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

STATEMENT OF ACCOUNTS 2023/24
covering the period 1st April 2023 to 6th May 2024

NARRATIVE REPORT

1. Organisational Overview and External Environment

This narrative report provides an overview of the accounting arrangements and the financial and non financial performance of the Authority during 2023/24. It also acts as a guide to the most significant matters impacting on the Authority's finances and provides an explanation of the key financial statements assisting in making them easier to understand.

The functions of the Police, Fire and Crime Commissioner (PFCC) in North Yorkshire, were transferred by Parliamentary Order (The York and North Yorkshire Combined Authority Order 2023), to the Elected Mayor of York and North Yorkshire Combined Authority from 7th May 2024. The transfer of the PFCC functions to the Mayor mean that the legal entity known as the North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) ceased to exist as of 6th May and all staff, properties, rights and liabilities transfer to the Combined Authority. As the functions of the PFCC will continue, the accounts have been prepared on a going concern basis.

The requirement in section 3(3) of the Local Audit and Accountability Act 2014(98) for a relevant authority to prepare a statement of accounts for each financial year ending on 31st March is modified under section 39 of the Order whereby in the case of the North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) for the financial year which began on 1st April 2023, to prepare a statement of accounts from that date for the period ended 6th May 2024.

Significant progress has been made in stabilising the finances of the Fire Service since 2018, however the impact of the pandemic, the significant levels of inflation and higher than affordable pay awards, combined with a significant need to invest in the assets of the Service continues to create a very challenging financial environment for it to operate in. That being said, the budget approved by the former PFCC in February 2024 reflected that the budget for 2024/25 is being supported through the release of £339k from reserves, although it is important to recognise that the **release of these reserves are directly matched to non-recurring expenditure and are not being used to balance the budget**.

This means that the Service continues to be able to set a recurring balanced budget at the point of setting the 2024/25 Medium Term Financial Plan.

This Narrative Statement provides an overview of the financial performance for 2023/24 which resulted in an underspend of £342k after planned and necessary transfers to reserves.

Impact of increased interest rates and high inflation

These accounts cover a period that have seen interest rates increase from 4.25% at the start of the financial year to 5.25% by the end of the financial year. These increases are timed at reducing inflation which during the 13 months to May 2024 reduced from 10.1% in March 2023, to 2.3% by April 2024

Interest Rates

The PFCCFRA currently has just under £17.3m of loans in place - all of which are at fixed rates of interests and as such there is no exposure to the PFCCFRA from these increases in interest rates. Around 16.5% of these loans are due for repayment over the next 5 years and therefore refinancing significant proportions of the current loan portfolio is not a significant risk for the organisation either.

The current medium term capital programme to 2027/28 factors significant levels of borrowing just over £27m, that will be needed to fund much needed investment within the assets of the organisation over the next few years. Current interest rates are now 1-2% higher than the assumed levels of interest rates that are factored into the Medium Term Financial Plan and therefore this has the potential to add around £500k per annum to the interest payable bill by the end of the current financial planning cycle.

Given that borrowing has been undertaken at fixed interest rates. then there is an element of upside to higher interest rates to the PFCCFRA in terms of Treasury Management activities, with interest receivable on cash balances and investments being £141k higher than expected in 2023/24 (£331k versus a budget of £190k).

The budget for interest receivable for 2024/25 has been increased to £300k to reflect the higher expected interest rates throughout the year.

Inflation

The vast majority (70%) of the funding available to the PFCCFRA is spent on employment costs (i.e. Pay, National Insurance, Pensions etc.). The overall budget for 2024/25 includes an assumption for a Firefighter pay award of 3%, the actual agreed level is 4% from July 2024. In addition to this the annual retainer for an employee providing full cover is 15% of the appropriate annual basic pay from the 1st January 2025.
The impact of these higher than budgeted awards are expected to be additional costs of £420k in 2024/25 and almost £1.2m in 2025/26 and beyond.

The budget for 2024/25 includes sufficient funding for a 2.5% pay award for staff from April 2024 and while no agreement has yet been reached in this area the initial offer from the employer's side is higher than 2.5% and expected to add at least £60k of recurring additional costs to the previously balanced budget and MTFP.

Beyond pay budgets there were around £13m of 'non-pay' budgets in 2023/24, and while the inflationary pressures referred to earlier led to overspends in some areas, these areas were well set and expenditure was restrained resulting in a small underspend during 2023/24.

The budgets across these areas have been increased to around £14m in 2023/24, reflecting the continued increases and pressures that are expected. These will clearly need to be closely monitored throughout 2024/25 to ensure these are sufficient.

Given the significant likelihood of higher than budgeted costs across pay, the PFCCFRA has maintained a 'Pay, Price and Pension Reserve' of £0.9m. This reserve will be used as needed to address any short-term pressures so that longer term plans can be put in place to meet these costs on a recurring basis.

2. Governance

While there are significant Governance changes taking place post the 6th May 2024 Balance Sheet date of these accounts, much of the Governance up to this point was

unchanged from the previous year.
Further details on the Governance of the organisation is contained within the Annual Governance Statement which is published alongside these accounts.

3. Operational Model

In March 2022 the Service published its Community Risk Profile based on an extensive methodology which underpins the Risk and Resource Model. This was the most comprehensive assessment of risk ever conducted by North Yorkshire Fire and Rescue Service taking into account not only five years of incident data, but also demographic, socio-economic and infrastructure data, including partner data, to ensure a robust understanding of risk in our communities.
The Service brought proposals for the new Risk and Resource Model to the Commissioner who adopted five options to be taken to formal consultation.
In advance of the formal public consultation, a two-week staff engagement period was undertaken by the Service to inform its employees of the proposals to be taken forward.
Overall, over 1,400 people were engaged during the consultation across 12 public events; three resident focus groups were held to explore views; the Commissioner met with Councillors, firefighters, and interested parties; and over 1,300 people and organisations responded through the online consultation survey.
The conclusion of this consultation process was reflected in the final proposal put forward by the Service and agreed with the Commissioner in September 2022. The agreed Risk and Resource Model underpins the way the was that resources are allocated within the Service, the financial plans of the Service, and therefore ultimately how its services are, and will be, delivered up to 2025.

4. Police, Fire and Crime Plan and Annual Report

The Fire and Rescue Plan 2022-25 was in place during 2023/24 which sets out the strategic vision, priorities and objectives for North Yorkshire Fire and Rescue Service over that three year period including how it would better respond to the needs of the communities of North Yorkshire. The plan sets out the following 4 principles:

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

The PFCC has considered what is achievable for North Yorkshire Fire and Rescue Service in working towards achieving the ambition set out through these Principles over the next two to three years and has set outcomes that she will assess their progress against. These are:

- Actively engage with all communities to identify need and risk and to reassure.
- Work jointly as a trusted partner to prevent harm and damage, intervene early and solve problems.
- Deliver the “Right People, Right Support” every time.
- Maximise efficiency to make the most effective use of all available resources.
- Enhance positive culture, openness, integrity and public trust.

An Annual Report setting out progress against the Fire and Rescue Plan for 2022-25 will be reported to a future Police, Fire and Crime Panel and will be available on the PFCC website.

5. Performance

a) Summary of Revenue Spending 2023/24

The Authority incurred revenue expenditure during the year, in general spent on items consumed within the financial year which is financed from Precepts, Government Grants and other income. A forecast of outturn compared to budget with narrative detail is reported regularly to Management throughout the year. The Budget for 2023/24 and a comparison with the actual position as at 31st March 2024 is set out overleaf. Note that this table reports expenditure for the 12 month period to 1st April 2023 to 31st March 2024 in line with the management accounting arrangements in year and despite the extended financial year end required for statutory accounting purposes.

The Budget for 2023/24 approved in February 2023 included a planned transfer from reserves of £1.16m to support planned project expenditure. As a result of some specific expenditure aligned to reserves, the actual transfer at year end totalled £790k following which a net underspend of £372,000 is reported not factored into future financial plans.

Note 19 to the financial statements sets out the details of all earmarked reserve transfers in year. At the year end, the General Reserve remained at £1.075m (being 2.83% of the 2024/25 net Budget Requirement) and total cashable reserves stand at £5.764m. The agreed budget for 2024/25 will add a further £75k to General Reserves to bring this up to 3% of Net Budget Requirement.

SUMMARY OF REVENUE SPENDING	2023/24 Approved Budget	2023/24 Provisional Outturn	2023/24 Provisional Variance
Funding	**£'000**	**£'000**	**£'000**
Funding for Net Budget Requirement	(34,719)	(34,750)	(31)
Specific Grants	(4,833)	(5,245)	(412)
General Income	(718)	(1,328)	(610)
Total Funding	**(40,269)**	**(41,323)**	**(1,054)**
Expenditure			
Wholetime Firefighters	19,205	20,382	1,177
On Call Firefighters	4,000	3,651	(350)
Support Staff - Fire	1,596	1,396	(201)
Support Staff - Enable	2,830	2,964	134
Control Room Staff	891	921	29
Total Direct Staff Costs	**28,522**	**29,314**	**790**
Indirect Staff Costs	590	579	(11)
PFCC Staff Expenses	83	92	9
Premises	2,395	2,572	179
Transport	1,081	1,036	(45)
Supplies and Services	3,910	3,430	(479)
Operating Leases	2	1	(1)
External Service Agreements	263	281	18
PFI	1,709	1,782	71
Total Indirect Staff and Non Staff Costs	**10,033**	**9,774**	**(259)**
Pensions	**891**	**1,095**	**203**
TOTAL EXPENDITURE BEFORE CAPITAL CHARGES	**39,447**	**40,183**	**734**
Provision For Debt Repayment	1,044	1,003	(41)
External Interest	675	636	(38)
Revenue Contribution to Capital	265	291	26
Total Capital Charges	**1,985**	**1,930**	**(53)**
TOTAL EXPENDITURE	**41,432**	**42,113**	**681**
Over/(Under) Spend before Reserve Transfers	**1,161**	**790**	**(372)**
Planned Transfers to/(from) Reserves:			
RRM Implementation	(400)	(194)	206
ESMCP	(57)	0	57
HO Protection Uplift Grant	(321)	(38)	283
New Developments	(334)	(395)	(61)
Pay, Price & Pension Reserve	(27)	(143)	(116)
Collection Fund	(22)	(22)	(1)
Final Over/(Under) Spend	**0**	**0**	**0**

A summary of the major variances against budget which occurred during the year is set out in the paragraphs below:

Changes to Government grant receipts were confirmed following budget approval in February 2023 resulting in an additional £382k being received. This included £291k of

Protection Uplift (Grenfell) grant which reduced the contribution required from reserves in year. Additional grant income also included £50k of Business Rates Levy Surplus and £31k relating to the reconciliation of 2022/23 S31 Non Domestic rates grant.

Unbudgeted general income included £188k of Officer secondment income to fund the extension of two secondments approved post budget setting. In addition, as a result of increased interest rates in year, unbudgeted interest of £141k was received from short term investments. Other unplanned income included £100k from North Yorkshire Police in respect of use of the Fire estate and £122,000 from the sales of old vehicles.

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

The cost of unfunded vacancy cover provided by Wholetime Firefighters totalled £780k during the year. It is expected that this budget pressure will reduce in 2024/25 as new recruits move into fully operational roles across the Service and the Risk and Resource Model implementation continues to roll out across affected stations. Further unbudgeted staff costs were incurred on secondments (funded by income) and also payment of backdated arrears in relation to competency pay. In addition, a provision has been made for payments which may be due to the legal case, Bear Scotland Ltd v Fulton concerning the calculation of holiday pay.

There was a net overspend on the Premises budget in year. Whilst expenditure on Energy costs and Rates was £172k and £94k over budget respectively, the budgets for Building Maintenance underspent by £101k.

The Supplies and Services Budget underspent by £479k across a number of areas:

- Non pay budgets underwent a review in September which identified £87k of net savings
- ICT - £277k including £126k of future refunds expected from Airwave following the decision of the Competition and Markets Authority (CMA) regarding charge control.
- There was an underspend on Insurance Premiums of £32k following policy renewals after budget setting.
- Operational Equipment underspent by £37k including the impact of year end stock levels being £22k higher than forecast.
- Contracted Services underspent by a net £42k including Estates Consultancy which did not occur due to delays in completing the Building Condition Survey in year impacting on both revenue and capital building works.

The PFI contract overspent by £71k due to an increase in RPI in excess of the budget set.

Pensions costs chargeable to the revenue budget were £203k overspent due to four unbudgeted Ill Health Retirements in year.

Unplanned slippage on the capital programme at the end of 2022/23 resulted in a lower amount of funding (by £4k) to be set aside for the repayment of debt in 2023/24.

b) Summary of Capital Spending 2023/24

In the period 1st April 2023 to 31st March 2024, the Authority spent £5.308m on capital expenditure and a comparison with the revised Capital Plan is set out below:

	2023/24 Approved Budget £'000	Additional Slippage from 2022/23 £'000	2023/24 New Approved Changes £'000	2023/24 Slippage into future years £'000	2023/24 Revised Estimate £'000	2023/24 Forecast Outturn £'000
Vehicles						
Fire Appliances	3,696	0	0	(1,811)	1,885	2,163
Vans & Support Vehicles	536	341	0	(33)	844	839
4 x 4 Vehicles	771	0	0	(771)	0	0
P&P Investment	155	0	0	(134)	21	34
Incident Command Unit	60	0	0	0	60	15
Water Rescue Boats	0	0	31	0	31	25
Off Road (Agrocat)	45	0	0	0	45	28
Cars	570	0	259	(104)	725	679
Telematics	30	0	14	(30)	14	0
Bikes	0	0	8	0	8	8
Trailers	0	0	0	0	0	5
Sub Total Vehicles	**5,862**	**341**	**311**	**(2,882)**	**3,632**	**3,795**
Estates						
Capital Works	352	0	0	0	352	217
Training Towers Renewal Programme	240	0	0	0	240	0
Ripon Alterations	600	0	0	(303)	297	297
Inclusivity Programme	585	0	103	0	688	647
Lofthouse Refurbishment	110	0	0	0	110	0
Gym Facilites	0	0	24	(7)	17	17
Sub Total Estates	**1,887**	**0**	**127**	**(310)**	**1,704**	**1,178**
Information Technology:						
Mobilising, Telephony & Bearers	243	9	0	(60)	192	192
Major IT Schemes	100	0	0	0	100	0
Ancillary Hardware & Software	275	0	60	(173)	162	143
Sub Total Information Technology	**619**	**9**	**60**	**(233)**	**454**	**335**
APPROVED CAPITAL EXPENDITURE	**8,368**	**350**	**498**	**(3,425)**	**5,791**	**5,308**
Subject to approval						
Estates						
Malton - New Station	1,613	0	0	(1,613)	0	0
Further EDI Works	500	0	(200)	0	300	0
	2,113	**0**	**(200)**	**(1,613)**	**300**	**0**
TOTAL CAPITAL EXPENDITURE	**10,481**	**350**	**298**	**(5,038)**	**6,091**	**5,308**

The Capital Plan approved in February 2023 was £8.368m. Slippage at the end of 2022/23 resulted in £350k being added to the programme alongside a further £469k being added due to in year decisions primarily relating to cost pressures on the Equality, Diversion and Inclusion Estates programme and the replacement of Officer Vehicles.

The revised programme also takes into account the requirement to carry forward slippage into future years of £3.425m. Of this amount, £1.811m relates appliances ordered prior to 31st March 2024 caused by delays in delivery, and £771k whilst Risk and Resource Model investment decisions on 4 x 4 models are awaited.

The revised programme underspent primarily due to changes in planning of Estates' capital works in the areas of Training Towers renewal programme and the refurbishment of Lofthouse Fire Station.

c) Capital Funding and Borrowing

Capital expenditure in 2023/24 was funded as follows:

EXPENDITURE	£000
Vehicles	3,795
Estates	1,178
Information Technology	335
TOTAL EXPENDITURE	5,308

FUNDING	£000
Capital Contributions	164
Capital Reserve	1,055
Internal Borrowing	4,090
External Borrowing	0
TOTAL FUNDING	5,308

Total external borrowing at 6th May 2024 was £17,292,000, all of which has been for capital purposes, and is equivalent to £20.98 per head of population. New external borrowing of £3,000,000 was taken in May 2024 to fund elements of the capital programme in 2024/25 and also to finance previous years' capital expenditure that had been funded from internal cash balances.

d) Non Financial Performance Data

(i) Incidents

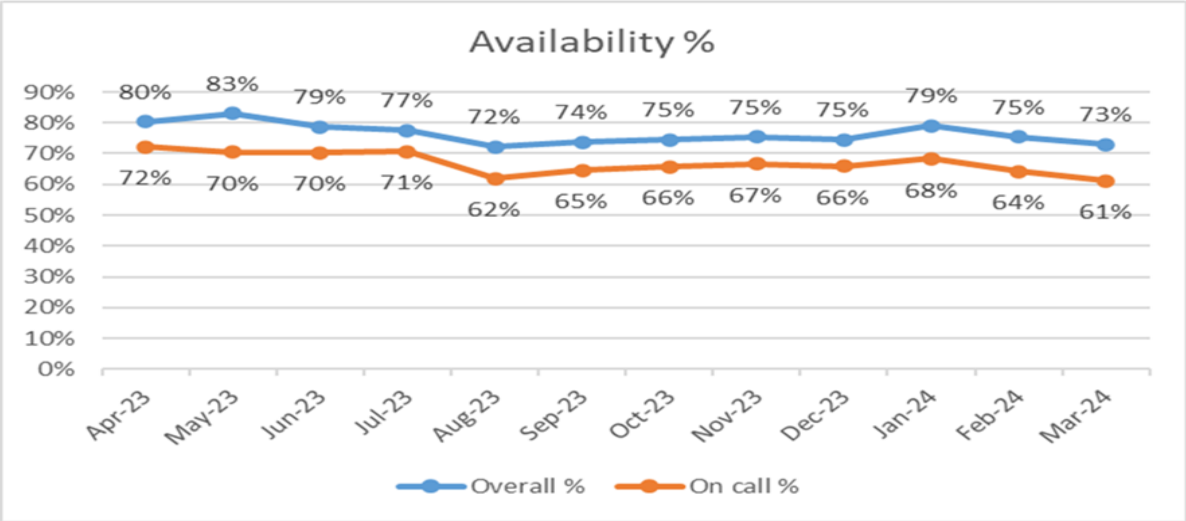
Overall in 2023/24 the Service attended 636 (8%) less incidents compared to 2022/23 as shown in the tables below:

Total Number of incidents attended	2023/24 7,559	2022/23 8,195	Change -636	Change -8%
Fires	1,561	2,118	-557	-26%
Special Services (e.g. people trapped in vehicles)	2,785	2,661	124	5%
False Alarms	3,213	3,416	-203	-6%

(ii) Fire engine availability

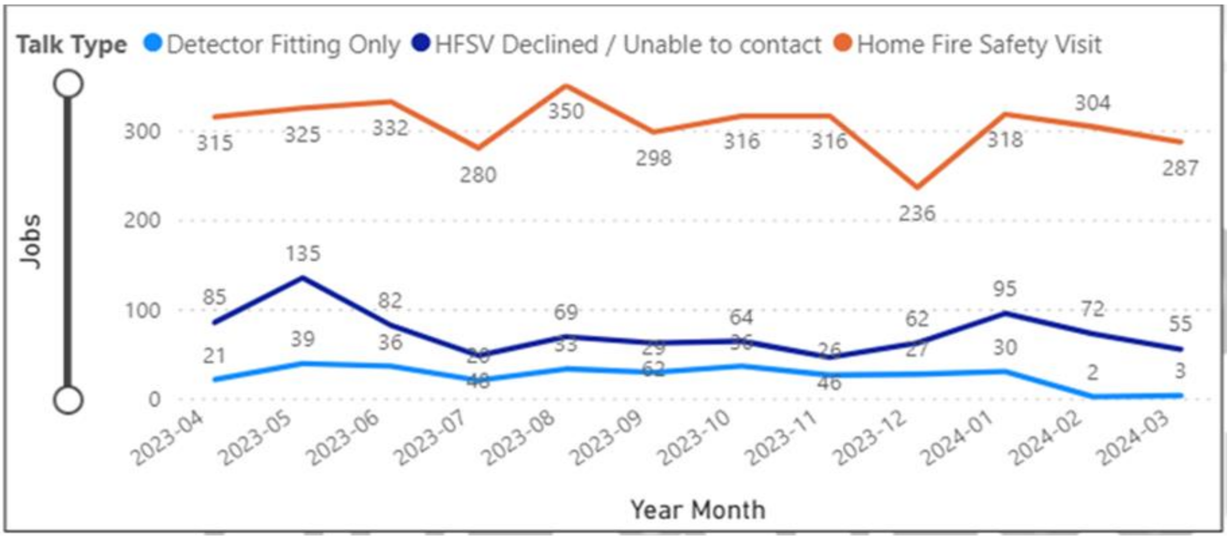
In 2023/24, overall fire engine availability has increased by 5% compared to the previous year whilst On Call fire engine availability specifically, decreased by 8%.

Fire Engine Availability	2023/24	2022/23
Overall Availability	81%	76%
On Call Availability	75%	67%



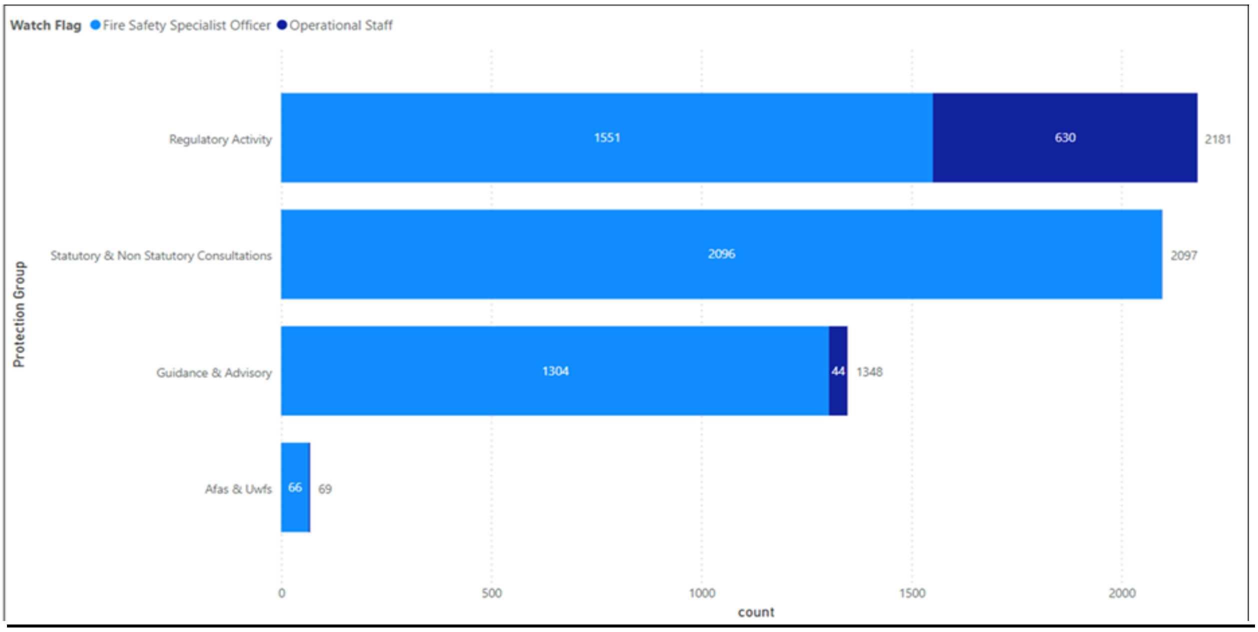
Managing fire engine availability is a continuous focus for the Service. A specific On Call recruitment officer is in the role to improve recruitment and availability and business planning arrangements are in place to manage fire engine availability as required.

(iii) Prevention (Community Safety)



The overall number of Home Fire Safety Visits (HFSV) completed in this period was 3,979. Based on current practice within the Service, the number of HFSVs delivered each month will always fluctuate due to a number of factors including the number of referrals received from partner agencies and declined visits. Work is ongoing to identify trends in relation to visits that are declined, or where the Service is unable to contact a referral to book a visit. Overall, HFSV activity has increased by 9% on the same reporting period last year. Quality assurance of HFSV activity is undertaken to ensure visits are carried out to the expected standard and to identify development areas and future training requirements.

(iv) Protection (Business Fire Safety)



5,694 Fire Safety jobs were completed in 2023/24, an 8% decrease compared to 2023/24. This is due to a premises data cleansing project within the data management system, resulting in a reduction in the allocation of audits to non-specialist staff.

Statutory and non statutory consultations have increased by 43% compared to 2022/23. This is a result of the increase in businesses and newly built estate post-pandemic. All consultations have been completed within the agreed timeframes.

Guidance and advisory activity has increased by 13% compared to 2022/23.

Unwanted fire signals follow-up work continues to focus on premises that have more frequent Automatic Fire Alarms (AFA) activations. There has been a 54% decrease in this reporting period and the revised AFA policy has had a positive impact on the reduction of activations.

6. Outlook

Our Service area is one of the largest in England covering more than 3,200 square miles (which equates to approximately 7.5% of England's geographic area) and over 6,000 miles of road. We have 38 stations covering this area, which is only 82 square miles less than all the Metropolitan services and London Fire Brigade's service areas combined. We recognise that our risk profile is vastly different from those heavily populated urban services, as our area is sparsely populated but there are still over 340,000 households and over 830,000 residents. Our area has isolated rural settlements and farms, market towns, and larger urban areas such as York, Harrogate, and Scarborough with the associated societal risk and vulnerability. The City of York is also home to over 21,000 students, with two universities and more than 20 million visitors come to our area each year. The current funding model does not take account of this. Our primary challenge as a service is balancing our ambition and improvement journey with maintaining financial security and sustainability. Our improvements need to be innovatively generated, with clear leadership for delivery, rather than financially generated. Since governance transfer, we have identified significant savings and efficiencies whilst managing to protect essential frontline services. We have progressed collaboration at pace, but to avoid overspend we have had to reduce the capital investment programme, preventing much needed modernisation of our estate, fleet, and equipment. The current funding formula does not account for geographic expanse or wider risks such as climate change. As a service familiar with wildfires and wide area flooding, we need to maintain suitable assets to respond to these risks, as evidence suggests these will become more frequent and severe. As a service our ambitions are constrained in parts by our budget, we continue to face significant financial pressure, despite an enormous drive locally for increased productivity and efficiency. We continue to 'save to survive' rather than having the ability to 'invest to improve' delaying much needed additional public value, efficiency and effectiveness.

7. <u>Basis and Preparation of the Statement of Accounts</u>

The Statement of Accounts cover the year ended 6th May 2024 and are in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (The Code) issued by CIPFA and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by the Code. The Code is based upon International Financial Reporting Standards (IFRS). The Statements required by the Code are detailed below along with the objective of each:

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

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

An example of expenditure included within the accounting cost but not funded from precept is the cost of depreciation on the Authority's Property, Plant and Equipment of £2.139m in 2023/24 charged to the net cost of services within the Comprehensive Income and Expenditure Statement (CIES). However, this charge is not funded from Council Tax, nor is it included in the Net Service Expenditure reported within the Summary of Revenue Spending in paragraph 5 of this Narrative Report. A reconciliation of how the Net Service Expenditure relates to the amounts included within the CIES is shown within the Expenditure and Funding Analysis in Note 6 to the financial statements.

c) the **Balance Sheet** shows the values as at 6th May 2024 of the assets and liabilities recognised by the Authority.
The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category is 'usable reserves' i.e. those that can be used to provide services, subject to the need to maintain a prudent level of

reserves and any statutory limitation on their use (for example, the Usable Capital receipts reserves may only be used to fund capital expenditure or repay debt). The second category is 'unusable reserves' which cannot be used to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available if the assets are sold; and reserves which hold timing differences which are shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

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

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

e) the **Pension Fund Accounts** show the income and expenditure during the financial year of the Firefighters Pension Fund and the financial position of the Fund on 6th May 2024.

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

Changes in accounting policies
There have been no changes in accounting policies during the financial year.

Accounting Standards that have been issued but not yet adopted by the Authority
The authority is required to disclose information relating to the impact of an accounting change that will be required by a new standard which has been issued but not yet adopted. One such change impacting on the Authority's financial statements in 2024/25 is **IFRS16 Leases:**
Mandatory implementation of IFRS16 Leases is required by all Local Authorities for the financial year 2024/25. The main impact of the standard is to remove (for lessees) the traditional distinction between finance and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using acquisition approach, recognising the rights acquired to use the asset. Whilst it is currently not anticipated that IFRS16 as regards the treatment of operating leases will impact significantly on the Authority, the standard also applies to the measurement of the lease liability for PFI arrangements.

Under the current standard for PFI contracts (IAS17), liabilities are not remeasured when the value of payments changes in a way which is not predetermined in the lease contract, for example, where payments are increased in line with an inflation index such as RPI. The increase in payments arising from indexation is treated in the same way as finance costs and expensed in the period to which it relates. Under IFRS 16 a different treatment is applied; where indexation or changes in a rate affect future payments, the lease liability is remeasured. Instead of expensing the additional (or reduced) payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

The current position (under IAS17) as regards the outstanding liability of the PFI contract as at 6th May is set out in note 11 to the financial statements:

The balance outstanding as at 6th May is disclosed as follows on the Balance Sheet:

	£000
Payable within one year - included with Short Term Creditors	299
PFI Obligations - long term liability	697
	996

The impact of the application of IFRS16 on the financial statements of 2024/25 will be an increase in the opening liability as at 1/4/2024 by £959k to reflect the increase in payments made under the contract due to RPI of 4.5% (February 2024) being applied. Under IFRS16, because the liability has been remeasured to reflect the increased unitary charge attributable to the assets, both the finance costs and principal to be repaid have also increased:

	£000
Balance outstanding at 6/5/24	996
IFRS 16 remeasurement	959
Payments made during year	(551)
Balance outstanding 31/5/25	**1,405**

The accounting entries required to reflect the increase in liabilities under the transition to IFRS16 are:

Remeasuring lease liability:	£000	£000
Dr Property, Plant & Equipment	959	
Cr Short term Creditors		251
Cr Long term Creditors		708
	959	**959**

Accounting for any increase/decrease in the revaluation of PFI assets as advised by the Valuers in 2024/25 would take into account the increase in the Historical Cost of the assets of the £959k adjustment above.

8. <u>Further Information</u>

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

The Annual Governance Statement is published alongside the Statement of Accounts on PFCC's website at the following link:
[Annual governance statement - Fire]
This explains how the PFCC has complied with its Code of Corporate Governance during the year and also meets the requirements of the Accounts and Audit regulations in relation to the publication of a statement of internal control.

Following the review of the effectiveness of the governance framework during 2023/24, governance and decision making processes continue to be regarded as fit for purpose in accordance with the governance framework. There are, however, a number of issues that the Authority recognises of a significant nature that need to be urgently addressed during 2024/25, along with a number of areas that require continued focus to ensure that they do not become significant issues in future years. For the period ended 6th May 2024, the Head of Internal Audit opinion is that the organisation does not have an adequate framework of risk management, governance and internal control.

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

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

M Porter - Assistant Director of Resources, York and North Yorkshire Combined Authority

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Mayor exercising his Police, Fire and Crime Commissioner responsibilities is required:

a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Assistant Director of Resources of York and North Yorkshire Combined Authority.
b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
c) to approve the Statement of Accounts.

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

In preparing this statement of accounts, the Assistant Director of Resources has:

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

Approval of the Statement of Accounts

I certify that the financial statements set out on pages 19 to 79 present a true and fair view of the financial position of North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) as at 6th May 2024 and its income and expenditure for the year then ended.

Signed: M. Porter ……………………………………………….. Date: 17th June 2024
M Porter
Assistant Director of Resources, York and North Yorkshire Combined Authority

The Statement of Accounts was approved by the Mayor for York and North Yorkshire Combined Authority:
Signed: ……………………………………………….. Date: …………………….
D Skaith
Mayor for York and North Yorkshire Combined Authority

MOVEMENT IN RESERVES STATEMENT 2023/24

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Unusable Reserves (Note 21) £000	**Total Authority Reserves £000**
Balance at 31 March 2023	**1,075**	**6,284**	**16**	**-**	**7,373**	**(286,626)**	**(279,251)**
Movements in Reserves during 2023/24							
Total Comprehensive Income and Expenditure	**(13,553)**	**-**	**-**	**-**	**(13,553)**	**18,898**	**5,344**
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	12,724	-	-	-	12,724	(12,724)	0
Net increase/(decrease) before Transfers to earmarked reserves	**(830)**	**-**	**-**	**-**	**(830)**	**6,174**	**5,344**
Transfers to / (from) Earmarked Reserves (**Note 19**)	829	(1,595)	-	-	(765)	765	**-**
Increase / (Decrease) in 2023/24	**-**	**(1,595)**	**-**	**-**	**(1,595)**	**6,939**	**5,344**
Balance at 6 May 2024 carried forward	**1,075**	**4,689**	**16**	**-**	**5,779**	**(279,690)**	**(273,911)**

MOVEMENT IN RESERVES STATEMENT 2022/23

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	**Total Usable Reserves £000**	Unusable Reserves (Note 21) £000	**Total Authority Reserves £000**
Comparative Year:							
Balance at 31 March 2022	**1,075**	**7,241**	**16**	**-**	**8,332**	**(412,427)**	**(404,095)**
Movements in Reserves during 2022/23							
Total Comprehensive Income and Expenditure	**(15,067)**	**-**	**-**	**-**	**(15,067)**	**139,911**	**124,844**
Adjustments between accounting basis & funding basis under regulations (**Note 5**)	14,600	-	-	-	14,600	(14,600)	**-**
Net increase/(decrease) before transfers to earmarked reserves	**(468)**	**-**	**-**	**-**	**(468)**	**125,311**	**124,844**
Transfers to / (from) Earmarked Reserves (**Note 19**)	468	(957)	-	-	**(489)**	488	**-**
Increase / (Decrease) in 2022/23	**-**	**(957)**	**-**	**-**	**(957)**	**125,799**	**124,844**
Balance at 31 March 2023 carried forward	**1,075**	**6,284**	**16**	**-**	**7,373**	**(286,626)**	**(279,251)**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT 2023/24

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000		2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
41,908	(6,355)	35,552	Fire Services	41,994	(6,426)	35,567
41,908	**(6,355)**	**35,552**	**Net Cost Of Services**	**41,994**	**(6,426)**	**35,567**
			Other Operating Expenditure			
10	0	10	(Gain)/loss on the Disposal of non current assets	33	0	33
10	**0**	**10**		**33**	**0**	**33**
			Financing and Investment Income and Expenditure			
842	-	842	Interest Payable and similar charges (**Note 29**)	1,167	-	1,167
11,482	-	11,482	Net interest on the net defined pension liability (**Note 28**)	15,805	-	15,805
-	(107)	(107)	Interest receivable and similar income (**Note 29**)	-	(343)	(343)
12,324	**(107)**	**12,217**		**16,972**	**(343)**	**16,628**
			Taxation and Non-Specific Grant Income			
-	(23,498)	(23,498)	Council tax income	-	(27,478)	(27,478)
-	(2,732)	(2,732)	Non domestic rates	-	(2,963)	(2,963)
-	(6,482)	(6,482)	Non ring-fenced government grants (**Note 24**)	-	(8,070)	(8,070)
-	-	-	Capital grants and contributions (**Note 24**)	-	(164)	(164)
0	**(32,711)**	**(32,711)**		**0**	**(38,676)**	**(38,676)**
		15,067	**(Surplus) or Deficit on Provision of Services**			**13,553**
		(2,528)	Surplus or deficit on revaluation of non current assets (**Note 21a**)			(2,348)
		(137,383)	Remeasurements of the net defined benefit liability (**Note 28**)			(16,550)
		(139,911)	**Other Comprehensive Income and Expenditure**			**(18,898)**
		(124,844)	**Total Comprehensive Income and Expenditure**			**(5,344)**

BALANCE SHEET AS AT 6th MAY 2024

31 Mar 2023 £000		Note	6 May 2024 £000
	Property, Plant & Equipment	**7**	
34,370	Land & Buildings		37,187
6,851	Vehicles		7,425
1,514	Plant & Equipment		1,473
-	Assets Under Construction		2,266
42,734			**48,351**
381	Intangible Assets - Software	**8**	303
66	Long Term Debtors	**14**	64
43,181	**Long Term Assets**		**48,718**
225	Inventories	**13**	255
5,677	Short Term Debtors	**14**	5,824
6,685	Cash and Cash Equivalents	**15**	3,591
12,586	**Current Assets**		**9,669**
(1,667)	Short Term Borrowing	**30**	(884)
(4,789)	Short Term Creditors	**16**	(5,308)
0	Short Term Provisions	**17**	(141)
(6,455)	**Current Liabilities**		**(6,333)**
(14,341)	Long Term Borrowing	**30**	(16,589)
-	Other Long Term Liabilities		-
-	Long Term Creditors	**16**	-
(313,026)	Pensions Liability	**28**	(308,520)
(88)	Finance Lease obligations	**12**	0
(1,029)	PFI Obligations	**11**	(697)
(83)	Provisions	**17**	(161)
(328,567)	**Long Term Liabilities**		**(325,966)**
(279,252)	**Net Assets**		**(273,911)**
	Usable Reserves		
16	Usable Capital Receipts Reserve	**20**	16
1,075	General Fund Balance		1,075
6,284	Earmarked Reserves	**19**	4,688
7,374			5,779
	Unusable Reserves	**21**	
8,957	Revaluation Reserve	**(a)**	11,142
17,321	Capital Adjustment Account	**(b)**	18,010
(313,026)	Pensions Reserve	**(c)**	(308,520)
146	Collection Fund Adjustment Account	**(d)**	(316)
(24)	Accumulated Absences Account	**(e)**	(6)
(286,626)			(279,690)
(279,252)	**Total Reserves**		**(273,911)**

CASHFLOW STATEMENT FOR YEAR ENDED 6th MAY 2024

Restated 2022/23 £000		2023/24 £000
	Operating Activities	
	Taxation	
23,400	- Council Tax Income	27,643
1,850	- Non Domestic Rates Income	2,936
	Grants	
5,619	- General Government Funding	8,013
10,788	- Other Government grants	12,257
2,345	Cash received for goods and services	4,235
67	Interest received	380
44,069	**Total Operating Activities cash in flows**	55,465
(14,126)	Cash paid to and on behalf of employees	(17,552)
(10,389)	Cash paid to suppliers of goods and services	(15,053)
(812)	Interest Paid	(1,075)
(20,476)	Other payments for operating activities (**Note 26**)	(21,175)
(45,804)	**Total Operating Activities cash out flows**	(54,855)
(1,734)	**Net Cash Flow from Operating Activities**	**610**
	Investing Activities	
(1,370)	Purchase of PPE and intangible assets	(4,603)
-	Proceeds from the sale of PPE and intangible assets	-
-	Other receipts from investing activities	-
-	Capital grants/contributions received	(30)
(1,370)	**Net cash flows from Investing Activities**	**(4,633)**
	Financing Activities	
4,500	Cash receipts of short and long term borrowing	3,000
(0)	Other receipts from financing activities (**Note 27**)	(124)
(238)	Cash payments for the reduction of the outstanding liability relating to finance leases and on balance sheet PFI contracts (principal)	(361)
(396)	Repayments of short and long term borrowing	(1,586)
3,866	**Net cash flows from financing activities**	**930**
761	**Net increase or (decrease) in cash and cash equivalents**	**(3,094)**
5,924	Cash and cash equivalents at the beginning of the reporting period (**Note 15**)	6,685
6,685	**Cash and cash equivalents at the end of the reporting period (Note 15)**	**3,591**

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

(a) Accounting Concepts

The code requires an authority to disclose its significant accounting policies in the notes to the financial statements. This is to have two elements:

- Disclosure of the measurement basis (or bases) used in the preparation of the financial statements. The Authority uses the convention of historical cost modified by the use of current and fair value for particular categories of assets and liabilities as set out in the relevant policies below.

- Disclosure of the other accounting policies used that are relevant to an understanding of financial statements.

The functions of the Police, Fire and Crime Commissioner (PFCC) in North Yorkshire, were transferred by Parliamentary Order (The York and North Yorkshire Combined Authority Order 2023) to the Elected Mayor of York and North Yorkshire Combined Authority from 7th May 2024. The transfer of the PFCC functions to the Mayor mean that the legal entity known as the North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) ceased to exist as of 6th May 2024 and all staff, rights and liabilities transferred to the Combined Authority. As the functions of the PFCC will continue, the accounts have been prepared on **a going concern basis**.

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

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

(b) Property, Plant and Equipment

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

(i) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when incurred. In accounting for non current asset acquisitions, a de minimis level of £10,000 is set and where capital expenditure is de minimis, this is charged direct to cost of services.

(ii) Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

(iii) Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their 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 by:

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

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

(iv) Impairment

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

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

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

(v) Depreciation

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

assets under construction).

Depreciation is calculated on the following bases:

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

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

(vi) Disposals and Non Current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non current assets.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

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

(c) <u>Intangible Assets</u>

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

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

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

Charges to Revenue for Non Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution (the Minimum Revenue Provision) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(d) Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts in advance within Creditors. When no conditions exist or have been satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non Specific Grant Income (non ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve until it is applied. Once applied, it is transferred to the Capital Adjustment Account.

(e) Cash and Cash Equivalents

Cash is represented by cash in hand. Cash equivalents are deposits invested on behalf of the Authority by North Yorkshire Council as part of a blanket investment fund in accordance with the Treasury Management Service Level Agreement. These deposits are readily convertible to known amounts of cash with insignificant risk of change in value.

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

(f) Leases

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

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

Finance Leases

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

Lease payments are apportioned between:

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

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

Operating Leases

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

(g) Accruals of Income and Expenditure

Both the revenue and capital accounts of the Authority are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or payable by the Authority during the year are included in the accounts whether or not the cash has actually been received or paid in the year. A de minimis limit of £5,000 is applied to this process.

(h) Inventories

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

(i) Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

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

(ii) Contingent Liabilities

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

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

(iii) Contingent Assets

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

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

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

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

Loans and Receivables

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

Expected Credit Loss Model

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

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

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

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

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

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

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

(l) Exceptional and Extraordinary items and Prior Period Adjustments

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

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

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

(m) Reserves

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

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

(n) Employee Benefits

(i) Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

(ii) Termination Benefits

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

(o) Pensions

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

Firefighters Pension Schemes

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

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

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

Pension schemes are accounted for in accordance with IAS 19 Employee Benefits. IAS19 is based upon the principle that an organisation should account for all retirement benefits when it is committed to give them even if the actual giving will be many years into the future. This includes the recognition of a net asset/liability and a pensions reserve in the Balance Sheet and entries in the Comprehensive Income and Expenditure Statement (CIES) for movements in the asset/liability.

A net pensions asset indicates that an authority has effectively overpaid contributions relative to the future benefits earned by employees. A net liability shows an effective underpayment. The assets and liabilities are assessed by Scheme Actuaries being based upon the latest full valuation of Schemes as at 31st March 2022.

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

- Current service cost - the increase in liabilities as a result of years of service earned this year.
- Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.
- Net interest on the defined benefit liability/asset, i.e. net interest expense for the Authority
- Gains or Losses on settlements and curtailments - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees

Remeasurements comprising:

- Expected return on plan assets - excluding amounts included in net interest on the net defined benefit
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated assumptions. These include movements due to applying an asset ceiling adjustment under IFRIC14 (International Financial Reporting Interpretations Committee) to adjust for the value of the LGPS asset that cannot be realised by the Authority either through refunds or by reducing employer contributions.
- Contributions paid to the Pension Fund - cash paid as employer's contributions to the fund in

settlement of liabilities.

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

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

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

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

Local Government Pension Scheme
In assessing liabilities for retirement benefits at 31 March 2023 for the 2022/23 Statement of Accounts, the Actuary assumed a discount rate of 4.7%, a rate based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2023/24 Accounts, the Actuary has advised that a rate of 5.1% is appropriate. Application of this rate has resulted in a decrease in liabilities at today's prices of £1,086,000 (3.4% of liabilities), adjusted by a remeasurement gain recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Firefighters Pension Schemes

In assessing liabilities for retirement benefits at 31st March 2023 for the 2022/23 Statement of Accounts, the Actuary assumed a discount rate of 4.65%, based upon the current rate on a high quality corporate bond of equivalent currency and term to scheme liabilities. For the 2023/24 Accounts, the Actuary has advised that a rate of 5.10% is appropriate. Application of this rate has resulted in a decrease in liabilities at today's prices of £15,300,000 (5% of liabilities), adjusted by a remeasurement gain recognised for the year in the Other Comprehensive Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Injury Awards - Firefighters Compensation Scheme

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

(p) <u>Overheads and Support Services</u>

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

(q) <u>Private Finance Initiative (PFI)</u>

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

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

The amounts payable to the PFI operator each year are analysed into four elements:

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

(r) <u>VAT</u>

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

(s) <u>Precept and Non Domestic Rates</u>

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

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

Billing authorities are required by statute to maintain a separate fund i.e. the Collection Fund for the collection and distribution of amounts due in respect of council tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amounts collected could be less or more than predicted.

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

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

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

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

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

2. Critical Judgements in Applying Accounting Policies

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

(i) Transfer of Functions:

The functions of the Police, Fire and Crime Commissioner (PFCC) in North Yorkshire, were transferred by Parliamentary Order (The York and North Yorkshire Combined Authority Order 2023) to the Elected Mayor of York and North Yorkshire Combined Authority from 7th May 2024. The transfer of the PFCC functions to the Mayor mean that the legal entity known as the North Yorkshire Police, Fire and Crime Commissioner (Fire and Rescue Authority) ceased to exist as of 6th May 2024 and all staff, rights and liabilities transferred to the Combined Authority. As the functions of the PFCC will continue, the accounts have been prepared on a going concern basis.

These Statement of Accounts cover the period from 1st April 2023 to 6th May 2024, a period of 13 months and 6 days). In preparing the Balance Sheet as at 6th May 2024, the following critical judgements were adopted by management:

- IAS19 pension entries for the period ended 6th May 2024 are based upon reports obtained from the PFCC's pension actuaries as at the balance sheet date.
- Non-current asset valuations as at 6th May 2024 are based upon reports obtained from the PFCC's

external valuers as at 31st March 2024. The valuation of a Fire Station is undertaken on a depreciated replacement cost (DRC) basis using average build costs, then adjusted by obsolescence factors. Management considered the movement in the Building Cost Information Service (BCIS) indices between 31st March and 6th May 2024 to determine whether the valuations as at 31st March 2024 are a reasonable proxy for that as at 6th May, and concluded the difference within the 36 day period is not material to the financial statements. In line with this judgement, CIES costs in respect of non-current assets are actual costs as at 31st March 2024.

- Loan and investment balances reported are actuals as at 6th May 2024.
- Cash and cash equivalents reported are actuals as at 6th May 2024.
- PFI unitary charge and balance sheet entries are accounted for on the basis of the actual position as at 6th May 2024.
- Insurance provisions were based upon claims as at the balance sheet date.
- Collection Fund adjustments are accounted for on the basis of the actual position as 31st March 2024 as provided by Billing Authorities.
- Accumulated absences were accounted for on the basis of the actual position as at 31st March 2024 for accrued annual leave balances. Management judgement is that the difference in the actual position between 31st March and 6th May 2024 is not material to the financial statements.
- Usable reserves are accounted for on the basis of the actual position as at 6th May 2024.

Transactions for the period 1st April 2024 and 6th May 2024 were examined and the following items deemed material and accrued into the statements for the 36 day period:

- Pay and associated employer costs are accrued on the basis of actual costs to 6th May 2024 where available, and expected costs where necessary.
- Non pay costs are accrued on the basis of 36 days expected costs
- Precept and Grant funding on the basis of actual receipts where available, and expected income where necessary.
- Pension income and expenditure is accrued in the Firefighters Pension Fund Account on the basis of actual costs/receipts where available, and expected costs/income where necessary.

(ii) The Authority is deemed to control the services provided under its PFI arrangement and is also able to control the residual value of these buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at £6,319,000) are recognised as Land and Buildings on the Authority's Balance Sheet.

3. Assumptions Made About The Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 6th May 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are:

(i) Pensions Liability - net carrying amount 6th May 2024 £(308,520,000)

Estimation of the net liability to pay pensions depends on a number of complex judgements and projections advised by the Actuaries, which include; the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected future returns on pension fund assets where applicable. Note 28 to the financial statements provides more detail. The resultant impact on the CIES is a charge of £12,044,000 to reflect the present value of the defined benefit obligation and net actuarial gain of £16,555,000.

(ii) Non Current Assets - net carrying amount 6th May 2024 £48,654,000

Assets are depreciated over the useful life that they will be operational. The useful life is dependent on assumptions about the level of repairs and maintenance expenditure in relation to individual assets. Should insufficient expenditure be incurred to properly maintain an asset, it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required, and a resultant decrease in the carrying amount of the asset. It is estimated that the annual depreciation charge for non current assets would increase by £257,000 for every year that useful lives are reduced.

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

The valuation of a Fire Station is undertaken on a depreciated replacement cost (DRC) basis using average build costs, then adjusted by obsolesce factors. Any changes in value are therefore derived from changes in build costs and obsolesce factors. The Valuer has stated that it does not consider there to be significant or material changes to values, unless they are informed by the Authority of a significant change in the use of a property. The valuations are not based upon market evidence and are therefore not impacted on by changes in the market.

4. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Assistant Director of Resources on 17th June 2024. Events taking place after that date are not reflected in the financial statements. However, where events after this date provide information about conditions existing at 6th May 2024, the figures in the financial statements and notes have been adjusted in all material respects.

5. Adjustments between accounting basis & funding basis under regulations

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

	Usable Reserves	
2023/24	General Fund Balance £000	Capital Receipts Reserve £000
Amounts by which income and Expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements		
Pension costs transferred to/(from) the Pensions Reserve (see Note 21c)	12,044	-
Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)	460	-
Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)	(18)	-
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (See Note 21b))	2,116	-
Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)	(164)	
Total Adjustments to Revenue Resources	**14,437**	**-**
Revenue and Capital		
Statutory provision for the repayment of debt	(1,423)	-
Capital expenditure financed from revenue resources	(291)	-
Total Adjustments between Capital and Revenue Resources	**(1,714)**	**-**
Adjustments to Capital Resources		
Use of capital receipts reserve to finance new capital expenditure	-	-
Total Adjustments to Capital Resources	**-**	**-**
Total Adjustments	**12,724**	**-**

Comparative figures in 2022/23	Usable Reserves: General Fund Balance £000	Usable Reserves: Capital Receipts Reserve £000
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements		
Pension costs transferred to/(from) the Pensions Reserve (see Note 21c)	15,057	-
Council Tax and NDR transferred to/(from) the Collection Fund Adjustment Account (see Note 21d)	(1,000)	-
Holiday Pay (transferred to/(from) the Accumulated Absences Adjustment Account (See Note 21e)	25	-
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (See Note 21b))	1,937	-
Capital grants and contributions credited to the CIES that have been applied to capital financing (See Note 21b)	-	
Total Adjustments to Revenue Resources	**16,019**	**-**
Adjustments between Revenue and Capital Resources		
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-
Statutory provision for the repayment of debt	(1,201)	-
Capital expenditure financed from revenue resources	(218)	
Total Adjustments between Capital and Revenue Resources	**(1,419)**	**-**
Adjustments to Capital Resources		
Use of capital receipts reserve	-	-
Total Adjustments to Capital Resources	**-**	**-**
Total Adjustments	**14,600**	**-**

Descriptions of the reserves that the adjustments are made against:

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

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

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices which is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2023/24

	Net Expenditure Chargeable to the General Fund Balance	Adjustment between the Funding and Accounting Basis (Note 6a)	Net Expenditure in the CIES
	£000	£000	£000
Fire Services	38,959	(3,392)	35,567
Net Cost Of Services	**38,959**	**(3,392)**	**35,567**
Other Income and Expenditure	(38,130)	16,116	(22,014)
(Surplus) or Deficit on Provision of Services	**830**	**12,724**	**13,553**
Opening General Fund and Earmarked Reserves	**7,358**		
Plus/(Less) Surplus or (Deficit) on the General Fund	(830)		
Transfers to/(from) Earmarked Reserves	(765)		
Closing General Fund and Earmarked Reserves as at 6th May 2024	**5,764**		

2022/23 Comparative Figures

	Net Expenditure Chargeable to the General Fund Balance	Adjustment between the Funding and Accounting Basis (Note 6a)	Net Expenditure in the CIES
	£000	£000	£000
Fire Services	31,469	4,083	35,552
Net Cost Of Services	**31,469**	**4,083**	**35,552**
Other Income and Expenditure	(31,001)	10,517	(20,484)
(Surplus) or Deficit on Provision	**470**	**14,600**	**15,067**
Opening General Fund and Earmarked Reserves	**8,315**		
Plus/(Less) Surplus or (Deficit) on the General Fund and	(468)		
Earmarked Reserves in year	(488)		
Closing General Fund and Earmarked Reserves as at 31st March 2023	**7,358**		

(a) Note to the Expenditure & Funding Analysis

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

	Adjustments for Capital Purposes (see (i) below) £000	Net change for the Pensions adjustment (see (ii) below) £000	Other Differences (see (iii) below) £000	Total Adjustments £000
Fire Services	369	(3,761)	-	(3,392)
Net Cost Of Services	**369**	**(3,761)**	**-**	**(3,392)**
Other Income and Expenditure from the Expenditure & Funding Analysis	(131)	15,805	441	16,116
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**238**	**12,044**	**441**	**12,724**

2022/23 Comparative Figures

	Adjustments for Capital Purposes (note i) £000	Net change for the Pensions adjustment (note ii) £000	Other Differences (note iii) £000	Total Adjustments £000
Fire Services	508	3,575	-	4,083
Net Cost Of Services	**508**	**3,575**	**0**	**4,083**
Other Income and Expenditure from the Expenditure & Funding Analysis	10	11,482	(975)	10,517
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**518**	**15,057**	**(975)**	**14,600**

(i) Adjustments for Capital Purposes

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

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

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

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

(ii) Net Change for the Pensions Adjustments

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

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

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

(iii) Other differences

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

For services, this represents the adjustment for timing differences in relation to accumulated staff absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

(b) Expenditure & Income analysed by nature

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

	2023/24	2022/23
	£000	£000
Expenditure:		
Employee benefits expenses	46,367	43,454
Other service expenses	9,349	8,007
Depreciation, amortisation, revaluations and impairment	2,083	1,927
Interest Payments	1,167	842
(Gain) or Loss on Disposal of non current assets	33	10
Total expenditure	**58,999**	**54,240**
Income:		
Fees, charges & other service income	(1,103)	(833)
Interest and investment income	(343)	(107)
Income from council tax and non domestic rates	(30,441)	(26,230)
Government grants and contributions	(13,557)	(12,004)
Total income	**(45,445)**	**(39,174)**
(Surplus) or Deficit on Provision of Services	**13,553**	**15,067**

7. Property, Plant and Equipment

	Other Land and Buildings	Vehicles	Plant & Equipment	Surplus Assets	Assets under Construction	Total	PFI Assets (Note 11) Included in Other Land & Buildings
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation (GCA):							
As at 1st April 2023	34,370	17,955	3,914	-	-	56,238	5,211
Additions	1,178	1,529	299	-	2,266	5,272	-
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	(212)	-	-	-	-	(212)	(36)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,348	-	-	-	-	2,348	1,205
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the provision of Services	170	-	-	-	-	170	-
Derecognition - disposals	-	(435)	(16)	-	-	(451)	-
Derecognition - other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
As at 6th May 2024	**37,854**	**19,049**	**4,196**	**-**	**2,266**	**63,366**	**6,380**
Movements on Balances 2023/24:	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment:							
As at 1st April 2023	-	(11,105)	(2,401)	-	-	(13,506)	-
Depreciation Charge	(879)	(925)	(334)	-	-	(2,138)	(97)
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	212	-	-	-	-	212	36
Impairment losses / (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus/Deficit on the provision of services	-	-	-	-	-	-	-
Derecognition - disposals	-	406	12	-	-	418	-
Other Movements in Depreciation and Impairment	-	-	-	-	-	-	-
At 6th May 2024	**(667)**	**(11,625)**	**(2,723)**	**-**	**-**	**(15,014)**	**(61)**
Net Book Value							
At 6th May 2024	**37,187**	**7,425**	**1,473**	**-**	**2,266**	**48,351**	**6,319**
At 31st March 2023	**34,370**	**6,851**	**1,514**	**-**	**-**	**42,734**	**5,211**

Comparative Movements in 2022/23

	Other Land and Buildings	Vehicles	Plant & Equipment	Surplus Assets	Assets under Construction	Total	PFI Assets (Note 11) inc. in Other Land & Buildings (Restated)
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation:							
As at 1st April 2022	31,824	16,579	3,526	-	1,220	53,149	4,878
Additions	653	191	429	-	11	1,283	-
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	(730)	-	-	-	-	(730)	(90)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,528	-	-	-	-	2,528	423
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the provision of services	95	-	-	-	-	95	-
Derecognition - disposals	-	(45)	(41)	-	-	(86)	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	1,231	-	-	(1,231)	-	-
At 31st March 2023	**34,370**	**17,956**	**3,914**	**-**	**-**	**56,239**	**5,211**
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment:							
As at 1st April 2022	-	(10,261)	(2,136)	-	-	(12,397)	-
Depreciation Charge	(730)	(888)	(296)	-	-	(1,914)	(90)
Accumulated Depreciation & Impairment written off to Gross Carrying Amount	730	-	-	-	-	730	90
Depreciation written out to the Surplus / Deficit on the provision of services	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-			-		-	-
Derecognition - Disposals	-	44	32	-	-	75	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-
At 31st March 2023	**-**	**(11,105)**	**(2,400)**	**-**	**-**	**(13,505)**	**-**
Net Book Value							
At 31st March 2023	**34,370**	**6,851**	**1,514**	**-**	**-**	**42,734**	**5,211**
At 31st March 2022	**31,824**	**6,317**	**1,389**	**-**	**1,220**	**40,750**	**4,878**

Depreciation

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

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

Capital Commitments

At 6th May 2024, the Authority is within contracts for Vehicles for which the expenditure commitment in future years is estimated at £2,401,000. Of this amount £1,811,000 relates to fire appliances ordered prior to 31st March 2024, at various stages of the build process, caused by delays in delivery.

Revaluations

Assets are carried in the Balance sheet using the asset management bases set out in Accounting Policy Note 1 (b) (ii). The Authority carries out a rolling programme that ensures that all Land and Buildings required to be measured at current value are revalued at least every five years. Valuations under the rolling programme in 2023/24 were carried out by NPS Property Consultants, an independent external valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Institution of Chartered Surveyors. The effective date of the valuations undertaken was 31st March 2024. The whole estate has thereafter been subject to a 'desk top' style valuation using Building Cost Information Service (BCIS) indices between 31st March and 6th May 2024 to determine that the valuation as at 31st March 2024 is a reasonable proxy for that as at the balance sheet date.

The significant assumptions applied in estimating the current values are:

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

Current Value of Assets	Other Land and Buildings	Vehicles	Plant & Equipment	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	7,425	1,473	-	2,266	11,164
Valued at current value as at:						
31 March 2024	10,119	-	-	-	-	10,119
31 March 2023	10,706	-	-	-	-	10,706
31 March 2022	3,065	-	-	-	-	3,065
31 March 2021	3,646	-	-	-	-	3,646
31 March 2020	9,651	-	-	-	-	9,651
Total Cost or Valuation	**37,187**	**7,425**	**1,473**	**-**	**2,266**	**48,351**

The dates listed in the table above are the dates of the last formal valuation of assets by External Valuers under the rolling programme.

8. Intangible Assets

The Authority's Intangible assets consist wholly of software licences for the Authority's IT systems. The useful lives of the licences are based on assessment of the period that they are expected to be of use to the Authority. The useful lives assigned to the software licences range from 3 - 8 years. The carrying amount of intangible assets is amortised on a straight line basis. Amortisation of £114,670 in 2023/24 (£107,781 in 2022/23) was charged to Fire Services in the Comprehensive Income and Expenditure Statement.

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

	2023/24	2022/23
Balance at the start of the year:	£000	£000
Gross carrying amounts	981	905
Accumulated amortisation	(600)	(492)
Net carrying amount at start of year	**381**	**413**
Additions	36	76
Disposals	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-
Amortisation for the period	(115)	(108)
Derecognition - Disposals	-	-
Other movements in cost or valuation	-	-
Net carrying amount at end of year	**303**	**381**
Comprising:		
Gross carrying amount	1,017	981
Accumulated amortisation	(715)	(600)
	303	**381**

9. Impairment Losses

The Authority recognised no impairment losses in 2023/24, nor 2022/23.

10. Capital Expenditure and Capital Financing

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

The CFR can be analysed as follows:

	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement	**16,837**	**17,385**
Capital investment		
Property, Plant and Equipment	5,272	1,284
Intangible Assets	36	76
Sources of finance		
Capital receipts	-	-
Government grants and other contributions	(164)	-
Direct revenue contributions	(1,055)	(707)
Minimum Revenue Provision	(1,423)	(1,201)
Closing Capital Financing Requirement	**19,504**	**16,837**
Explanation of movements in year		
Increase/(decrease) in underlying borrowing (supported by Government financial assistance)	(237)	(225)
Increase/(decrease) in underlying borrowing (unsupported by Government financial assistance)	3,306	(84)
Assets acquired under finance leases	(95)	(79)
Assets acquired under PFI contracts	(308)	(160)
Increase/(decrease) in Capital Financing Requirement	**2,667**	**(548)**

11. Private Finance Initiatives and Similar Contracts

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

Property Plant and Equipment

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

Buildings balances in Note 7.

Payments

The Authority makes an agreed payment each year which is increased annually by RPI and can be reduced if the contractor fails to meet availability and performance standards in any year but which otherwise is fixed unless the agreed maximum usage is exceeded. The total payment in the year to 6th May 2024 was £2,068,690 (£1,623,670 in 2022/23).

Payments remaining to be made under the PFI contract at 6th May 2024 (excluding any estimation of inflation and availability/performance deductions) are set out in the following table:

	Reimbursement of Capital Expenditure £000	Interest Charge £000	Payment for Service £000	Total £000
Payable within one year (to 31st March 2025)	299	71	917	1,288
Payable in the 2nd to 3rd year (final)	697	69	1,975	2,741
	996	**140**	**2,892**	**4,028**

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

	2023/24 £000	2022/23 £000
Balance outstanding at 1 April	1,304	1,464
Payments during the year	(308)	(160)
Capital expenditure incurred in the year	-	-
Balance outstanding at 6 May	**996**	**1,304**

The balance outstanding as at 6th May is disclosed as follows on the Balance Sheet:

Payable within one year - included with Short Term Creditors	299
PFI Obligations - long term liability	697
	996

12. Leases

(a) Authority as Lessee

(i) Finance Leases

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

	6th May 2024 £000	31st March 2023 £000
Other Land and Buildings	-	-
Vehicles, Plant, Furniture and Equipment	80	89
	80	**89**

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

	6th May 2024 £000	31st March 2023 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	79	86
Non-current	-	88
Finance costs payable in future years	-	2
Minimum lease payments	**79**	**176**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	6th May 2024 £000	31st March 2023 £000	6th May 2024 £000	31st March 2023 £000
No later than one year	79	88	79	86
Later than one year and not later than five years	-	88	-	88
Later than five years	-	-	0	0
	79	**176**	**79**	**174**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. No contingent rents were payable by the Authority in either 2023/24 or 2022/23.

(ii) Operating Leases

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

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	6th May 2024 £000	31st March 2023 £000	6th May 2024 £000	31st March 2023 £000
No later than one year	5	26	2	2
Later than one year and not later than five years	-	27	8	8
Later than five years	-	28	56	58
	5	**81**	**66**	**68**

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

	Agreements inc. lease and non lease payments		Agreements inc. only lease payments	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Minimum lease payments	5	36	2	2
Contingent rents	-	-	-	-
	5	**36**	**2**	**2**

(b) Authority as Lessor

(i) Operating Leases

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

- A number of Fire Stations are leased out to the OPFCCNY for use as a police station or office space. The annual rents are peppercorn with running costs being shared on an occupation basis.
- Easements for underground power cables.

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

13. Inventories

2023/24	Uniform	Transport inc. Fuel	Operational Equipment	Other	Total
	£000	£000	£000	£000	£000
Balance at 1st April	30	128	57	11	225
Purchases	84	643	307	60	1,094
Recognised as an expense in year	(71)	(623)	(314)	(55)	(1,063)
Written off balances	-	-	-	-	-
Reversal of write offs in prior years	-	-	-	-	-
Balance at 6th May	**43**	**149**	**50**	**15**	**256**

2022/23 Comparatives	Uniform	Transport inc. Fuel	Operational Equipment	Other	Total
	£000	£000	£000	£000	£000
Balance at 1st April	30	151	57	6	244
Purchases	62	658	372	77	1,169
Recognised as an expense in year	(62)	(681)	(372)	(72)	(1,187)
Written off balances	-	-	-	-	-
Reversal of write offs in prior years	-	-	-	-	-
Balance at 31st March	**30**	**128**	**57**	**11**	**225**

14. Debtors

	Long Term		Short Term	
	6th May 2024	31st March 2023	6th May 2024	31st March 2023
	£000	£000	£000	£000
Central Government bodies	-	-	2,679	2,817
Other Local Authorities	64	66	1,406	1,134
Other entities and individuals	-	-	1,739	1,726
Total	**64**	**66**	**5,824**	**5,677**

15. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:	6th May 2024	31st March 2023
	£000	£000
Cash held by the Authority	2	1
Bank current accounts	-	(522)
Short-term deposits with banks and financial institutions	3,589	7,205
Total Cash and Cash Equivalents	**3,591**	**6,685**

16. Short-Term Creditors

	Long Term		Short Term	
	6th May 2024	31st March 2023	6th May 2024	31st March 2023
	£000	£000	£000	£000
Central Government Bodies	-	-	1,874	786
Other Local Authorities	-	-	1,983	1,364
NHS Bodies	-	-	-	-
Other entities and individuals	-	-	1,452	2,638
Total	**-**	**-**	**5,308**	**4,789**

17. Provisions

	Short Term		Long Term		
	Salaries	Liability Claims	MMI Claims	Sub Total	Total
	£000	£000	£000	£000	£000
Balance as at 1 April 2023	-	(27)	(56)	(83)	(83)
Provisions Made 2023/24	(141)	(107)	-	(107)	(248)
Amounts used in 2023/24	-	23	-	23	23
Unused amounts reversed in 2023/24	-	6	-	6	6
Balance as at 6 May 2024	**(141)**	**(105)**	**(56)**	**(161)**	**(302)**
	£000	£000	£000	£000	£000
Balance as at 1 April 2022	-	-	(56)	(56)	(56)
Provisions Made 2022/23	-	(27)	-	(27)	(27)
Amounts used in 2022/23	-	-	-	-	-
Unused amounts reversed in 2022/23	-	-	-	-	-
Balance as at 31 March 2023	**0**	**(27)**	**(56)**	**(83)**	**(83)**

Insurance Claims

Under the Authority's insurance policies, the Authority is liable for an excess per claim of between £25,000 and £52,000 dependant upon the date of the originating event giving rise to the claim. The Insurers have advised that as at 6th May 2024, there are two new claims requiring provision within the 2023/24 accounts.

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

Salaries

Following the ruling in 2017 of the Bear Scotland Limited v Fulton case, employers are required to take into account all remuneration (including non-guaranteed overtime) when calculating holiday pay. The definition of non-guaranteed overtime is currently being reviewed by the Authority to confirm whether the current policy for calculating holiday pay complies. If the policy is amended, it is estimated that £141,000 of backdated arrears will be owed to staff as at 6th May 2024.

18. Termination Benefits

There were no exit packages charged to the Comprehensive Income & Expenditure Statement in 2023/24. (There were no exit packages charged in 2022/23).

	2023/24		2022/23	
Band:	Number	£000	Number	£000
£0-£100,000	0	0	0	0

19. Transfers to / from Earmarked Reserves

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

2023/24	Balance at 1 April 23 £000	Transfers In / (Out) £000	Balance at 6 May 24 £000
Pensions, Pay & Prices	1,021	(143)	878
New Developments	883	(426)	457
Insurance	80	-	80
Recruitment	175	-	175
Hydrants Repair & Maintenance	100	-	100
Collection Fund	44	(24)	20
Risk & Resource Model	400	(194)	206
Capital Expenditure	2,995	(765)	2,230
HO ESMCP	129	-	129
HO Protection Funding	457	(43)	414
Total	**6,284**	**(1,595)**	**4,688**

The net transfers from Earmarked Reserves in year as shown in the Movements in Reserves is £1,595,000.

Transfers to / from Earmarked Reserves

2022/23 Comparatives	Balance at 1 April 22	Transfers In / (Out)	Balance at 31 March 23
Pensions	1,066	(45)	1,021
Pay and Prices	337	(337)	0
New Developments	1,108	(224)	884
Revenue Budget Support	-	0	0
Insurance	80	0	80
Recruitment	175	0	175
Hydrants Repair & Maintenance	100	0	100
Collection Fund	66	(22)	44
Risk & Resource Model	-	400	400
Capital Expenditure	3,146	(152)	2,994
HO ESMCP	661	(532)	129
HO Protection Funding	502	(45)	457
Total	**7,241**	**(957)**	**6,284**

20. Usable Reserves

	6th May 2024 £000	31st March 2023 £000
Usable Capital Receipts Reserve	16	16
General Fund Balance	1,075	1,075
Earmarked General Fund Reserves	4,688	6,284
Total Usable Reserves	**5,779**	**7,375**

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

21. Unusable Reserves

	6th May 2024 £000	31st March 2023 £000
Revaluation Reserve	11,142	8,957
Capital Adjustment Account	18,010	17,321
Pensions Reserve	(308,520)	(313,026)
Collection Fund Adjustment Account	(316)	146
Accumulating Compensated Absences Adjustment Account	(6)	(24)
Total Unusable Reserves	**(279,690)**	**(286,626)**

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

(a) Revaluation Reserve

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

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

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

Revaluation Reserve	2023/24 £000	2022/23 £000
Balance at 1st April	**8,957**	**6,535**
Upward revaluation of assets	2,687	2,752
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(340)	(224)
	2,348	2,528
Surplus or deficit on revaluation/impairment of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-	-
Difference between fair value depreciation and historical cost depreciation	(162)	(106)
Accumulated gains on assets sold or scrapped	-	-
Amount written off to the Capital Adjustment Account	(162)	(106)
Balance at 6th May	**11,142**	**8,957**

(b) Capital Adjustment Account

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

Capital Adjustment Account	2023/24	2022/23
	£000	£000
Balance at 1st April	**17,321**	**17,244**
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	(2,138)	(1,915)
Revaluation Gains/(Losses) on Property, Plant and Equipment	170	95
Amortisation of intangible assets	(115)	(108)
Amounts of non-current assets written off on disposal or sale as part of gain/(loss) on disposal to the CIES	(33)	(10)
	(2,116)	(1,937)
Adjusting amounts written out of the Revaluation Reserve	162	106
Net written out amount of the cost of non current assets consumed in year	(1,953)	(1,831)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Use of the Earmarked Capital Reserve to finance new capital expenditure	764	489
Capital grants and contributions credited to the CIES that have been		-
applied to capital financing	164	-
Statutory provision for the financing of Capital investment charged against the General Fund balance	1,423	1,201
Capital expenditure charged against the General Fund	291	218
	2,642	1,908
Balance at 6th May	**18,010**	**17,321**

(c) Pensions Reserve

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

Pensions Reserve	2023/24	2022/23
	£000	£000
Balance at 1st April	(313,026)	(435,352)
Remeasurement of the net defined benefit liability	16,550	137,383
Pensions costs transferred to the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the CIES	(18,969)	(20,609)
Employer's pensions contributions and payments to pensioners in the year	6,925	5,552
	(12,044)	(15,057)
Balance at 6th May	**(308,520)**	**(313,026)**

(d) Collection Fund Adjustment Account

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

	2023/24	2023/24	2023/24
	£000	£000	£000
	Council Tax	NDR	Total
Balance at 1st April	233	(89)	144
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR calculated in accordance with statutory requirements	(391)	(69)	(460)
Balance at 6th May 2024	**(158)**	**(158)**	**(316)**

	2022/23	2022/23	2022/23
	£000	£000	£000
	Council Tax	NDR	Total
Balance at 1st April	118	(973)	(854)
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR calculated in accordance with statutory requirements	115	884	1,000
Balance at 31st March 2023	**233**	**(89)**	**146**

(e) Accumulating Compensated Absences Adjustment Account

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

	2023/24	2022/23
	£000	£000
Balance at 1st April	(24)	1
Settlement/cancellation of accrual made at the end of the preceding year	24	(1)
Amounts accrued at the end of the current year	(6)	(24)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	18	(25)
Balance at 6th May	**(6)**	**(24)**

22. Officers' Remuneration

(a) Senior Employees

The remuneration paid to the Authority's senior employees in 2023/24 (covering the period 1st April 2023 to 6th May 2024) is as follows:

		Salary (including allowances) £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2023/2024 Total £
(i)	Chief Fire Officer - Jonathan Dyson	163,955	-	163,955	47,787	211,742
(ii)	Deputy Chief Fire Officer	132,416	-	132,416	38,598	171,014
		296,371	**-**	**296,371**	**86,385**	**382,756**

For the purposes of comparison to the previous financial year which covered a conventional 12 month period, the remuneration paid to the Authority's senior employees between 1st April 2023 to 31st March 2024 was:

	Salary (including allowances) £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2023/2024 Total £
Chief Fire Officer - Jonathan Dyson	148,857	-	148,857	42,871	191,728
Deputy Chief Fire Officer	120,126	-	120,126	34,596	154,722
	268,983	**-**	**268,983**	**77,467**	**346,450**

The Police, Fire & Crime Commissioner (PFCC) for North Yorkshire is Zoe Metcalfe. The post holder's full remuneration is reflected in the PFCC Group Accounts. The costs incurred within these accounts in 2023/24 (covering the period 1st April 2023 to 6th May 2024) amounts to £4,185.

The current Chief Finance Officer of the Authority is Michael Porter. This function is discharged by the Police, Fire and Crime Commissioner for North Yorkshire via a collaboration agreement with the Police and Crime Commissioner for Cleveland who reflect the post holder's remuneration in its accounts. The costs incurred within these accounts in 2023/24 (covering the period 1st April 2023 to 6th May 2024) amounts to £34,192.

2022/23 Comparative Figures

		Salary (including allowances) £	Lease Car Allowance £	Expenses Chargeable to Income Tax £	Remuneration excluding Pension Contributions £	Employer Pension Contributions £	2022/2023 Total £
(i)	Acting Chief Fire Officer	27,405	887	-	28,292	7,893	36,185
(ii)	Chief Fire Officer/Acting Deputy Chief Fire Officer	129,363	-		129,363	41,523	170,886
(iii)	Deputy Chief Fire Officer	36,260	-	-	36,260	6,177	42,437
		193,028	**887**	**-**	**193,915**	**55,593**	**249,508**

(i) The Acting Chief Fire Officer retired from the Authority on 17th June 2022.
(ii) The Acting Deputy Chief Fire Officer became the Chief Fire Officer on 18th June 2022.
(iii) The current Deputy Chief Fire Officer was appointed on the 4th December 2022. Prior to this, the post holder was seconded on an acting basis from West Yorkshire Fire & Rescue between 13th June and 3rd December at a cost of £77,074.

The Police, Fire & Crime Commissioner (PFCC) for North Yorkshire is Zoe Metcalfe. The post holder's full remuneration is reflected in the PFCC Group Accounts. The costs incurred within these accounts in 2022/23 amounts to £3,785.

The current Chief Finance Officer of the Authority is Michael Porter. This function is discharged by the Police, Fire and Crime Commissioner for North Yorkshire via a collaboration agreement with the Police and Crime Commissioner for Cleveland who reflect the post holder's remuneration in its accounts. The costs incurred within these accounts in 2022/23 is £30,287.

(b) The following table sets out the number of employees whose total remuneration, excluding pension contributions, was more than £50,000 for the 13 months ended 6th May 2024. For the purposes of comparison to the previous financial year which covered a conventional 12 month period, the total number of employees between 1st April 2023 to 31st March 2024 is also included. The table excludes employees reported in (a) above.

	13 month period ended 6/5/2024	Year ended 31/3/2024	Year ended 31/3/2023
Band:	Number of employees		
£50,000 - £54,999	71	33	24
£55,000 - £59,999	29	19	13
£60,000 - £64,999	24	11	5
£65,000 - £69,999	8	6	3
£70,000 - £74,999	10	4	6
£75,000 - £79,999	1	4	4
£80,000 - £84,999	4	4	-
£85,000 - £89,999	6	2	1
£90,000 - £94,999	1	2	1
£95,000 - £99,999	3	1	-
£100,000 - £104,999	1	-	-
£105,000 - £109,999	1	-	-
	159	86	57

Remuneration is all amounts receivable by an employee, including expenses and allowances chargeable to tax and the estimated money value of any other benefits received. The increase in employee numbers within the first three bandings in the year ended 31st March 2024 is due to both the impact of the 5% pay increase awarded to Firefighters' with effect from 1st July 2023 alongside payments to staff providing vacancy cover and working within the operational staffing reserve.

The further increase in numbers in the year ended 6th May, is due to the extended reporting period.

23. Audit Fees

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

	2023/24	2022/23
	£000	£000
Fees payable to Mazars appointed under the Local Audit and Accountability Act 2014 with regard to external audit services	102	31
	102	**31**

The table above represents fees agreed between the Authority and their external auditor. In 2023/24, costs of £9,700 for additional work relating to the 2022/23 audit, not confirmed as at 31st March 2023 were incurred.

24. Grant Income

The Authority credited the following grants, contributions and donations (over £10,000) to the Comprehensive Income and Expenditure Statement in 2023/24:

	2023/24	2022/23
Credited to Taxation and Non Specific Grant Income	£000	£000
Non Domestic Rates Top Up	3,556	2,987
Revenue Support Grant	3,373	2,632
Rural Services Delivery Grant	672	540
PFI Grant (to match interest charge)	470	323
Total Non ring-fenced government grants	**8,070**	**6,482**
Capital Grants & Contributions	164	-
	8,234	**6,482**
Credited to Services		
New Dimension Grant	31	34
Services Grant	253	424
Protection Uplift Grant	315	291
Building Risk Review	17	-
Host Authority Infrastructure Grant	103	70
Business Levy	52	-
Fire Link Project	149	186
Sec 31 NDR Grant	2,163	2,424
Audit Fees	13	13
PFI Grant	243	326
Pension Mitigation Grant	1,842	1,711
Pensions Administration Grant	10	42
ESMCP Staff Costs	134	-
	5,324	**5,521**

The Authority received no grants in year that had yet to be recognised as income at 6th May 2024.

25. Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been considered in its ability to operate independently or might

have secured the ability to limit another party's ability to bargain freely with the Authority.
The Authority has sound arrangements for internal control and corporate governance (including a scheme of delegations and purchase, contract and procurement regulations) which minimise the potential for a single officer to constrain the actions of the Authority, and which seek to ensure that the Group obtains value for money in all transactions.

Central Government
Central government has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, providing significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Grants received from Government are set out in Note 6 (b). Grant receipts outstanding as at 6 May 2024 are included in Debtors (Note 14).

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

The Police Fire and Crime Commissioner for North Yorkshire (NYPFCC) had statutory responsibility for the Fire and Rescue Authority during the reporting period, the Fire and Rescue Authority remaining a separate corporation sole. During 2023/24, the Fire and Rescue Authority purchased services to the value of £942,000 from NYPFCC, and provided services to the value of £509,000 to NYPFCC. Of these amounts, £923,000 were owed to, and £377,000 owed from, the NYPFCC at 6th May 2024.

No other related party transactions occurred in 2023/24.

26. Other Payments for Operating Activities
As required under the Code, Other Payments for Operating Activities within the Cashflow Statement of £21,174,906 (£20,475,515 in 2022/23) comprise Employers National Insurance and pension contributions and also payments to Pensioners of the Firefighters Pension Schemes.

27. Other Receipts from Financing activities
As required under the Code, where an Authority acts as an agency, transactions will not be reflected in its financial statements, with the exception of cash collected or expenditure incurred by the agency on behalf of the principal in which case the net cash position is included in financing activities in the cash flow statement. Since 2020/21, the Authority has acted as 'host' for Home Office grant to fund expenditure incurred on salaries of staff seconded by other Authorities to the Home Office to work on findings of the Grenfell enquiry. The net cash (creditor) position under this arrangement as at 6th May 2024 was £123,740. (£nil in 2022/23).

28. Defined Benefit Pension Schemes

(a) Participation in Pension Schemes

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

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

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

(b) Injury Allowances - Firefighters Compensation Scheme 2006

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

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

Transactions relating to Retirement and Injury Benefits

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

Comprehensive Income & Expenditure Statement	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
Cost Of Services :	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(784)	-	-	(2,300)	(90)	(3,174)
Past Service (Cost)/Gain	-	-	10	-	-	10
Financing and Investment Income and Expenditure :						
Net Interest Expense	95	(13,230)	(1,050)	(930)	(690)	(15,805)
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(689)	(13,230)	(1,040)	(3,230)	(780)	(18,969)
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included within net interest expense)	1,216	-	-	-	-	1,216
Experience gains/(losses) arising on pension liabilities	(370)	(3,260)	(330)	(1,100)	130	(4,930)
Actuarial gains/(losses) arising on changes in financial and demographic assumptions	2,325	23,136	1,521	(2,547)	660	25,095
						-
Changes in effect of the asset ceiling	(4,831)	-	-	-	-	(4,831)
Total Post Employment Benefits charged to the CIES	(1,660)	19,876	1,191	(3,647)	790	16,550
Movement in Reserves Statement						
Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19	689	13,230	1,040	3,230	780	18,969
Actual Amount charged to the General Fund Balance for pensions in the year						
Employers contributions and benefits payable to Pensioners	(565)	(34)	(39)	(5,337)	(950)	(6,925)

2022/23 Comparative Figures:

Comprehensive Income & Expenditure Statement	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
Cost Of Services:	£000	£000	£000	£000	£000	£000
Service Cost comprising:						
Current Service Cost	(1,527)	-	20	(7,430)	(190)	(9,127)
Past Service Cost	-	(9,940)	(1,170)	11,110	-	-
Financing and Investment Income and Expenditure:						
Net Interest Expense	(162)	(8,720)	(840)	(1,290)	(470)	(11,482)
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	(1,689)	(18,660)	(1,990)	2,390	(660)	(20,609)
Other Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included within net interest expense)	(4,076)	-	-	-	-	(4,076)
Experience gains/(losses) arising on pension liabilities	(2,419)	(20,150)	(1,240)	(370)	(870)	(25,049)
Actuarial gains/(losses) arising on changes in financial and demographic assumptions	15,683	104,230	14,065	27,700	4,830	166,508
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	9,188	84,080	12,825	27,330	3,960	137,383
Movement in Reserves Statement						
Reversal of net charges to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with IAS 19	1,689	18,660	1,990	(2,390)	660	20,609
Actual Amount charged to the General Fund Balance for pensions in the year						
Employers contributions and benefits payable to Pensioners	(587)	0	25	(4,200)	(790)	(5,552)

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

	Local Government Pension Scheme 2023/24 £000	Firefighters 1992 (FPS) Pension Scheme 2023/24 £000	Firefighters 2006 (NFPS) Pension Scheme 2023/24 £000	Firefighters 2015 Pension Scheme 2023/24 £000	Firefighters Compensation Scheme 2023/24 £000	Total 2023/24 £000
Present Value of the defined benefit obligation	31,981	256,680	20,340	18,420	13,080	340,501
Fair value of plan assets	(31,981)	-	-	-	-	(31,981)
Net liability arising from the defined benefit obligation	0	256,680	20,340	18,420	13,080	308,520

2022/23 Comparative Figures:

	Local Government Pension Scheme 2022/23	Firefighters 1992 (FPS) Pension Scheme 2022/23 £000	Firefighters 2006 (NFPS) Pension Scheme 2022/23 £000	Firefighters 2015 Pension Scheme 2022/23 £000	Firefighters Compensation Scheme 2022/23 £000	Total 2022/23 £000
Present Value of the defined benefit obligation	27,757	263,360	20,530	16,880	14,040	342,567
Fair value of plan assets	(29,541)	-	-	-	-	(29,541)
Net liability arising from the defined benefit obligation	(1,784)	263,360	20,530	16,880	14,040	313,026

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

	Local Government Pension Scheme 2023/24 £000	Firefighters 1992 (FPS) Pension Scheme 2023/24 £000	Firefighters 2006 (NFPS) Pension Scheme 2023/24 £000	Firefighters 2015 Pension Scheme 2023/24 £000	Firefighters Compensation Scheme 2023/24 £000	Total 2023/24 £000
Opening Fair Value	29,541	-	-	-	-	29,541
Interest Income	1,512	-	-	-	-	1,512
Remeasurement loss - the return on plan assets, excluding the amount included in the interest expense	1,216	-	-	-	-	1,216
Other	-	11,346	191	(5,507)	-	6,030
Employer contributions	565	34	39	5,337	950	6,925
Employee contributions	280	-	20	2,160	-	2,460
Benefits paid	(1,133)	(11,380)	(250)	(1,990)	(950)	(15,703)
Closing Fair Value	31,981	0	0	0	0	31,981

2022/23 Comparative Figures:

	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£000	£000	£000	£000	£000	£000
Opening Fair Value	32,816	-	-	-	-	32,816
Interest Income	885					885
Remeasurement loss - the return on plan						0
assets, excluding the amount included in						0
the interest expense	(4,076)	-	-	-	-	(4,076)
Other	-	9,470	175	(3,340)	-	6,305
Employer contributions	587	-	(25)	4,200	790	5,552
Employee contributions	227	-	-	1,860	-	2,087
Benefits paid	(898)	(9,470)	(150)	(2,720)	(790)	(14,028)
Closing Fair Value	29,541	0	0	0	0	29,541

Reconciliation of present value of scheme liabilities

	Funded liabilities:	Unfunded liabilities:				
	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	27,757	263,360	20,530	16,880	14,040	342,567
Current Service Cost	784	-	-	2,300	90	3,174
Past Service Cost	-	-	(10)	-	-	(10)
Interest Cost	1,417	13,230	1,050	930	690	17,317
Contributions by members	280	-	20	2,160	-	2,460
Re-measurement (gains)/losses:						
Experience (gains)/losses on pension liabilities	370	3,260	330	1,100	(130)	4,930
Actuarial (gains)/losses arising on changes in financial and demographic assumptions	(2,325)	(11,790)	(1,330)	(2,960)	(660)	(19,065)
Changes in effect of asset ceiling	4,831	-	-	-	-	4,831
Benefits paid	(1,133)	(11,380)	(250)	(1,990)	(950)	(15,703)
Closing Balance 6 May	31,981	256,680	20,340	18,420	13,080	340,501

2022/23 Comparative Figures:

	Funded liabilities:	Unfunded liabilities:				
	Local Government Pension Scheme	Firefighters 1992 (FPS) Pension Scheme	Firefighters 2006 (NFPS) Pension Scheme	Firefighters 2015 Pension Scheme	Firefighters Compensation Scheme	Total
	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	£000	£000	£000	£000	£000	£000
Opening Balance 1 April	39,118	328,780	31,340	50,800	18,130	468,168
Current Service Cost	1,527	-	(20)	7,430	190	9,127
Past Service Cost	-	9,940	1,170	(11,110)	-	0
Interest Cost	1,047	8,720	840	1,290	470	12,367
Contributions by members	227	-	-	1,860	-	2,087
Re-measurement (gains)/losses:						
Experience (gains)/losses on pension liabilities	2,419	20,150	1,240	370	870	25,049
Actuarial (gains)/losses arising on changes in financial and demographic assumptions	(15,683)	(94,760)	(13,890)	(31,040)	(4,830)	(160,203)
Benefits paid	(898)	(9,470)	(150)	(2,720)	(790)	(14,028)
Closing Balance 31 March	27,757	263,360	20,530	16,880	14,040	342,567

Asset Ceiling Adjustment

Following the LGPS valuation by the Actuary as at 6th May 2024, this was determined that the fair value of the LGPS scheme outweighed the present value of the plan obligations, resulting in a plan net asset of £4,831,000.

IAS19 requires that, where a pensions asset exists, it is measured at the lower of:

a) the surplus in the defined benefit plan

b) the asset ceiling

The asset ceiling is the present value of the maximum economic benefit available to the Authority in the form of refunds or reduced future employer contributions. The Actuary's calculation of the asset ceiling in accordance with IFRIC14 for 2023/24 is £0. Hence, the net asset of the LGPS is restricted to the lower of £4,577,000 and £0.

Reconciliation of the LGPS funded status to the Balance Sheet:

	2023/24	2022/23
	£000	£000
Fair Value of Assets	31,981	29,541
Present value of funded defined benefit obligation	(27,150)	(27,757)
Funded status	4,831	1,784
Unrecognised asset (application of asset ceiling)	(4,831)	0
Asset/Liability recognised on the Balance Sheet	**0**	**1,784**
Asset ceiling	0	6,341

Local Government Pension Scheme assets comprised:

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

Asset Category	Quoted 2023/24 £000	Unquoted 2023/24 £000	Quoted 2022/23 £000	Unquoted 2022/23 £000
Equities	15,319	-	15,391	-
Property	1,791	-	1,891	-
Government Bonds	3,966	-	3,250	-
Corporate Bonds	2,335	-	2,127	-
Mutli Asset Credit	1,663	-	0	
Cash	1,375	-	1,979	-
Other	1,823	3,710 *	2,156	2,747
	28,271	3,710	26,794	2,747

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

Basis for Estimating Assets and Liabilities

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

The estimates for the Local Government Pension Scheme are based upon the latest full valuation of the scheme as at 31st March 2022. For the Firefighters Pension Schemes, the estimates are based upon a detailed valuation by the Actuary of the most recent data (as at 31st March 2020) provided to them.

The significant assumptions advised by the Actuaries are:

Mortality Assumptions (years):		Local Government Pension Scheme		Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
Member aged 65 for current pensioners:		2023/24	2022/23	2023/24	2022/23
	Males	22.1	22.6	21.3	21.2
	Females	24.6	25.0	21.3	21.2
Member aged 45 for future pensioners :					
	Males	23.0	23.5	22.9	22.9
	Females	25.6	26.0	22.9	22.9
Rate of CPI inflation %		2.70	2.70	2.65	2.60
Rate of increase in salaries %		3.95	3.95	3.90	3.85
Rate of increase in pensions %		2.70	2.70	2.65	2.60
Rate for discounting scheme liabilities %		5.10	4.70	5.10	4.65

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

Impact on Defined Benefit Obligation:	Local Government Pension Scheme	
	£m	£m
	increase	decrease
Longevity (increase or decrease in one year)	0.7	(0.7)
Rate of inflation (increase or decrease by 0.1%)	0.4	(0.7)
Rate of increase in salaries (increase or decrease by 0.1%)	0.0	(0.0)
Rate of increase in pensions (increase or decrease by 0.1%)	0.4	(0.7)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(0.4)	0.4

Impact on Defined Benefit Obligation:	Firefighters 1992 (FPS), 2006 (NFPS) & 2015 Schemes	
	increase	decrease
	£m	£m
Longevity (increase or decrease in one year)	(9.0)	9.0
Rate of inflation (increase or decrease by 0.1%)	3.6	(3.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.4	(0.4)
Rate of increase in pensions (increase or decrease by 0.1%)	3.6	(3.6)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(3.4)	3.4

Asset and Liability Matching (ALM Strategy)

Local Government Pension Scheme

The pension committee of North Yorkshire Council has determined the investment strategy aimed at growing North Yorkshire Pension Fund's assets to meet obligations when they fall due. As required by the regulations, the suitability of various classes of investments have been considered including the benefit of asset class diversification. The fund is primarily invested in equities (50% of scheme assets) and fixed income (20%) with investments also in property and alternatives, the proportions being not materially dissimilar to last year. This strategy is reviewed periodically, dependent on changes to market conditions and the solvency of the fund.

Impact on the Authority's Cash Flows

Local Government Pension Scheme

The objectives of the schemes are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the Scheme's actuary to achieve a funding level of 100% over 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2025.

The Authority anticipates to pay £689,000 contributions into the Local Government Pension Scheme in the year to 31st March 2025. The weighted average duration of the defined benefit obligation for scheme members is 16.6 years in 2023/24. (17.0 years 2022/23)

Firefighters Pension Schemes

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

The Authority anticipates to pay £6,307,000 contributions into the Firefighters Pension and Compensation Schemes in the year to 31st March 2025.

The Authority's pension liability as at 6th May 2024 calculated by its Actuaries, in accordance with IAS19, of £308,520,000 which shows the underlying commitments that the Authority has in the long term to pay retirement benefits. The liability has a substantial impact on the net worth of the Authority reported in the Balance Sheet. The impact results in a negative net worth of £273,910,000. However, statutory arrangements in place for funding the deficit mean that the financial position of the Authority remains healthy because;

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

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

29. Financial Instruments

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

Categories of Financial Instruments

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

Financial Assets	**Non Current**		**Current**		
	Investments 6th May 2024 £000	Debtors 6th May 2024 £000	Cash & Cash Equivalents 6th May 2024 £000	Debtors 6th May 2024 £000	Total 6th May 2024 £000
Amortised Cost	-	-	3,591	2,322	5,912
Non Financial Assets	-	-	-	-	-
Total	**-**	**-**	**3,591**	**2,322**	**5,912**

Financial Liabilities	**Non Current**		**Current**		
	Borrowings 6th May 2024 £000	Creditors 6th May 2024 £000	Borrowings 6th May 2024 £000	Creditors 6th May 2024 £000	Total 6th May 2024 £000
Amortised Cost	16,589	-	884	1,842	19,315
Non Financial Liabilities:					
PFI	-	697	-	299	996
Finance Leases	-	-	-	79	79
Total	**16,589**	**697**	**884**	**2,221**	**20,391**

2022/23 Comparative Figures:

	Non Current		Current		
	Investments 31st Mar 2023	Debtors 31st Mar 2023	Cash & Cash Equivalents 31st Mar 2023	Debtors 31st Mar 2023	Total 31st Mar 2023
Financial Assets	£000	£000	£000	£000	£000
Amortised Cost	-	-	7,207	1,242	8,449
Non Financial Assets	-	-	-	-	-
Total	**-**	**-**	**7,207**	**1,242**	**8,449**

Financial Liabilities	Non Current		Current		
	Borrowings 31st Mar 2023	Creditors 31st Mar 2023	Borrowings 31st Mar 2023	Creditors 31st Mar 2023	Total 31st Mar 2023
	£000	£000	£000	£000	£000
Amortised Cost	14,341	-	1,667	1,730	17,739
Non Financial Liabilities:					
PFI	-	1,029	-	275	1,304
Finance Liabilities	-	88	-	86	174
Total	**14,341**	**1,117**	**1,667**	**2,091**	**19,217**

(b) Income, Expense, Gains and Losses

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

	Surplus or Deficit on Provision of Services £000 2023/24	Other Comprehensive Income & Expenditure £000 2023/24	Surplus or Deficit on Provision of Services £000 2022/23	Other Comprehensive Income & Expenditure £000 2022/23
Net gains/losses on:				
Financial Assets measured at amortised cost	12	-	6	-
Interest revenue				
Financial Assets measured at amortised cost	(343)	-	(107)	-
Interest Expense	1,167	-	842	-

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

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

	6th May 2024		31st March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	£000	£000	£000	£000
Loans and Receivables	3,591	3,591	7,207	7,207
Debtors	2,322	2,322	1,242	1,242
	5,912	**5,912**	**8,449**	**8,449**

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

Financial Liabilities	6th May 2024 Carrying Amount £000	6th May 2024 Fair Value £000	31st March 2023 Carrying Amount £000	31st March 2023 Fair Value £000
Financial Liabilities held at amortised cost				
Public Works Loan Board (PWLB) Loans	17,473	16,539	16,006	15,688
Other liabilities:				
PFI	996	1,541	1,304	1,929
Finance Leases	79	79	176	176
Creditors	1,842	1,842	1,730	1,730
	20,391	**20,002**	**19,216**	**19,524**

PWLB Loans:

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

(a) For the fair value measured according to the requirements of the Code - new borrowing available from the PWLB, rates as at the balance sheet date of 6th May 2024; and

(b) for the value reflecting the amount that the Authority would have to pay to repay the loans as at 6th May 2024 - PWLB premature repayment rates as at 6th May 2024.

(c) The fair value, as calculated in accordance with the Code, of £16,539,000 measures the economic effect of the past terms agreed with the PWLB compared with new borrowing rates from the PWLB as at 7th May. This is because the Authority has the ability to borrow at concessionary rates from the PWLB rather than from the markets and therefore this provides a more useful figure for users of the Authority's financial statements as opposed to a value using prevailing market rates. The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than PWLB rates as at 6th May 2024. This shows a notional future gain (based upon economic conditions as at the date) arising from a commitment to pay interest to the PWLB below its current rates.

(d) However, it is important for users of the accounts to recognise that if the Authority were to seek to receive the projected gain by repaying the loans early, the PWLB would charge a premium to reflect the additional interest that would not then be paid. The amount the Authority would have to pay to repay the loans early using premature repayment rates as at 6th May 2024 is £23,403,000 being the outstanding debt including accrued interest plus a premium of £5,904,000. The fact that this repayment amount is higher than both the carrying amount and also the fair value of the liability demonstrates why the Authority has undertaken no debt repayment or rescheduling exercise to date.

PFI Liabilities

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

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

The carrying value in the Balance Sheet of the Authority as at 6th May 2024 is reported in accordance with IFRS Interpretations Committee (IFRIC) 12 Service Concession Arrangements as required by the Code. The allocation of the unitary charge is split into four elements as stated in accounting policy 1(q). The recognition of the liability for the amount due to the PFI Provider to pay for the capital investment uses the same principles as for a finance lease in accordance with International Accounting Standards (IAS) 17 Leases.

Other Non Financial Liabilities

Finance Leases are exempt from the IFRS13 Fair Value measurement requirements. The carrying amount calculated in accordance with the requirements of IAS17 Leases is taken to be a reasonable approximation of fair value. Short Term Creditors are carried at cost as this is a fair approximation of their value.

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 6th May 2024 £000
Financial Assets				
Loans and Receivables	-	3,591	-	3,591
Debtors	2,322	-	-	2,322
	2,322	**3,591**	**0**	**5,912**
Financial Liabilities				
Financial Liabilities held at amortised cost				
PWLB Loans	-	16,539	-	16,539
PFI Liabilities	-	1,541	-	1,541
Creditors	1,842	-	-	1,842
	1,842	**18,080**	**0**	**19,922**

Transfers between Levels of the Fair Value Hierarchy

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

Valuation Techniques used to Determine Level 2 Fair Values for the liabilities and assets in the table above:

Loans and Receivables

Fair value has been measured from the perspective of a market participant that holds the identical item as a liability. The fair value represents the value of the corresponding liability in the North Yorkshire Council's Balance Sheet as at 6th May 2024 who make short term investments of the Authority's daily cash balances under a Service Level Agreement.

PWLB Loans:

The Authority assessed the fair value amounts disclosed in the table above by calculating the present value of the cash flows that will take place over the remaining life of the loans applying new borrowing rates available from the PWLB as at 6th May 2024.

PFI Liabilities

Fair value has been measured from the perspective of a market participant that holds the identical item as an asset. The fair value represents the value of the corresponding asset in the PFI Contractor's Balance Sheet as at 6th May 2024.

Changes in Liabilities arising from Financing Activities

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

Financial liability:	Balance at 1 Apr 2023 £000	Cashflows £000	Non Cashflows £000	Balance at 6 May 2024 £000
Short and long term borrowing	16,008	1,284	180	17,472
Finance Lease Obligations	175	(86)	(9)	80
PFI Obligations	1,304	(275)	(33)	996
	17,486	923	138	18,548

30. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

(c) **Market Risk** - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements. The Authority's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with CIPFA's Prudential Code and Treasury Management in the Public Services Code of Practice (both revised in 2021). Overall, these procedures require the Authority to manage risks in the following ways:

- adopt the requirements of the Code of Practice

- approve annually in advance, prudential indicator limits for the following three years regarding:
  - Affordability of the Authority's capital investment plans including its borrowing limits;
  - Treasury Management, for example, the maturity structure of borrowing; and
  - maximum annual exposures to investments maturing beyond a year.

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

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the Authority's financial instrument exposure. It is approved by those charged with governance before the beginning of the financial year. In addition, it is a primary requirement that, as a minimum, a mid year review and a performance outturn report on the Authority's investment and borrowing activity is produced.

(a) **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Management Strategy for 2023/24.

North Yorkshire Council provide Treasury Management arrangements for short term investment of the Authority's daily balances. The investment credit criteria applied by the Authority is in line with the Council's who prepare an approved lending list of Counterparties. Given the high level of turmoil the financial markets have experienced since 2008, attention is focused on the credit standing of counterparties with whom the Council can invest funds.

The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

(a) minimum acceptable credit criteria are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

(b) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the Council will engage with its advisors to monitor market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

(c) other information sources used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.

All credit ratings are monitored daily. If a downgrade results in a counterparty no longer meeting the Council's minimum criteria, further use as a new investment is withdrawn immediately. Extreme market movements may result in the downgrade of an institution or removal from the Council's lending list.

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

Amounts arising from Expected Credit Losses

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

Loans and Receivables:

Cash invested with NYC on the 6th May has been classified within the Balance Sheet as cash and cash equivalents due to it being recallable on demand i.e. very short term in nature. Due to the default risk of the investment being extremely low, nil impairment under IFRS 9 is deemed appropraite.

Debtors:

The Authority does not generally allow credit for Customers. Information disclosed by Company Liquidators is circulated within the Authority by the Finance Team to ensure that such companies are not granted a chargeable service. The Authority had the following exposure to credit risk at 6th May 2024 based upon experience of default and uncollectability over the last three years adjusted to reflect current and forecast market conditions (i.e. the simplified approach):

	Carrying Value at 6th May 2024	Historical experience of default	Expected Credit Losses	Credit Loss Allowance
	£000	%	%	£000
Deposits with banks and financial institutions	3,591	0.00%	0.00%	0
Customers	2,322	0.01%	0.51%	12

(b) Liquidity Risk

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

The limits in 2023/24 on the amount of projected borrowing maturing in each period as a percentage of total projected borrowing is:

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

All long term borrowing as at the 6th May 2024 was with the Public Works Loan Board (PWLB). Interest is payable at fixed rates between 2.68% and 4.83%.

Analysis of loans by maturity:

	6th May 2024 £000	Maturity Profile %	31st March 2023 £000	Maturity Profile %
Less than 1 year	703	4.1%	1,537	9.7%
Between 1-2 years	409	2.4%	752	4.7%
Between 2-5 years	1,725	10.0%	1,495	9.4%
Between 5-10 years	7,020	40.6%	7,159	45.1%
Between 10-15 years	5,935	34.3%	4,935	31.1%
Between 15-20 years	1,500	8.7%	0	0.0%
	17,292	100.0%	15,878	100.0%

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

	£000
Borrowing due within 1 year	703
Interest on borrowing due within 1 year	180
	884

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

(c) Market Risk

(i) Market Risk - Interest Rate risk

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

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

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

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

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

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

	£000	£000
	+1%	-1%
Change in interest receivable on variable rate investments (impact on Surplus or Deficit on Provision of Services)	67.0	67.0

(ii) Market Risk - Price risk

The Authority does not invest in equity shares and thus has no exposure to losses arising in movements in the price of shares.

(iii) Market Risk - Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

(iv) PFI Contract - Management of Risks

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

31. Contingent Liabilities

Defined Benefit Pension Schemes:

The McCloud/Sargeant Judgement

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

The McCloud remedy period ran from 1st April 2015 to 31st March 2022. Eligible members were able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures, the Actuary expects the majority of eligible Firefighters to elect to take legacy scheme (1992 Scheme or 2006 Scheme) benefits for the remedy period.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for service from 2015 to 2019. For subsequent years to 2021/22, this past service cost was attributed proportionately to the 1992 and 2006 schemes. For subsequent years to 2021/22, an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window is closed, the Actuary has moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means that all McCloud liabilities are held within the legacy scheme that the Actuary expects them to be paid from. In the 2022/23 disclosures, this led to a past service cost in the 1992 scheme and the 2006 scheme and a past service gain in the 2015 scheme (as set out in Note 27 above).

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

Special Retained Members (Matthews)

In November 2018 a ruling on the legal case involving part-time judges (O'Brien v MoJ) had a direct impact on the equivalent case for Retained Firefighters (Matthews). Home Office Ministers have agreed to extend the pension entitlement for retained firefighters to cover service pre-July 2000. A Memorandum of Understanding signed in March 2022 set out the intended scope and operation of the options exercise required to enact remedy in this case.

The options exercise will increase the pensions entitlement for some current special retained members and also allow access to the scheme for additional historic retained members. Although the options exercise is underway, there is very significant data uncertainty in the calculation of this liability and significant assumptions have had to be made on eligible member numbers, service periods and actual take up. Based on the data available and an assumed uptake rate of 60%, the Actuary estimates a potential increase in liability from the second Matthew's exercise to be £26m. Along with the unique assumptions required for the options exercise, this additional liability estimated above has been calculated using demographic and financial assumptions consistent with the disclosures set out in Note 28 above.

32. Material Items of Income and Expenditure within the Accounts

As explained in Note 7, the Authority carries out a rolling asset revaluation programme that ensures all land and property required to be measured at fair value is revalued at least every five years. Where the Valuer determines that the net book value within the accounts of any asset has changed, the impact is accounted for as a revaluation gain or loss. The result of the 2023/24 rolling programme was a net revaluation gain of £2,518,000. This is above the Authority's materiality limit and requires separate disclosure within a note to the accounts.

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

FIREFIGHTERS PENSION FUND
ACCOUNT FOR YEAR ENDED 6th MAY 2024

2022/23			2023/24
£000		£000	£000
	CONTRIBUTIONS AND BENEFITS		
	Contributions receivable		
	Fire Authority:		
(4,210)	Contributions in relation to pensionable pay	(4,988)	
-	Early Retirements	(234)	
(1,845)	Firefighters contributions	(2,236)	
(33)	Other Firefighters contributions	(24)	
(6,089)			**(7,482)**
	Transfers in		
(7)	Individual transfers in from other schemes		**(189)**
	Benefits payable		
9,851	Pensions	11,934	
2,100	Commutations & lump sum retirement benefits	1,585	
-	Lump sum death benefits	-	
11,951			**13,519**
	Payments to and an account of leavers		
198	Individual transfers out to other schemes		-
	Other payments		
132	Scheme tax charges		**79**
6,185	**Deficit / (Surplus) for the year before top up grant receivable from/payable to Central Government**		**5,927**
(6,185)	**Top up grant receivable from Government**		**(5,927)**
-	**Net amount payable / (receivable) for the year**		**-**

FIREFIGHTERS PENSION FUND
NET ASSETS STATEMENT FOR YEAR ENDED 6th MAY 2024

2022/23				2023/24
£000		Note	£000	£000
	Current Assets	**5a**		
319	Contributions due from Authority		95	
133	Contributions due from Firefighters		30	
2,115	Pension top up grant receivable from Government		1,594	
2,567				**1,719**
	Current Liabilities	**5b**		
-	Unpaid pension benefits		-	
-	Unpaid Scheme tax charges		-	
(2,567)	General Fund		(1,719)	
(2,567)				**(1,719)**
-	**Total Net Assets**			**-**

NOTES TO THE PENSION FUND ACCOUNTS

1. General Description of the Fund

There are three Pension Schemes currently administered by the Authority:

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

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

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

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

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

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

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

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

	06/05/2024	**31/03/2023**	**06/05/2024**	**31/03/2023**
Scheme	**Employer**		**Employee ***	
1992 (FPS)	-	-	-	-
2006 (NFPS)	-	-	-	-
2015 Scheme	37.6%	28.8%	11.0%-14.5%	11.0%-14.5%

* Employee rates vary which are dependent upon pensionable pay bandings. From 1st April 2022 all active members were in the 2015 Scheme.

2. Membership

The following summarises the membership of the Pension Fund at 6th May 2024:

Scheme	06/05/2024		
	Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	0	513	34
2006 (NFPS)	0	91	167
2015 Scheme	632	61	308

Scheme	31/03/2023		
	Contributors	Pensioners	Deferred Pensioners
1992 (FPS)	0	541	27
2006 (NFPS)	0	87	171
2015 Scheme	649	28	294

3. Accounting Policies

The Pension Fund Accounts for the year ended 6 May 2024 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy, known as 'the Code'.

4. Basis of Preparation

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

5. Fund Account Transactions

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

(a) Current Assets

Debtors are raised for known contributions due to the Pension Fund at 6th May 2024:

	6th May 2024 £000	31st March 2023 £000
Central Government Bodies	1,594	2,115
Other entities and individuals	125	452
Total	**1,719**	**2,567**

(b) Current Liabilities

Creditors are raised for known contributions owing by the Pension Fund at 6th May 2024:

	6th May 2024 £000	31st March 2023 £000
Central Government Bodies	-	-
Other entities and individuals	(1,719)	(2,567)
Total	**(1,719)**	**(2,567)**

No allowance has been made for liabilities to pay pensions and other benefits after the 6th May 2024.

6. Long Term Pension Obligations

Details of the Authority's long term pension obligations in respects of the Firefighters Pension Schemes can be found in Note 28 to the financial statements.

GLOSSARY OF TERMS

ACCOUNTING PERIOD

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

ACCRUALS

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

AMORTISATION

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

ASSET

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

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

AUDIT

An independent examination of the Authority's activities, either by internal audit or the Authority's external auditors.

BALANCE SHEET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contribution, revenue reserves and earmarked reserves.

CAPITAL RECEIPTS

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

CIPFA

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of the Authority's services. These grants may be given specifically towards the cost of particular defined schemes, or to support the revenue spend of the Authority (known as Revenue Support Grant).

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

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

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

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

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

LIABILITY
A liability is where an authority owes payment to an individual or another organisation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RELATED PARTIES
Two or more parties are related, when at any one time during the financial period:

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

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

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

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

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

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

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