employees' and employers' contributions into the Firefighters' Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund (see page 89). Government grant is payable to cover any shortfall on the Pension Fund account.

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

### 29.2 Transactions relating to retirement benefits

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

McCloud/Sargeant ruling on pension account disclosures

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

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

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

The following transactions have been made during the year:

	LGPS		Firefighters	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
<b>Net cost of services:</b>				
Service cost	4,060	5,663	15,346	16,224
Net interest on the defined liability (asset)	651	719	18,240	16,550
Administration expenses	18	41	-	-
Remeasurements in Other Comprehensive Income	(4,895)	8,540	(66,443)	160,977
<b>Net charge to the CIES</b>	<b>(166)</b>	<b>14,963</b>	<b>(32,857)</b>	<b>193,751</b>
<b>Adjustments between accounting basis &amp; funding basis under regulations:</b>				
Reversal of net charges made for retirement benefits in accordance with IAS 19	(4,729)	(6,423)	(33,586)	(32,774)
<b>Actual amount charged against the general fund balance for pensions in the year:</b>				
Employers' contributions payable to scheme	1,771	2,755	23,762	21,869

## 29.3 Assets and liabilities in relation to retirement benefits

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

- the Local Government Pension Scheme for civilian employees, administered by Essex County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.
- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2019. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

	LGPS		Firefighters	
	31/03/20	31/03/21	31/03/20	31/03/21
	£000	£000	£000	£000
<b>Opening Defined Benefit Obligation</b>	(84,865)	(81,006)	(771,628)	(715,009)
Current service cost	(4,060)	(5,511)	(17,554)	(15,980)
Interest cost	(2,023)	(1,677)	(18,240)	(16,550)
Change in assumptions	11,368	(24,955)	66,443	(155,035)
Liabilities assumed on settlements	-	-	-	-
Experience loss/(gain) on defined benefit obligation	(2,632)	988	-	(5,942)
Estimated benefits paid net of transfers in	1,953	1,766	27,134	25,346
Past service costs, including curtailments	-	(152)	2,208	(244)
Contributions by Scheme participants	(768)	(862)	(3,372)	(3,477)
Unfunded pension payments	21	21	-	-
<b>Closing Defined Benefit Obligation</b>	<b>(81,006)</b>	<b>(111,388)</b>	<b>(715,009)</b>	<b>(886,891)</b>

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

	LGPS		Firefighters	
	31/03/20	31/03/21	31/03/20	31/03/21
	£000	£000	£000	£000
<b>Opening fair value of Scheme assets</b>	56,894	54,972	-	-
Interest on assets	1,372	958	-	-
Return on assets less interest	(4,332)	15,427	-	-
Administration expenses	(18)	(41)	-	-
Contributions by employer including unfunded	1,771	2,755	23,762	21,869
Contributions by Scheme participants	768	862	3,372	3,477
Estimated benefits paid plus unfunded net of transfers in	(1,974)	(1,787)	(27,134)	(25,346)
Other actuarial gains/(losses)	491	-	-	-
Settlement prices received	-	-	-	-
<b>Closing fair value of Scheme assets</b>	<b>54,972</b>	<b>73,146</b>	-	-

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

## 29.4 Scheme history

LGPS	31/03/17	31/03/18	31/03/19	30/03/20	31/03/21
	£000	£000	£000	£000	£000
Fair Value of Assets in pension scheme	47,460	53,439	56,894	54,972	73,146
Present Value of Defined Benefit Obligation	(78,525)	(80,854)	(84,865)	(81,006)	(111,388)
Surplus/(deficit) in the Scheme	<b>(31,065)</b>	<b>(27,415)</b>	<b>(27,971)</b>	<b>(26,034)</b>	<b>(38,242)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of **£998.3m** (£796.0m 2019/20) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of **£924.7m** (£740.1m 2019/20).

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

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary; and
- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

The total contributions expected to be made to the Local government Pension Scheme by the Authority in the year to 31 March 2022 is **£2.9m**. Expected contributions for the Fire pension Scheme in the year to 31 March 2022 are **£8.6m**.

## 29.5 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Full actuarial valuations are carried out on a tri-annual basis. In the intervening periods the roll-forward approach is used where assumptions are

based on experience and estimates, rather than actual membership data to arrive at net pension liabilities. This approach does result in some level of estimation uncertainty in the intervening years but any differences are accounted for through Other Experience when actual membership data is used on each full tri-annual revaluation. The annual Fire Authority budget will make allowance for the firefighter’s pension scheme payments based on an estimate of when such payments fall due. The Authority’s budget is set taking the employer’s pension contribution into account and government grant is received to cover any shortfall in the account.

Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, has assessed both the Firefighters’ scheme and the Local Government Pension Scheme liabilities. The main assumptions used in their calculations are as follows:

	LGPS		Firefighters	
	2019/20	2020/21	2019/20	2020/21
<b>Mortality assumptions:</b>				
<i>Longevity at 65 for future pensioners:</i>				
Men	23.2 years	22.9 years	22.7 years	21.7 years
Women	25.2 years	24.7 years	24.9 years	24.2 years
<i>Longevity at 65 for current pensioners:</i>				
Men	21.8 years	21.6 years	21.0 years	20.5 years
Women	23.7 years	23.4 years	23.1 years	22.7 years
Salary Increase Rate	2.85%	3.85%	3.40%	3.85%
Rate of increase in pensions	1.85%	2.85%	1.90%	2.85%
Discount Rate	2.35%	2.00%	2.35%	2.00%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>				
Service to April 2009	50%	50%	50%	50%
Service post April 2009	50%	50%	50%	50%

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

	LGPS		Firefighters	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	£000	£000	£000	£000
Longevity (increase or decrease in 1 year)	116,427	106,574	932,295	843,762
Rate of increase in salaries (increase or decrease by 0.1%)	111,634	111,145	888,582	885,209
Rate of increase in pensions (increase or decrease by 0.1%)	113,563	109,261	901,143	872,914
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	109,000	113,831	871,118	902,984

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

	LGPS	
	31/03/20	31/03/21
	£000	£000
Equities	32,177	46,271
Bonds	5,700	5,422
Property	4,943	5,155
Cash	2,285	1,842
Alternative assets	6,332	8,407
Other managed funds	3,535	6,049
	<b>54,972</b>	<b>73,146</b>

## 29.6 Pensions Reserve

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

	LGPS		Firefighters	
	2019/20	2020/21	2019/20	2020/21
	£000	£000	£000	£000
<b>Opening balance:</b>	27,971	26,034	771,628	715,009
Current service cost	4,060	5,511	17,554	15,980
Interest cost	2,023	1,677	18,240	16,550
Changes in assumptions	(11,368)	24,955	(66,443)	155,035
Experience loss/(gain) on defined benefit obligation	2,632	(988)	-	5,942
Liabilities assumed on settlements	-	-	-	-
Past service cost, including curtailments	-	152	(2,208)	244
Contributions by employer including unfunded	(1,771)	(2,755)	(23,762)	(21,869)
Interest on assets	(1,372)	(958)	-	-
Return on assets less interest	4,332	(15,427)	-	-
Other actuarial gains/(losses)	(491)	-	-	-
Administration expenses	18	41	-	-
Settlement prices received	-	-	-	-
<b>Balance at 31 March</b>	<b>26,034</b>	<b>38,242</b>	<b>715,009</b>	<b>886,891</b>

There is a difference between the Firefighters' pension liability on the Balance Sheet and these tables as the above do not include accumulated movements for ill health £448k (£253k in 2019/20).

## 30 Council Tax and Non Domestic Rates

The Council Tax and Non Domestic (Business) Rates (NDR) income included on the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR

that must be included in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in reserves Statement. In addition, the Authority's Balance Sheet includes the Authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

The Council Tax figures for 2020/21 and 2019/20, respectively, are shown below:

<b>2020/21</b>				
<b>Authority</b>	<b>Council Tax</b>	<b>Council Tax</b>	<b>Council Tax</b>	<b>Council Tax</b>
	<b>Cash</b>	<b>Prepayments</b>	<b>Arrears</b>	<b>Bad Debt</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Provision</b>
				<b>£000</b>
Basildon	(260)	(380)	615	(81)
Braintree	(35)	(70)	263	(80)
Brentwood	(83)	(39)	237	(85)
Castle Point	(42)	(31)	193	(121)
Chelmsford	(331)	(72)	430	(54)
Colchester	1	(137)	288	(187)
Epping Forest	(143)	(91)	357	(168)
Harlow	3	(47)	471	(118)
Maldon	(17)	(40)	128	(38)
Rochford	22	(21)	91	(86)
Southend	(149)	(93)	340	(212)
Tendring	(146)	(103)	501	(174)
Thurrock	(113)	(29)	203	(118)
Uttlesford	(27)	(74)	142	(94)
<b>Total</b>	<b>(1,320)</b>	<b>(1,227)</b>	<b>4,259</b>	<b>(1,616)</b>

<b>2019/20</b>				
<b>Authority</b>	<b>Council Tax</b>	<b>Council Tax</b>	<b>Council Tax</b>	<b>Council Tax</b>
	<b>Cash</b>	<b>Prepayments</b>	<b>Arrears</b>	<b>Bad Debt</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Provision</b>
				<b>£000</b>
Basildon	(161)	(89)	508	(322)
Braintree	50	(60)	169	(42)
Brentwood	(47)	(46)	187	(86)
Castle Point	11	(31)	134	(94)
Chelmsford	(197)	(63)	331	(43)
Colchester	(12)	(128)	266	(140)
Epping Forest	9	(73)	215	(143)
Harlow	62	(47)	276	(102)
Maldon	57	(38)	90	(25)
Rochford	40	(19)	76	(60)
Southend	(68)	(69)	250	(143)
Tendring	63	(95)	293	(123)
Thurrock	(27)	(23)	147	(79)
Uttlesford	20	(65)	107	(50)
<b>Total</b>	<b>(200)</b>	<b>(846)</b>	<b>3,049</b>	<b>(1,452)</b>

The Non Domestic Rates figures for 2020/21 and 2019/20, respectively, are shown below:

<b>2020/21</b>					
<b>Authority</b>	<b>Provision for Business Rates</b>				<b>NDR Bad Debt</b>
	<b>NDR Cash</b>	<b>appeals</b>	<b>Prepayments</b>	<b>NDR Arrears</b>	<b>Provision</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Basildon	(226)	(156)	(17)	37	(19)
Braintree	(143)	(47)	(7)	16	(4)
Brentwood	(125)	(30)	(12)	36	(11)
Castle Point	(59)	(28)	(3)	5	(4)
Chelmsford	(317)	(132)	(18)	53	(32)
Colchester	(259)	(85)	(19)	58	(17)
Epping Forest	(124)	(56)	(10)	37	(12)
Harlow	(301)	(21)	(22)	75	(32)
Maldon	(49)	(44)	(5)	12	(2)
Rochford	(71)	(22)	(2)	6	(6)
Southend	(238)	(51)	(18)	41	(18)
Tendring	(126)	(43)	(7)	26	(10)
Thurrock	(327)	(186)	(2)	72	(31)
Uttlesford	(83)	(53)	(9)	41	(25)
<b>Total</b>	<b>(2,448)</b>	<b>(954)</b>	<b>(151)</b>	<b>515</b>	<b>(223)</b>

<b>2019/20</b>					
<b>Authority</b>	<b>Provision for Business Rates</b>				<b>NDR Bad Debt</b>
	<b>NDR Cash</b>	<b>appeals</b>	<b>Prepayments</b>	<b>NDR Arrears</b>	<b>Provision</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Basildon	113	(141)	(12)	21	(15)
Braintree	50	(42)	(3)	4	(1)
Brentwood	11	(30)	(6)	25	(12)
Castle Point	32	(32)	(1)	2	(2)
Chelmsford	92	(127)	(21)	29	(17)
Colchester	93	(82)	(14)	28	(12)
Epping Forest	68	(54)	(9)	21	(11)
Harlow	(31)	(28)	(8)	40	(23)
Maldon	16	(27)	(1)	7	(5)
Rochford	7	(11)	(2)	4	(3)
Southend	34	(55)	(9)	15	(6)
Tendring	69	(36)	(5)	11	(5)
Thurrock	158	(134)	(3)	25	(18)
Uttlesford	40	(44)	(8)	16	(8)
<b>Total</b>	<b>752</b>	<b>(843)</b>	<b>(102)</b>	<b>248</b>	<b>(138)</b>

## FIREFIGHTERS' PENSION FUND ACCOUNT

FOR THE YEAR ENDED 31 March 2021

2019/20 £000	2020/21 £000
<b>Contributions receivable</b>	
	from employer
(7,602)	normal contributions
(195)	early retirements
(3,377)	from members
<b>Transfers in</b>	
(121)	individual transfers in from other schemes
<b>Benefits payable</b>	
19,476	pensions
5,094	commutations and lump sum retirement benefits
<b>Payments to and on account of leavers</b>	
323	individual transfers out to other schemes
13,598	<b>Deficit for the year before top-up grant receivable from central government</b>
(13,598)	Top up grant payable by sponsoring department
-	<b>Net amount payable for the year</b>

## FIREFIGHTERS' PENSION FUND NET ASSETS STATEMENT

AS AT 31 March 2021

2019/20 £000	2020/21 £000
<b>Net current assets and liabilities</b>	
(5,087)	Top up payable to/(receivable from) sponsoring department
5,087	Amount owing to general Fund
-	-

## NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

### 1 Background

A new Firefighters' Pensions Scheme (2015) was introduced for regular and retained firefighters employed with effect from 1<sup>st</sup> April 2015. Responsibility for policy on the pension schemes rests with central government. The administration and payment of individual pensions under the three pension schemes and benefits is the responsibility of fire and rescue authorities.

Employees' and employers' contributions into the Pension Fund are determined by the Secretary of State on the advice of the Government Actuary who will have regard to the total cost of Scheme benefits. They will be reviewed regularly. The Authority also makes



additional contributions where Firefighters retire early on health grounds. Valuations of the Firefighters' Pension Schemes are expected to take place every 4 years.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2021.

## **2 Accounting policies**

### **2.1 Accounting convention**

The Pension Fund Statement of Accounts has been prepared on an accruals basis, except for transfers to and from the scheme which are accounted for on a cash basis, although cash equivalent transfer value regulations do not apply to transfers between Fire Authorities and in these circumstances a cash transfer value is not paid.

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

### **2.2 Contributions**

Normal contributions, both from the employees and from employers, are accounted for in the payroll month to which they relate. Ill-health, retirement contributions are accounted for when paid. The percentage of salary rates for employee contributions increased in April 2012.

### **2.3 Benefits payable**

Retirement benefits are accounted for on an accrual basis.

### **2.4 Transfers to / from other Schemes**

Transfers are accounted for when the payment is received or made.

### **2.5 Basis of preparation and International Financial Reporting Standards**

The Pension Fund Statement of Account summarises the transactions of the scheme and the net assets of the Fund. The accounts do not reflect obligations to pay pensions and benefits that fall due after the financial year. The liability of the Authority in respect of Firefighter pensions is reported in Note 29 to the Authority's accounts.

## **GLOSSARY OF TERMS**

### **1 Accounting period**

The length of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### **2 Accruals**

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

### **3 Actuarial gains and losses**

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

### **4 Asset**

An item having value to the authority in monetary terms. Assets are categorised as either current or fixed:

A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);

A fixed asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a community building, or intangible, e.g. computer software licences.

### **5 Assets held for sale**

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

### **6 Audit of accounts**

An independent review of the Authority's financial affairs.

### **7 Balance sheet**

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

### **8 Budget**

The forecast of net revenue and capital expenditure over the accounting period.

## **9 Capital expenditure**

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

## **10 Capital financing**

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

## **11 Capital programme**

The capital schemes the Authority intends to carry out over a specific period of time.

## **12 Capital receipt**

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

## **13 CIPFA**

The Chartered Institute of Public Finance and Accountancy.

## **14 Collection fund**

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

## **15 Consistency**

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

## **16 Contingent asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's accounts.

## **17 Contingent liability**

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

## **18 Creditor**

Amount owed by the Authority for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

## **19 Current service cost (pensions)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

## **20 Debtor**

Amount owed to the Authority for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

## **21 Deferred charges**

Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

## **22 Defined benefit pension scheme**

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

## **23 Depreciation**

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

## **24 Discretionary benefits (pensions)**

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

## **25 Equity**

The Authority's value of total assets less total liabilities.

## **26 Events after the balance sheet date**

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

## **27 Exceptional items**

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

## **28 Expected return on pension assets**

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **29 Extraordinary items**

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

## **30 Fair value**

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

## **31 Government grants**

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

## **32 Impairment**

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

## **33 Income and expenditure account**

The revenue account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

## **34 Interest cost (pensions)**

For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **35 Investments (pension fund)**

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

## **36 Liability**

A liability is where the Authority owes payment to an individual or another organisation.

A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.

A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

## **37 Liquid resources**

Current asset investments that are readily disposable by the Authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount; or traded in an active market.

## **38 Long term contract**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## **39 Materiality**

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

## **40 Minimum Revenue Provision (MRP)**

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

## **41 Net book value**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

## **42 Net debt**

The Authority's borrowings less cash and liquid resources.

## **43 Non-domestic rates (NDR)**

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

## **44 Non-operational assets**

Fixed assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

## **45 Operating lease**

A lease where the ownership of the fixed asset remains with the lessor.

## **46 Operational assets**

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

## **47 Past service cost (pensions)**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

## **48 Pension scheme liabilities**

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

## **49 Precept**

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

## **50 Prior year adjustment**

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## **51 Provision**

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

## **52 Public Works Loan Board (PWLB)**

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

## **53 Rateable value**

The annual assumed rental of a hereditament, which is used for NDR purposes.

## **54 Related parties**

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

## **55 Related party transactions**

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

## **56 Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

## **57 Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## **58 Residual value**

The net realisable value of an asset at the end of its useful life.

## **59 Retirement benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## **60 Revenue expenditure**

The day-to-day expenses of providing services.

## **61 Revenue support grant**

A grant paid by Central Government to authorities, contributing towards the general costs of their services.

## **62 Stocks**

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

## **63 Temporary borrowing**

Money borrowed for a period of less than one year.

## **64 Useful economic life (UEL)**

The period over which the Authority will derive benefits from the use of a fixed asset.